

THE FEDERAL GOVERNMENT'S HUMAN RESOURCE MANAGEMENT

HEARING

BEFORE THE
SUBCOMMITTEE ON FEDERAL WORKFORCE,
POSTAL SERVICE, AND THE DISTRICT
OF COLUMBIA

OF THE

COMMITTEE ON OVERSIGHT
AND GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

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THE FEDERAL GOVERNMENT'S HUMAN RESOURCE MANAGEMENT

WEDNESDAY, APRIL 22, 2009

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FEDERAL WORKFORCE, POSTAL
SERVICE, AND THE DISTRICT OF COLUMBIA,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 10 a.m., in room 2154, Rayburn House Office Building, Hon. Stephen F. Lynch (chairman of the subcommittee) presiding.

Present: Representatives Lynch, Norton, Davis, Cummings, Kucinich, Connolly, Chaffetz, Bilbray, and Issa [ex-officio].

Staff present: William Miles, staff director; Jill Crissman, professional staff member; Marcus A. Williams, clerk/press secretary; Jill Henderson, detailee; Tyler Pride and Starla Loyd, interns; John Cuaderes, minority deputy staff director; Jennifer Safavian, minority chief counsel for oversight and investigations; Dan Blankenburg, minority director of outreach and senior advisor; Adam Fromm, minority chief clerk and Member liaison; Howard Denis, minority senior counsel; Jonathan Skladany, minority counsel; and Aulas Cooper, minority professional staff member.

Mr. LYNCH. Good morning. The Subcommittee on the Federal Workforce, Postal Service, and the District of Columbia will now come to order. Welcome Ranking Member Chaffetz, members of the subcommittee hearing, witnesses, and all those in attendance. Today's hearing will examine the trends and characteristics of the present day Federal work force as well as assess the Federal Government's human resource management capabilities. The Chair, ranking member, and subcommittee members will each have 5 minutes to make their opening statements. All Members will have 3 days to submit revisions and statements for the record.

At this time, I would like to ask unanimous consent that the testimony from the Human Rights Campaign be submitted for the record. Hearing no objection, it is so ordered.

[The information referred to follows:]

Written Statement of
Joe Solmonese
President
Human Rights Campaign
to the
Federal Workforce, Postal Service and the District of Columbia Subcommittee
Committee on Oversight and Government Reform
United States House of Representatives
“Public Service in the 21st Century: An Examination of the State of the Federal Workforce”
Room 2154
Rayburn House Office Building
April 22, 2009

On behalf of the Human Rights Campaign and our over 750,000 members and supporters nationwide, I am honored to submit this statement regarding the state of the federal workforce. Thousands of lesbian, gay, bisexual and transgender (LGBT) people serve their country every day as federal employees and, as the nation's largest civil rights organization advocating for the LGBT community, we at the Human Rights Campaign look forward to working with the subcommittee to ensure that the federal government is a fair and equitable workplace that attracts the best talent and rewards equal work with equal pay.

The federal government is our nation's largest employer, with more than two million civilian employees. Its employment policies directly impact the lives and families of those workers and its example goes far beyond federal workers, influencing other public employers and the private sector. In many respects, the federal government has been a leader in workplace policy, but it lags far behind the private sector with regard to treating its lesbian, gay, bisexual and transgender employees fairly. There are tremendous challenges facing our nation today and the federal government will bear a large part of the burden in addressing them. At the same time, much of the federal workforce is reaching retirement age. In the coming years, our nation as an employer will need to recruit the best and the brightest and will need policies and benefits that make it competitive with the private sector. Congress, the White House and the Office of Personnel Management must work together to ensure that the federal workforce is a welcoming and attractive place for all who wish to do their part for our country.

Equal Employment Opportunity

Lesbian, gay and bisexual federal workers have been protected under federal workplace policies for many years, but there remains no clear protection based on gender identity. As a result, transgender people are at risk of being denied a job, fired or refused a promotion based on something wholly unrelated to ability or experience; this is contrary to the core principles of the federal merit system and in stark contrast to the inclusive policies of more than a third of Fortune 500 companies. While the White House, working with OPM, can, and must, ensure through executive action that these employees are protected from arbitrary discrimination, we also call on Congress to finally pass an Employment Non-Discrimination Act that protects LGBT employees across the country and in every sector.

Treatment of Employees' Families

While federal policy bars discrimination against lesbian, gay and bisexual government workers in employment decisions, those with same-sex partners continue to be treated differently, and paid less, than their heterosexual, married counterparts. Unlike more than half of Fortune 500 companies, the federal government does not extend health, retirement and other benefits to employees' domestic partners or same-sex spouses. According to the Bureau of Labor Statistics, nearly 13 percent of employees' compensation comes in the form of insurance and retirement benefits, which generally cover family members and dependents, and 7 percent in the form of paid leave, which makes it possible for workers to accommodate work and family obligations. As a result, a lesbian or gay civilian employee doing the same job as a married heterosexual counterpart, in the same pay grade, will receive significantly lower compensation.

Limitations on these workers and their families go well beyond simply the lack of domestic partner health benefits. Foreign Service Officers, representing our nation around the world, sometimes in very difficult conditions, cannot be assured that their same-sex partners will have access to post medical facilities or coverage for emergency evacuation. Federal employees cannot take sick or bereavement leave to care for a partner or partner's children. And, along with failing to protect transgender workers from discrimination generally, the federal government fails to provide any health insurance coverage for medically-necessary treatments related to gender transition.

Increasingly, America's leading employers — including 57% of Fortune 500 companies, 15 states and over 200 cities and counties — provide equal family benefits for their lesbian and gay workers. Furthermore, because many companies that provide services to the government — such as top federal contractors Bechtel, Boeing, EDS, General Electric, Honeywell, Lockheed Martin, McKesson, Northrop Grumman, Raytheon and SAIC — offer equal family benefits to their lesbian and gay employees, qualified lesbian or gay applicants have a strong incentive to choose the private sector over government work even where the positions are similar.

OPM and the White House can, and must, address some these benefits issues through executive action. However, Congress must also act and pass the Domestic Partner Benefits and Obligations Act, ensuring that employees' same-sex partners are treated equally to their colleagues' married spouses.

Conclusion

Equal pay for equal work is a value fundamental to American opportunity. The federal government should be the standard bearer for fair workplace practices. As long it denies LGBT employees equal treatment, the federal government will fall short of that standard, and continue to lag behind the nation's top employers. On behalf of the Human Rights Campaign, I encourage you to position the federal government to compete for the nation's top talent by advancing policies to ensure equality in the workplace for all civilian employees.

Mr. LYNCH. Again, I would like to welcome our ranking member, Jason Chaffetz, and my fellow members of the subcommittee as we hold our first hearing to examine the Federal work force issues in the 111th Congress. I would also like to thank today's witnesses for helping our subcommittee with its work.

While the Federal Government faces an unprecedented number of major policy issues and challenges that must be addressed on behalf of the American people, it is critically important that we take a moment to evaluate the state of our work force and the 2.6 million men and women responsible for making Government work every day. Today's hearing is entitled, "Public Service in the 21st Century: An Examination of the State of the Federal Workforce." I have called this morning's hearing to examine the trends and characteristics of the present day Federal work force as well as to assess the current status of the Federal Government's human resource management capabilities.

The subcommittee will explore both the structure and the quality of the Government's people management skills and determine what future legislation might be needed to tackle any of the issues and gaps in coverage presented here. In many ways, today's hearing will lay the groundwork for considering the various approaches or policies needed to ensure that the Government is operating as an employer and is up to the task of meeting these pressing challenges.

For the United States to remain a global power, high performing civil servants are necessary to do the business of Government. In turn, these employees should be rewarded for their talents, their skills, their hard work, and their public service. I believe the Federal Government must be in a position to respond to the changing nature of public service and to address those answering the call of public service. As chairman of the subcommittee, I am committed to making this happen.

It is our responsibility here in Congress to ensure that Federal agencies are equipped with the resources necessary to attaining proper staffing levels, providing beneficial training, and rewarding their accomplished work force. I expect that today's witnesses will both bring us up to speed on the pressing needs and issues facing today's Federal employees as well as offer effective human resource management strategies for the Government to adopt based on their own experiences and their day to day knowledge. I look forward to an informative hearing this morning.

This concludes my opening statements. I now yield to the ranking member, Mr. Chaffetz.

[The prepared statement of Hon. Stephen F. Lynch follows:]

**STATEMENT OF CHAIRMAN STEPHEN F. LYNCH
SUBCOMMITTEE ON FEDERAL WORKFORCE
AND POSTAL SERVICE, AND THE DISTRICT OF COLUMBIA HEARING ON**

**“PUBLIC SERVICE IN THE 21ST CENTURY:
AN EXAMINATION OF THE STATE OF THE FEDERAL WORKFORCE.”**

WEDNESDAY, APRIL 22, 2009

Again, I'd like to Welcome Ranking Member Chaffetz and my fellow members of the subcommittee as we hold our first hearing to examine federal workforce issues in the 111th congress. I'd also like to thank today's witnesses for helping our subcommittee with its work.

While the federal government faces an unprecedented number of major policy issues and challenges that must be addressed on behalf of the American people, it is critically important that we take a moment to evaluate the state of our workforce and the two point six million men and women responsible for making our government work.

Today's hearing is intended to do just that. Entitled "Public Service in the 21st Century: An Examination of the State of the Federal Workforce," I've called this morning's hearing to examine the trends and characteristics of the present day federal workforce as well as to assess the current status of the federal government's Human Resource Management (HRM) capabilities. The Subcommittee will explore both the structure and the quality of the government's people management skills, and determine what future legislation might be needed to tackle any of the issues presented here.

In many ways today's hearing will lay the groundwork for considering the various approaches or policies needed to ensure that the government is operating as an employer and is up to the task of meeting these pressing challenges.

For the United States to remain a global power, high-performing civil servants are Necessary to do the business of government. In turn, these employees should be rewarded for their talents and

skills as public servants. I believe the federal government must be in a position to respond to those answering to the call of public service. As chairman of this subcommittee, I'm committed to making this happen.

It is our responsibility here in Congress to ensure that federal agencies are equipped with the resources necessary to attaining proper staffing levels, providing beneficial training, and rewarding their accomplished workforce.

I expect that today's witnesses will both bring us up-to-speed on the pressing issues facing today's federal employees as well as offer effective human resource management strategies for the government to adopt, based on their experiences and day-to-day knowledge.

Again, I'd like to thank the witnesses for their testimonies and look forward to an informative hearing this morning.

Mr. CHAFFETZ. Thank you, Mr. Chairman. I appreciate it.

I appreciate your calling this hearing here today. I appreciate the witnesses who are taking time from their busy schedules to be here and share this information with us. I also want to particularly thank the in excess of 2.6 million men and women across this country who care deeply about their country, who work hard, and who are often the unsung heros that don't get nearly enough recognition and credit for their hard work and dedication they put into their jobs serving their communities and making this country the greatest country on the face of the planet.

I would like to apologize in part at the beginning here for the up and down nature of my needing to scoot next door. My committee assignment in Judiciary has a number of bills in markup. Please don't let that be a reflection of lack of interest. I will be able to review the record in its entirety. But my apologies, Mr. Chairman, for the up and down nature of having two meetings at the same time.

I do have an extended statement that I would ask unanimous consent be submitted to the record. With that, if that is OK with you, then I will yield back the balance of my time.

[The prepared statement of Hon. Jason Chaffetz follows:]

EDOLPHUS TOWNS, NEW YORK
CHAIRMAN

DARRELL E. ISSA, CALIFORNIA
RANKING MINORITY MEMBER

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Statement of
Rep. Jason Chaffetz, Ranking Member
Subcommittee on Federal Workforce, Postal Service, and the District of Columbia
Committee on Oversight and Government Reform
April 22, 2009

Thank you, Chairman Lynch, for holding this hearing. I would like to take this opportunity to congratulate Mr. Berry's recent appointment and confirmation to be the Director of the Office of Personnel Management.

This subcommittee has a unique and important responsibility—to conduct oversight of how the government utilizes its greatest asset—our federal employees. The government exists to maintain order, but also to deal with the crises and challenges presented to this nation on a routine basis. While we in Congress deliberate and argue about how best to serve our federal employees, they serve us every single day, tirelessly, and with relatively little thanks given the enormity of the tasks we expect them to carry out. I would like to take this opportunity to thank all of them for the service they continue to provide this nation, in easy times as well as the challenging times.

With the average age of our federal workforce between 50 and 54 years old, we are facing a “retirement tsunami.” Our faltering economy has created a dynamic of “insourcing,” where an unprecedented number of Americans are looking for jobs with the federal government. There are also serious concerns with pay structures, and questions to be answered as to how to best incentivize our federal workforce to its greatest productivity. These are just a few of the major issues in the world of personnel management in the federal government. Your work is cut out for you, Mr. Berry.

I think that this hearing is particularly useful as a status report on federal human resource management for all of us, but especially for a new Ranking Member like myself. Needless to say, there is a lot to talk about. In these difficult economic times, the management of federal workers in both an efficient and effective manner is critical.

It is important that we remember that the federal government is different from the for-profit private sector, but not completely. The General Schedule system is clearly broken, but Pay-for-Performance as currently implemented shows that we've got a long way to go in figuring out how to properly incentivize our federal employees. It goes without saying that working for the federal government is a great opportunity to serve the United States, and should be a source of pride. That is part of what brings employees to the federal workforce.

Like any successful business enterprise, however, there must be something tangible to reward top-flight service to ensure that these top performers are incentivized to remain in federal service. Some type of effective performance-based pay structure must be implemented. We must remember that it is the bureaucracy of federal government that is ultimately our enemy in implementing something that in every other business in the world is a no-brainer.

We also must capitalize on current government insourcing, which is occurring primarily as a result of the state of our economy, without making the mistake of believing that the large increases in applications for federal jobs will sustain themselves once the economy gets back on track. The current state of the economy is an opportunity for the federal government to attract record numbers of top-flight employees. We must not squander this opportunity by creating even more red-tape around the hiring process of these jobs and ignoring possible management improvements, as some have been want to do in years past. When the economy does get back on track, we cannot afford to then be stuck with a recruitment and retention process that is predicated on a lack of stability in the private sector, leaving us even worse off than before. This is an opportunity for meaningful, long-view reform.

We must recognize the importance and potential waiting for the federal government in telework. This issue is as much a matter of cost efficiency as it is environmentalism and quality of family life for our federal employees. We only need to look at the U.S. Patent and Trademark Office to see just how well telework can function—they reduced annual real estate expenditures by \$1.5 million a year as telecommuting has reduced the need for 3 floors of office space in its Alexandria VA, location.

From the environmental perspective, put simply, telework reduces traffic congestion and wear and tear on our infrastructure. This means fewer cars on the road and fewer repairs to roadways and public transportation.

Telework is also a benefit to aid the recruitment and retention of qualified employees. While telecommuting is not a replacement for child care, it provides an opportunity to allow federal employees have the flexibility to deal with the day to day challenges of family life rather than having to make a choice between work and family.

In short, we must approach our jobs in Congress as an opportunity to create the framework for a sustainable, qualified, and appropriately diverse workforce for the decades ahead of us.

I look forward to hearing from our witnesses today about what challenges remain in properly structuring our federal workforce, and to establishing a dialogue with them to ensure that we take action which will improve the effectiveness of the federal government. Thank you, Mr. Chairman.

Mr. LYNCH. Thank you very much.

The Chair now recognizes the gentlewoman from the District of Columbia, Ms. Holmes Norton.

Ms. NORTON. Thank you very much, Mr. Chairman.

I think this is a particularly important hearing to have now because I am confused. On the one hand, before this we have been having hearings on the flight of Federal workers from the work force. One of the things I am most interested in is whether or not the putrefied economy we inherited has had an affect on making baby boomers, the oldest of whom have begun to retire, want to stay on. These are very experienced workers in whom we have invested a great deal.

On the other hand, I understand that there has been substantial turnover in the Federal work force. I don't know if those are the ones that got out before they looked at their functional equivalent of the 401(k) or not. But I do think that what you are doing is very, very important in preparing us for a period ahead. It looks like it may be a bit different from the hearings we have had in the past where we pulled out our hair because we thought that we were losing workers at such a rapid rate. I thank you again, Mr. Chairman, for this hearing.

Mr. LYNCH. Thank you.

Mr. Bilbray.

Mr. BILBRAY. Thank you, Mr. Chairman. Mr. Chairman, I would just like to say I appreciate the hearing. As a former public employee, I think that too often those of us on the policy side forget that every study in the world has proven that even though compensation and status are important in public employment, the job satisfaction of feeling like you are doing something productive is the No. 1 component of retention of public employees. We overlook that all the time because you can't negotiate this and you can't quantify it on a piece of paper. It is something that has to be an overall goal of the whole team.

When people feel like they are making a difference, like they are actually doing something rather than just filling a seat during a period of time, that job satisfaction reflex is reflected not only in longevity but in increased productivity. I think that one of the biggest challenges that I would ask us to look at is to recognize that while it is easy for us to look at what the pay rates are and compare it to the private sector, what the ability to move up the status level in public employment is, that the ability of the bureaucracy to actually perform and provide the services the public wants is the most critical component not only to the taxpayer and the constituency but to the public employees themselves. I think that is one thing that we overlook.

Again, I was a lifeguard. Let me just tell you something: I would have taken half the pay for the days where I made the 50 rescues, for the days that I sat through those cold dreary winters when nobody else was on the beach except myself. I even got a premium for sitting through those cold days. Of course, that is cold days in San Diego. You have to remember that is 60 degrees. But I just think that we forget about that too often because too often we think about just pay and status rather than service. Remember, people in the public employ, the overwhelming ones that really

need to be retained, are those who care more about service than even their own compensation. So I yield back.

Mr. LYNCH. I thank the gentleman. I agree. As a current public employee, I agree highly. I am not a lifeguard. I am sort of a lifeguard but without the water.

It is the common policy of this committee that witnesses are sworn in. So I would ask the witness to please rise and raise your right hand.

[Witness sworn.]

Mr. LYNCH. Let the record indicate that the witness answered in the affirmative. The witness's entire statement is already included in the record.

The green light will indicate you have 5 minutes to summarize your statement. I am sorry. The green light indicates that you have 5 minutes. The yellow light means you have 1 minute remaining to summarize your statement and the red light indicates that your time has expired.

We are gifted this morning to have as our first witness the new, very new, Director of the U.S. Office of Personnel Management, John Berry. John Berry serves as a Director of the U.S. Office of Personnel Management which manages the Federal Government's Civil Service. Prior to Mr. Berry's appointment as Director of OPM, he was the Director of the National Fish and Wildlife Foundation and the director of the Smithsonian Zoological Park.

Mr. Berry previously served as Assistant Secretary for Policy, Management, and Budget at the Department of the Interior during the Clinton administration where he oversaw a number of programs to improve employees' work/life balance. Earlier he served as Legislative Director to the House Majority Leader, Steny Hoyer, for 10 years. As Steny's lead on Federal Employee issues, he helped to guide the negotiation that led to the 1990 Federal Employees Pay Comparability Act.

We welcome the new Director. I think it has been 6 or 7 days now, so we want to hear everything you have accomplished so far. Welcome, Director Berry.

**STATEMENT OF JOHN BERRY, DIRECTOR, U.S. OFFICE OF
PERSONNEL MANAGEMENT**

Mr. BERRY. Mr. Chairman, thank you so much for this opportunity. I am especially pleased for my inaugural hearing as the new Director to be with you today so that we can really step back—and I think this is a great time to do this, at the beginning of a new administration—and look at where are we with the Federal Civil Service.

In day seven on the job, I have to tell you my reaction. After my first week on, the job has been a little bit, I feel that I am a member of either—I am not sure which movie I fit into—either Back to the Future or Groundhog Day. When I was working these issues back in 1985 for Mr. Hoyer, it was interesting. I just want to give you sort of my sense, to begin with if I could since my statement has been in the record, to give you my sense of where I think we are today.

Back in 1985, the Employment Cost Index identified at that time a comparability gap between Federal employees and their counter-

parts in the private sector that averaged somewhere between 20 and 25 percent. There was an argument at the time as to what exactly it was, but it was a clear agreement that there was a gap.

The bad news is that gap, essentially, that argument has not moved in the 25 years since I have come back to this issue. We are still in that same ECI index. We are still arguing that it is somewhere between 20 and 25 percent. But it is still a very significant gap.

Now, obviously through the lens of one of the most serious recessions since the Great Depression, that gap might not be as evident today in terms of what we are looking at and seeing in trends. But it is something we need to always keep in the back of our minds as to our competitiveness and our abilities.

On diversity, I look at every rank on every category. Diversity hasn't moved hardly at all since 1985 in terms of Federal representation across the board. Our scores would be laughable even at a T-ball game. It is an embarrassment.

Union labor-management relations, I would categorize right now as weak to nonexistent. The concept of partnership has dried up and we need to be about reviving it.

On hiring—and I think this is one that it is widely recognized in the public—but after my quick assessment after having been at OPM, like I say, this week, I would rate our hiring that you would best measure it in geologic time. It uses a language that was last used, I think, with the lost civilization of Atlantis. I think there is a modern concern.

In 1883 when Teddy Roosevelt sat in this chair in the prior Civil Service Commission, he was up here primarily concerned that people got Federal employment by basically providing payments to Members of Congress in the House and the Senate. Well, today, if you want a Federal job, you are not giving that money to a Member of Congress or a Senator but you are giving it to a company that is helping you fill out the application. I think that is an outrage. We ought to be able to allow people to apply for jobs in a simple way using plain English that allows us to hire people who are qualified for the jobs based on the determination of their qualifications. The fact that it is so complicated is something we have to break.

On recruitment, we have a nice tool belt but it doesn't have many tools in it. On internships, we have one of the worst conversion rates in the United States. Right now, we hire about 50,000 interns on average a year during the summer months. We convert less than 1 percent of those to real employment. Now, the private sector converts somewhere, it ranges between 25 and 50 percent of those interns. They use their intern program as a way to give a trial run to folks and bring good people on board. We don't do that in the Federal Government and it is a huge loss of opportunity.

You all read in the paper this morning in Joe Davidson's column about our IT issues and the GAO report on retirement. That is one of many IT issues that I have been briefed on this week. I got to tell you, it is a big problem and it is one that is going to require a lot of attention.

I am extremely concerned over what I consider to be a balkanized pay system. We are now in a situation where we do not have

a majority pay system for the U.S. Government. We have workers sitting side by side doing the exact same job, being paid differently. I can't defend that to you with a straight face. I think it has now reached the point—we can get along with sort of doing experiments and demonstrations and trying different flexibilities—but at some point we have to come back and say what makes sense, what works, and design a system that works for the majority of workers in the Federal Government.

Training, it is the first thing cut in a budget and it is the last thing restored. We have to change that. In our complex world, we can't deal with that.

Our performance appraisal systems lack credibility with the employee, with managers, and with the public. We have to do a better job.

My experience with OPM's budget is that essentially what I have found is that a majority of our budget is on a reimbursable basis. Now what that means is that I may have my hand on the rudder but the rudder is not responding. We are responding to where our customer is putting the dollar. Our discretionary budget is so small that it doesn't allow us to lead in ways that we need to.

Now, that is a pretty bleak assessment to begin with. There are some bright spots and I would begin with them. I think there are three. The good news is those bright spots overwhelm any of these dark ones.

The first is that, thank God, despite all of these challenges and dark forecasts which I have just explained to you, the outstanding men and women who serve this country today in the Civil Service are doing an incredible job. They are staying focused. They are delivering the product that the taxpayer expects. Hats off to them for not letting the systems where we have failed them, essentially, affect their work.

Mr. Bilbray, you are dead right and I am happy to report to you that our morale surveys actually show that we are doing pretty well on that front. It is a good thing that our employees actually think they are doing important work. They think it matters to this Republic. They understand the importance of their work and they believe that they are contributing to the health of the Nation. That is actually our rating, our survey ratings have gone up on that.

So it is an absolute rock solid important thing. If we didn't have that, we couldn't really move forward. But because we have that, and we have solid men and women in the Civil Service, I think we can fix each of these other things.

Then the final, third bright spot I would mention to you is that employees at OPM I have met are solid. We have some great management talent. The employees I have met are skilled; they are professionals. I think the bottom line is if my leadership is up to snuff, we ought to be able to do something on these darker points that I have made to you.

Mr. Chairman, I know I am going over, but with your indulgence—

Mr. LYNCH. With all due respect, Mr. Director, you have been over for a long time now.

Mr. BERRY. Oh, I am sorry.

Mr. LYNCH. However, I think perhaps in the course of our questioning and answering, you can hit on the other points you want to hit on. I just don't want to set a precedent of allowing you 10 minutes and then everybody has 5.

Mr. BILBRAY. Well, Mr. Chairman, seeing how he spent so much time complementing me, I think you should——

Mr. LYNCH. Yes. I was actually going to cut him off when he started doing that.

Mr. BERRY. Well, Mr. Chairman, if I could just to mention, I would like to comment on the game plan for what I see as the way forward. Hopefully in question and answer we could get some of that out. I don't want to leave it at all as the dark. I believe we have a bright path forward. What I would just like to lay before the committee is what my vision would be for addressing all of the issues that I have raised with you.

[The prepared statement of Mr. Berry follows:]

STATEMENT OF
JOHN BERRY
DIRECTOR
U.S. OFFICE OF PERSONNEL MANAGEMENT

before the

SUBCOMMITTEE ON THE FEDERAL WORKFORCE, POSTAL SERVICE, AND
THE DISTRICT OF COLUMBIA

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
U. S. HOUSE OF REPRESENTATIVES

on

PUBLIC SERVICE IN THE 21ST CENTURY: AN EXAMINATION OF THE STATE
OF THE FEDERAL WORKFORCE

APRIL 22, 2009

Chairman Lynch, Ranking Member Chaffetz, and Members of the Subcommittee:

Thank you for inviting me to speak with you today about the state of the Federal workforce. I especially welcome the chance to address this topic, because there is plenty of good news to report.

When I was confirmed as the Director of the Office of Personnel Management (OPM), I committed to do everything I possibly could to make the Federal Government the best employer in the Nation. In my short time at OPM I have learned that, although there are many good things about working for the Federal Government, there is also much to be done to make the Federal Government a first-class employer. We need to review our human resources practices and policies to ensure that employees are treated in a fair and respectful manner. This means we need to identify policies that are not consistent throughout the Federal workforce, select those that are the best, and enable all employees to share in what should be the best personnel system anywhere in this Nation. This includes providing the training employees need to be successful in their jobs and the employee benefits required to meet their needs and those of their families.

The State of the Federal Workforce is Sound, but with Room for Improvement

Judging from OPM's most recent employee climate survey, the state of the Federal workforce is, for the most part, good and getting better. The Federal Human Capital Survey administered by OPM in August and September of last year showed results that

were generally favorable and more positive than the previous survey, which was done in 2006. More specifically, 47 of 73 items showed improvement. Increases in positive responses were especially apparent in the areas of performance management, diversity, leadership, and learning and development. Federal employees continue to like the work they do, believe their work is important, and feel they are held accountable for achieving results. More than 210,000 Federal employees at 83 Federal agencies, from a survey sample of more than 417,000 employees, responded to the survey.

Particularly heartening is the relatively high 64.3 percent positive response to a new question for 2008: "In my most recent performance appraisal, I understood what I had to do to be rated at different performance levels." However, I am extremely concerned that only 29.6 percent of responses were positive to the question "In my work unit, steps are taken to deal with a poor performer who cannot or will not improve."

Employees are entitled to a full understanding of the work expected of them and the standards against which their achievements will be appraised. And in turn, employees are entitled to a fair appraisal of their work against those standards. Those employees meeting or exceeding their standards should be appropriately rewarded, and prompt action must be taken when employees fall short. Managers must pay more attention to the appraisal process, both the annual formal process and the day-to-day feedback that employees have every right to expect. I understand the requirement for periodic evaluations and ratings is governed by law and regulation, but I want to ensure that the standards for those evaluations actually add to employees' understanding of what is expected of them, and that the appraisal process, both formal and day-to-day, helps employees focus their efforts to effectively accomplish their work.

The survey findings also shed light on workforce retention. Only 13 percent of employees said they were likely to leave Government in the next year to retire, move to the private sector, or for other reasons. Moreover, an analysis showed that some survey items appear to have greater impact in retaining workers. Generally, these items received favorable responses; most notably, employees report that their work gives them a feeling of personal accomplishment, and they believe their talents are used well in the workplace.

However, there is considerable room for improvement for agency management to provide more information to employees on what is going on in the organization and for agencies to provide opportunities for employees to get better jobs. The Government lags behind the private sector on these aspects of human resources management.

OPM Initiatives to Improve Recruitment and Retention

Though the survey paints a generally bright picture of the view from within the current Federal workforce, we take very seriously the need to improve certain aspects of Federal human resources management. Even before I came on board at OPM, the agency had begun work to develop tools and design flexibilities to help agencies recruit and retain the right people in the right jobs. At the same time, we have reminded agencies of their critical role as the "front line" in the Federal hiring process and the need to plan their

recruitment strategies thoughtfully and creatively so they can compete effectively with other employers in the labor market.

One of the tools OPM developed, jointly with the Chief Human Capital Officers Council, was the End-to-End Hiring Roadmap introduced last September. This project was aimed at providing both Federal agencies and job applicants with a more effective and positive experience. The roadmap gives agencies comprehensive, step-by-step implementation instructions that provide for an 80-day hiring timeline, beginning with the manager's request for the recruitment action and ending on the new employee's first day on the job. The roadmap stresses the importance of communication with applicants at four key junctures: receipt of the resume, assessment of the resume, referral of the resume, and the selection of the candidate. Another vital element of the roadmap is job opportunity announcements that are written in concise, plain language.

In essence, we have outlined the entire hiring process in the roadmap, showing the interrelatedness of the five components, as well as timelines and standards for accomplishing each step of the process, successful practices, templates for simplified job announcements, and scripts for communicating with applicants. We believe the End-to-End Hiring Roadmap will help agencies accomplish two essential goals – namely, to give applicants a better experience and to speed the hiring process. OPM will ensure agencies implement the roadmap through meaningful metrics that measure the satisfaction of applicants and managers with the hiring process.

We also believe the roadmap will make it easier to identify and address systemic obstacles to effective recruitment and retention at an early stage. When we are able to do this, we are likely to be more successful in resolving problems like extreme shortages in particular occupations. In such special circumstances, OPM works with the affected agencies to determine what they need. For example, OPM, collaborating with the Federal Acquisition Institute, successfully implemented a pilot that included streamlining the job opportunity announcement for entry-level contract specialists, reducing the announcement from more than 20 pages to around 6 pages, and outlining the duties and qualifications in plainer language. This project also streamlined the on-line assessment, created a web page specifically designed for the acquisition community, and developed a centralized hiring strategy to share resumes among agencies. This model of effective hiring, based on clear vacancy announcements, identified competencies, and an available register of candidates, was funded by the Federal Acquisition Institute and supported by those agencies with a high demand for acquisition professionals. The project demonstrates that hiring can be streamlined for occupations that exist in sufficient numbers throughout the Federal Government to warrant centralized effort and expenditures.

The Governmentwide shortage of veterinarians is another case in point. OPM has provided flexibilities to facilitate recruitment of veterinarians, such as direct-hire authority and dual compensation waivers, which are exemptions from the requirement to offset the pay of reemployed Federal retirees by the amount of their retirement annuity. We conducted a forum with the veterinarian community to address the overall nation-

wide shortage of veterinarians and its impact on the Federal Government's ability to perform food safety inspections across the nation. A follow-on forum will further develop workforce planning, recruitment, and retention strategies. The challenges we are facing with respect to the veterinarian workforce, however, serve as a reminder that there are limits to what OPM can achieve, given current resource constraints, and there is no one-size-fits-all hiring formula so the capacity of agency human resources professionals must be expanded to take full advantage of whatever tools and resources OPM provides.

The Importance of Workforce Planning

One of the areas in which agencies need to build competency is workforce planning. OPM provides an intensive program of oversight and assistance to agencies on workforce planning. The workforce planning process is designed to produce metrics that will enable agencies and OPM to identify problems before they become crises. OPM regulations require each agency to undertake strategic workforce planning in a specific, documented manner. Agency workforce plans are used to make decisions about structuring and deploying the workforce. Under OPM regulations, agencies also must identify and document "mission-critical" occupations and competencies and provide a baseline of information to develop strategies to recruit, develop, and retain talent needed for program performance. Agencies must demonstrate that they are meeting these standards for workforce planning and other elements of strategic human resources management. OPM annually reviews the results of agencies' human resources management programs and assesses agencies' workforce planning systems against these standards. We use agency workforce plans to identify issues and determine what guidance is needed or what policy changes may need to be considered.

Supporting Implementation of the American Recovery and Reinvestment Act

While we are talking about the state of the Federal workforce and what OPM is doing to build and sustain an effective civil service, I would be remiss if I failed to mention the timely topic of OPM's role in support of the American Recovery and Reinvestment Act. Beginning last month, OPM developed a tool to make it easier for Federal agencies to document new hires that are funded through the Recovery and Reinvestment Act. We hosted an interagency forum on hiring authorities for agencies. We also met individually with several agencies affected by this legislation to help map out a strategy for meeting their current and anticipated human resources needs.

We followed these initial efforts with a Governmentwide Schedule A appointing authority to fill, on a temporary basis up to one year, positions needed to carry out the provisions of the Recovery and Reinvestment Act. OPM also granted agencies specific direct-hire authority and dual compensation waivers, as needed and appropriate, to meet their responsibilities under the Act.

Ongoing educational opportunities were offered across the country through the Federal Executive Boards, as well as in meetings and training academies sponsored by the Chief Human Capital Officers Council. OPM also has trained agencies on how to do data

mining on the USAJOBS website to encourage some of the millions of passive job seekers to apply for one of the more than 43,000 job openings. “Passive job seekers” are those who store their resumes on the site but who are not actively looking for specific jobs to apply for. With effective outreach by agencies, many of them could be encouraged to apply for job openings for which they would be well-suited. In addition, there is now a Jobs.Recovery web page to make it easier for members of the public to seek out positions directly related to the Recovery and Reinvestment Act.

Agencies’ Human Resources Management Capacity Is Still a Work in Progress

As you can see from the activities described above, OPM has provided many tools to help agencies meet their hiring needs, but many obstacles remain. Although we can take pride in the current state of the Federal workforce, and OPM has accomplished a great deal in its effort to improve Federal human resources management, we are eager to exercise leadership in pursuit of the goal of making the Federal Government the Nation’s Model Employer. We look forward to identifying the best practices across the human resources spectrum and inculcating them throughout the Government.

Moreover, OPM can provide many tools and resources to facilitate effective human resources management practices, but their effectiveness will be limited if agencies do not have a cadre of human resources professionals fully equipped to identify and tackle emerging workforce challenges.

We need to make sure agency human resources professionals are receiving the training and developmental opportunities they need in order to deal with the kinds of issues that are arising in the Federal workforce today. They must not only have a solid grounding in the basic procedures and regulations governing Federal human resources management, but they also need to be creative strategists in addressing contemporary obstacles to effective recruitment and retention in mission-critical occupations. We need to raise the skill level of agency human resources professionals in workforce planning, for example, so that systemic problems affecting critical occupations across agencies and across components within an agency can be addressed early and effectively. Part of what I hope to do in the months ahead is to take a closer look at what needs to be done to build human resources competencies at the agency level.

Again, I appreciate your inviting me here today. I would be happy to respond to any questions you may have.

Mr. LYNCH. Thank you. What I will do is I can actually, in the questioning portion of this I can give you ample opportunity to make those points, which are indeed important. Let me begin the questioning with that.

We have a situation here where the central—and we talked about this before, you and I—where you have a system that is rule bound for Federal employees, that might have served the needs of Federal employees some decades ago but that has hung on. And as a result of the unworkability of some of those guidelines and rules, independent agencies—not just to flaunt the rules but to accomplish things—actually opted out and created their own systems for hiring, for promoting, for assessing performance. This has happened everywhere.

I don't blame the agencies because they were trying to do something that actually worked, that was common sense and productive. So I don't think that they just through ill will broke out of the rules. I think they did it by necessity.

However, now we are left with a—I don't know, you call it Balkan but I wouldn't want to do that injustice to the people of the Balkans—it is really not a system at all. System implies some type of coherence and compatibility. This is really an ad hoc system that has now been created by different agencies to do their own thing, basically, to try to get things done. So we have a real hodgepodge out there of employment policies. So that hurts OPM because it is your job to provide that overall framework.

How do we get there? How do we create a framework that takes the best of lessons learned that we have out there? Some of these agencies are doing wonderful things, innovative, in spite of our ham-fisted attempt at managing human resources. How do we take the best but knit together a system that doesn't result in having folks work side by side at the same desk, making disparately different salaries, both of them working hard at the same job? How do we get there?

Mr. BERRY. Mr. Chairman, I think you have hit the nail right on the head. I think it is time for us to really think. It will take the partnership of everyone on this committee and I think all of the people testifying here today to work together with us on this to essentially come up with a new baseline system. I think that system sort of has to have three key elements to it in terms of the road map forward on this.

One is it needs to be a fair system for employees. Employees need to feel that the basic pay structure establishes meaning, that it is related to standards that are recognized, and that employees feel that it is fair and applied fairly across the board.

The second big point I would make, Mr. Chairman, is that it has to have a credible assessment system. It has to be clear in telling people what their job is, what their critical elements are, holding them accountable to performing those, correcting them where they are weak, rewarding them where they are strong, and eliminating non-performers. So, I think we need to come up with that. That has to be a critical element of this to the American public.

The third thing is training. We mentioned that. It is unfortunately nonexistent pretty much across the Government today. That has to be a key component of any major plan going forward because

we kid ourselves. You can get away cutting training for 1 or 2 years but you can't do it for the long run as we have done in the Government.

So, I think those three elements—if we can come up with a fair pay system, a credible assessment system and appraisal approach, and a strong training component—if we can devise a system that has strength on those three fronts, I think we can restore the integrity of a majority pay system for the country.

Mr. LYNCH. Thank you. At this point, I recognize for questioning Mr. Chaffetz, our ranking member.

Mr. CHAFFETZ. Thank you, Mr. Chairman. Thank you for being here and congratulations on the new appointment. Let me ask you, pay for performance, does it work?

Mr. BERRY. As in any system, there are good things and there are bad things. I think we have found some very good things but there are some warning lights. I am meeting, in fact, later today with the Deputy Secretary of Defense to discuss the Defense Department's system that they have developed and how we can assess that.

Mr. CHAFFETZ. But do you think it has room in the Federal Government, in the work force?

Mr. BERRY. Performance, it has to be in the Federal Government. It is in the GS system.

Mr. CHAFFETZ. Pay for performance or just performance?

Mr. BERRY. Well, it is not widely used. But I will tell you, having been a manager, you can use it. Within grade steps can be tied annual performance appraisals.

Mr. CHAFFETZ. Where do you see the challenges, then, with it?

Mr. BERRY. It is not strong enough. We do not have a system that has credibility with any of the major partners that we need to have: the employees, the managers, or the public.

Mr. CHAFFETZ. Yes. Just to editorialize a little bit myself, your checkmarks here of being fair and credible and the training component, I think are spot on. I would concur with that. I would just hope that, given the short time here for me to ask a series of questions, that you do consider it. I do think it has relevancy, maybe not for every job, but certainly the concept, the principle, the idea that we are rewarding performance. I think that is sorely needed and could be implemented in an effective way. I am glad to hear your comments on that.

I would like to go, if I could, to this Washington Post story that came out today because you certainly have your hands full. Of particular note was this idea that the OPM, it says, "In October, the OPM cut its losses when it killed a \$290 million, 10-year contract with Hewitt Associates," maybe we should have them here, "which was to have developed an advanced retirement calculator to speed the processing of claims." Anyway, it goes on. What are we going to do about that?

Mr. BERRY. The good news is we didn't lose \$290 million. By closing off the contract, essentially I think cut our losses. This has been a huge problem. This has been the third attempt OPM has made at this, of revising the retirement system. This started back in 1982. There have been three attempts. The total cost that has been invested over that period of time, over both Republican and

Democratic administration attempts to reform this, is approaching \$100 million. What we have to show for that is precious little. We have been able to with that money at least cobble together a patchwork quilt system that manages to work. But it does it in a way that does not inspire confidence.

I just got briefed on this in my first week. I can tell you this: I am not just going to race off and continue what has been happening since 1982. I think we need to go back to the drawing board. We need to engage and involve other agencies that have done major systems innovations. Social security does this regularly. The IRS does this regularly for a lot more people than we are talking about. I think in many ways, my just personal assessment of where this went off the tracks is they tried to swallow the elephant.

Mr. CHAFFETZ. Could you maybe pick a different animal? [Laughter.]

Mr. BERRY. Apologies for the metaphor.

Mr. CHAFFETZ. The point is well taken; I understand.

Mr. BERRY. They were trying to solve everything and as an end result solved nothing.

Mr. CHAFFETZ. How would you rank this in terms of your priorities?

Mr. BERRY. Let me tell you that the core part of it is that we have to do the job right. We have to figure out what retirees are owed correctly and we have to pay them correctly on time. That is job one. So what my direction is to my team is, let us figure out how to do job one well. That is a must-have. It would be nice if employees could sit at their desks and call up their retirement system and play with options and think about what date they could retire. I think of that as a nice-to-have. We ought not be wasting money trying to do the nice-to-haves until we have the must-haves done.

So my game plan here is going to be to whittle this down to what must be done. We right now, our systems that are providing these checks and making these determinations are on the verge of failure. They are working and they are working today accurately. But we need to make sure that they can continue to work and handle the growing boom. So, I am going to whittle that down to that core issue and then focus on it by bringing in outside expertise to advise us on a course forward.

Mr. CHAFFETZ. Thank you. Thank you, Mr. Chairman.

Mr. LYNCH. The Chair now recognizes the gentlewoman from the District of Columbia, Ms. Holmes Norton for 5 minutes.

Ms. NORTON. Thank you, Mr. Chairman. Mr. Berry, the last time I spoke to you, you were running the Zoo. I am trying to understand what it is about running the Zoo that makes you so qualified to run Federal employees. I will put that aside for the moment. I know of your long service in the Federal Government. I am pleased to have you, particularly given the demonstration of your managerial excellence you have shown throughout your service.

I indicated my confusion about whether we have openings or not, whether people are retiring or not. I would like you to clear that up for me. We understand that there are still challenges in recruiting people to public service. We see the administration going all out to make public service sexy again, shall we say. Are people retiring at the same rates they were before the economic crisis or not? If

there is so much unemployment, why are you having trouble recruiting people to Federal service now?

Mr. BERRY. Congresswoman Norton, I think right now I would have to get back to you to see if we have accurate data. I have not seen data that captures the current moment which would be right on point with your question.

Ms. NORTON. I would ask you to get us that data within 30 days. That is critical as an early sign of whether or not there has been some cessation of what was people taking early retirement. They were getting out of Dodge and then using all of our investment in them to go into the private sector, even becoming contractors, using our experience in that way.

Tell us about contracting out. Why would the Government be contracting out if you are having such trouble recruiting people? Is contracting out the only way to get the Federal job done? Do you intend to do the wholesale contracting out of the Government that we have seen in the last several years?

Mr. BERRY. Definitely, no is the answer to is it the only way to get the job done. Contracting out can be a very helpful tool for the Government when it is used strategically. When it is used sloppily and slip shoddily, I think we need to be very careful because it can essentially confuse the mission of the Government. It can blur its regulatory responsibilities. We need to be very careful with it.

Right now, my sense and my understanding is that the Government is going to face a different issue. Rather than contracting out, we are going to face what we call insourcing. A lot of departments have been discussing with me, including the Department of Defense, wanting to move what they believe are employees that are providing on contract bases back onto the Federal roles.

So our challenge is going to be how can we do that; how can we handle the hiring and make sure we get those people back onto the roles that are good and allow for fair and open competition consistent with the merit principles. So I think what you are going to see is a new trend in Government.

To your point about the retirees, there is no question that with an aging society we have to be creative in figuring out how we are going to benefit from that skill set and that talent. It ought not just be on the golf course. We need to keep those people in Government longer. We need to figure out how we are going to reengage their assets. To do that fairly, it is a complicated thing because we have to balance that with still providing opportunity for growth.

Ms. NORTON. Well, one of the other things that encourages people to leave government is to take your pension and then become an employee of a contractor. Mr. Berry, I wish you would do some work to discover just how many Federal employees leave the Federal Government to go onto a contract and whether that is in the interest of the Federal Government.

Finally, let me ask you about the union-management partnership. One of the most effective notions I remember from the Clinton administration was, and I believe this is the right name for it, union-management partnership which even some Federal agencies, I understand the EPA, have begun to reestablish. These things were wiped out. I don't know why one wouldn't just want to talk

to unions if you believe in labor peace. Are you considering reestablishing the union-management partnership notion which would cover all agencies in the Federal Government?

Mr. BERRY. Yes. We are very seriously looking at that, Congressman Norton. In fact, that was going to be my second priority in terms of after overall pay reform of reviving partnership in an effective and active partnership program with labor. I will be looking forward to working with all of the union heads, the Office of Management and Budget, and the President to see if we can sculpt a positive way forward that creates a positive relationship between labor and management.

Mr. LYNCH. The Chair recognizes the gentleman from California, Mr. Bilbray, for 5 minutes.

Mr. BILBRAY. Thank you. Let me just followup on the issue that the Delegate brought up, the gentlewoman raising different issues about the way the system is structured almost encouraging people to retire and leave the system. I think one of the examples is that the current pay cap for GS-15 means they can earn up to a certain amount. If they stay employed, they are locked into a limit. But their continuing service, there is no such limit. Their retirement benefits continue to grow. So you literally create a situation where there is an incentive to retire, not to stay employed. So I think a lot of this is, we talk about the way the individuals may move to the private sector, why is this done? What is the logic behind it?

Mr. BERRY. Mr. Bilbray, I am going to be honest with you. I can't give you a good explanation as to what the logic of that is. I think this has to be an issue we all wrestle with together.

Mr. BILBRAY. Shouldn't it be sort of flipped the other way? Doesn't it seem like it is really stacked in the opposite direction? Logically, I know I hate to use that term around the Federal systems, but let us use that radical concept of logic. Why would an employer create a system like this?

Mr. BERRY. Mr. Chairman, I don't want to pretend to tell you. I wouldn't defend it because I don't understand exactly why they would do it. It certainly seems counter-intuitive. But I think I do need to talk to some people who understand this issue in detail and make sure I am not missing something.

Mr. BILBRAY. OK, so we agree that on its face, it looks like it is something that needs to be changed. But let us look into it. I think there is a justification to say justify this process, not based on something that went on before or some kind of agreement that went on before, but what is the outcome right now. I just hope we spend more time looking at outcomes rather than intentions and be willing to be brave enough to correct it. Mr. Chairman, I have always said, when I was in local government that the biggest problem with Washington isn't that we try new things or that we make mistakes, but that when we try new things and make mistakes, we are not brave enough to go back and correct it. So I would ask us to take a look at that.

Mr. Berry, I served for 16 years on Air Resources Board agencies in California. Some of the most environmentally friendly and energetically conservative strategies that we could ever implement are telecommuting and flex time to reduce the emissions and the consumption of fuel for employees going back and forth and to reduce

the demand of having to build new infrastructure to carry it. Now the Patent and Trade Office has demonstrated that they can work within a telecommunication issue. What is the status of this concept across the board when it comes to the Federal work force?

Mr. BERRY. You will find in me, sir, a strong proponent of both telecommuting and flex time. I agree with your assessment. These are valuable tools not only for the employees improving their productivity and enhancing their family work life situation but in also affecting our environment in a positive manner. So I will be very supportive of it. I think we do have to be careful and work with managers.

As Ms. Norton pointed out, I ran the National Zoo. Unfortunately there are some positions you just can't telecommute. You have to feed the animals in the morning; you can't do that from home. So at some positions it can't work. But for those that it can, we really ought to exploit it. We need to be supportive of it. We need to make it easier. We need to make it more accessible throughout the Federal Government.

Mr. BILBRAY. I appreciate that. I will just tell you a story about one of the most deserted parts of the world, the central coast of Baja California. I ran into a French engineer on his boat who was delivering his work to Paris by the internet every day. That is the kind of job I am looking for down the line. [Laughter.]

But I just think these are two issues that the Delegate and I totally agree on. I know that the problem we ran into in California is that organized labor did not like the concept. They saw it as possibly being a barrier, giving independence to an employee separate from the organized strategy, and making harder to organize because they weren't physically in one plant. That is not the problem here, is it?

Mr. BERRY. I would have to talk with our labor leaders about that. In the spirit of partnership, I think one of the first rules of partnership is good, fair, and open communication. So, I would like to pose that question with them and really discuss and get their input.

My assessment is that where there is a bargaining unit, that would obviously be something that would be subject to the bargaining process. So, I think I would look forward to working with the nationals and their leaders to see if we can solve concerns they might have because the objective is a good one. It is an important one. We need to be about doing as much as we can to improve the work life and workplace for our Federal employees. Those are two good tools to do it.

Mr. BILBRAY. Mr. Chairman, just in closing let me say I find it hard to believe that is a problem in our Federal system. I hope it isn't. My frustration was, in California at the State system, that they literally said that an individual could not make an agreement with management to do telecommunicating unless it was incorporated into a formal union agreement, which created huge barriers. I just can't believe we have made that mistake in the Federal system. I hope that we avoid that. I think the individual still is premier against the bureaucracy or even organized labor, that the individual really needs to be allowed to do the right thing.

Thank you very much. I appreciate it, Mr. Berry.

Mr. LYNCH. I thank the gentleman.

Just to clarify a point, in the chairman's discussions with the labor unions, in this instance labor unions have actually been advocates. I must say, they have been advocates of telework and providing flexibility for workers. So it is not the situation that the gentleman from California feared. It is the opposite situation where the union representatives in this case are saying telework is actually something that helps the quality of life of the employees that they represent. They have not been obstructionists. They have actually been advocates of finding ways to make workers more productive by utilizing it where it is appropriate. There are some cases, as the Director pointed out, where it is impossible but they have been certainly open and supportive of the practice.

The Chair recognizes the gentleman from Virginia, Mr. Connolly, for 5 minutes.

Mr. CONNOLLY. I thank the chairman.

Let me begin by reinforcing the chairman's point. My experience in local government and here in the National capital region as the chairman of the Council of Governments was actually that the work force was more than cooperative. They saw telework as actually a benefit.

Telework is not defined as 5 days a week out of the office, by the way. Telework officially is defined as at least 1 day of the week not at your normal place of work in a remote location. It can be from home or wherever.

I think in an era where we are worried about recruitment and retention, not only in the private sector but in the public sector, telework is a tool. I also believe in the post 9/11 world, telework is an essential part of your continuity of operations plan. If you don't have a vigorous telework plan in place, I don't know how you get to a continuity of operations plan.

But I would say to you, Mr. Berry, I think based on my own experience—I was the chairman of Fairfax County, right across the river—I had a work force of 12,000 and I set a goal. The goal was 20 percent of our eligible work force teleworking by the year 2005. We exceeded that goal. The first thing we did was to decide, well, who is eligible. So we didn't have a zoo, but for example, police officers can't call in their beat.

So they had to work. They couldn't not show up. But we identified the rest of the work force and then we said, "OK, 20 percent of that work force, what are we going to do?" But it requires a leadership from the top. Managers and supervisors are not going to do it if they honestly at the end of the day believe this is lip service.

In a region as congested as ours, not to have the Federal Government leading telework is almost criminal. Yet consistently it has been the Federal Government that has been the laggard in our region, behind the private sector, behind State and local government. So we need to systematize telework. It has to be in HR policy manuals. The work force needs to know very clearly what is expected of me if I sign up for this, how will I be supervised. Supervisors need to know how to evaluate workers. This is not rocket science. It is not terra incognita. We have lots of experience. But I urge you strongly to systematize telework.

Mr. Chairman, I would urge Mr. Berry to come back to us maybe in 6 months and talk to us on this subject alone because I do think it is such an important tool. And I am delighted to hear of your support, Mr. Berry.

Let me ask, one of the things we have talked about on this committee and that I hear increasingly as a source of concern, not only in the work force but among Federal contractors, is the loss of expert acquisition and procurement capability within the Federal Government. How are we going to address that very complex subject?

[The prepared statement of Hon. Gerald E. Connolly follows:]

Opening Statement of Gerald E. Connolly

Subcommittee on Federal Workforce, Postal Service, and District of Columbia

Member of Congress, VA-11

April 22, 2009

Thank you, Chairman Lynch for convening this hearing. This is a particularly important time to examine the state of the federal workforce, since 47% of the supervisory federal workforce will be eligible for retirement within the next decade.

In this session the House of Representatives has already taken action to prevent this impending brain drain. With passage of the Federal Retirement Reform Act that this committee reported, we corrected three problems with the current federal retirement system by addressing FERS Redeposit, FERS sick leave, and CSRS annuity calculations. Some of the individual bills to address these issues had languished for years before this session. I applaud the committee leadership and my colleagues for expeditiously moving this legislation forward.

As important as the Federal Retirement Reform Act was, we cannot rest without taking additional action to ensure we have the strongest possible federal workforce in the coming decades. I appreciate the opportunity to hear from this distinguished panel, which includes representatives of diverse constituencies that have worked in concert on many issues affecting the federal workforce. Employee unions and management associations alike supported the Federal Retirement Reform Act, and I look forward to our collaboration on issues in the future.

We must focus on retention and recruitment in the federal workforce. Policies to reach this objective include pay parity, which we included in the Budget Resolution, elimination of the Government Pension Offset and Windfall Elimination Provision, and other bills that make federal employment more attractive. In addition, we should remain focused on professionalism of the federal workforce, and prevent 'burrowing-in' of political appointees. Finally, we have the opportunity to pass innovative legislation that makes federal employment more attractive at very low costs. HR 1722, the Telework Improvements Act, is promising legislation that I helped craft with Congressman Sarbanes and Congressman Wolf. By improving the implementation of telework, we can make federal employment more family friendly while enhancing government efficiency and reducing greenhouse gas pollution.

Technology also plays an important role in the future of the federal workforce. I have introduced HR 1910, the Chief Technology Officer Act, to make this executive appointment permanent. This committee has an important role to play ensuring that the federal government maximizes use of technology to save taxpayer money and improve delivery of constituent services.

By addressing federal employee retention and recruitment as well as the role of technology, we can ensure that we have a vibrant, experienced, and efficient federal workforce for years to come.

Mr. BERRY. At OPM, the team that was there before me did a pretty good job on helping with the stimulus bill, recognizing that was going to be a critical hire group. OPM created a special category deferential to the agencies so that they could move forward with direct hire authority in that regard. I think so far that looks like it has been very helpful to many of the agencies in moving quickly with the stimulus and recovery funds.

I am actually looking at and thinking that another category that is in dire need and of equal importance is our HR professional capacity throughout the Government. In many cases, that has essentially been hollowed out over time. As agencies seek under this bill, especially agencies that are in a growing situation—like the IRS, like the Defense Department—that will be hiring significant numbers of employees, it is essential that they have super HR staff on board.

So one of the things we are looking at is how OPM can play a significant role in making that easier as well, speeding up that process, putting it into plain English, and creating essentially a pool of applicants that would be pre-certified, if you will, through a regular application and wide open competitive process. Then the agencies would be able to hire directly from that pool of expertise and get the HR staff that they need on.

I think there are probably other categories we are going to have to treat similarly. But hopefully, those can be some first steps. We have made some solid steps with the contracting position that you discussed. I think we can continue that progress and move it forward.

Mr. CONNOLLY. I think the feedback we get when you move to large, complex, and integrated contracts, is making sure we have the resident expertise in-house which is increasingly a challenge. Frankly, that expertise gravitating toward the private sector is very tempting.

The other problem, let me ask you, though, actually has to do with policy and not just talent and resources. Many contractors will talk about the fact that they will have many, many, many project managers and contract managers over the life of the contract. That leads to a discontinuity in management, different expectations about scope of work, and often some distortions as a result in terms of the work product delivered. Are there things we can do to try to incentivize more continuity in the contract management part of the Federal Government?

Mr. BERRY. That is a great question, Mr. Connolly. I don't have anything off the top of my head to give you some specifics in that regard. It is certainly something I can look into. I think it is something we need to pay attention to. We also need to be careful, as we talked about with Delegate Norton, as we move into an era where we might be dealing with much more insourcing rather than outsourcing that continuity can also be provided in-house as well so as we move things from the private sector we can also provide a smooth management transition as well. So we are going to have to wrestle with those issues in both directions.

Mr. CONNOLLY. My final question, Mr. Chairman: Both Delegate Norton and I represent lots of Federal workers. Both of us were here in Washington before the Metro was constructed. Now 40 per-

cent, I believe, of the total passengers every day on the very successful system are in fact Federal workers. What would happen if we shut down Metro tomorrow and the Federal work force no longer had Metro to be able to get to work?

Mr. BERRY. It would be a disaster. The road system is not set up to handle that amount of people. The Metro system is critical to the smooth Federal operation of this Government and its headquarters operations. I can't imagine our effective operation without it. It is critical.

Mr. CONNOLLY. So one might inferentially conclude from your testimony that the Federal Government has more than a passing interest in the success of Metro and in its financing?

Mr. BERRY. Well, I think you might want to take that question up with the Director of the Office of Management and Budget. But I personally, as a rider, user, as a local boy who has grown up in this area, and knowing Carmen Turner who is my beloved mentor, God rest her soul, who ran the Metro system at one point—love the Metro system. I think it is great. It is great for our air quality in this area. It is a great asset to living in the Washington, DC, area. It is critical for our Federal employees.

Mr. CONNOLLY. Thank you, Mr. Berry. Thank you, Mr. Chairman.

Mr. LYNCH. Absolutely. That was a leading question. [Laughter.]

It is certainly a nice segue. We do have an upcoming hearing on the Metro in this subcommittee that Ms. Norton has been a major advocate for. So we will certainly address that issue.

I do recognize the ranking member for the entire committee, Mr. Issa, who has joined us but he has declined his opportunity to question. Rather than doing another round of questioning, which I don't think is necessary, are there points that you would like to amplify for the committee in just general terms? You have been in the seat for 7 days so I don't expect you to have the whole thing figured out yet. That will take at least a month. [Laughter.]

But if you do have some points that we haven't in our thorough questioning raised, we would be happy to give you ample time to talk about those and the way forward.

Mr. BERRY. Mr. Chairman, I appreciate the opportunity. I will just make three quick points for the committee. The first would be that I think it is important that the Office of Personnel Management seek to get some points on the board here. We are going to be trying to do that in three key area in this first year on the job. The first is in hiring reform. We are going to try to do that better.

Now, I know that has been a rock that has sunk many a ship but we are going to try. We are going to be working on reforming security clearances and making sure that is secure and easy. I know those two things might not go hand in glove, so we are going to have to be very careful with it, but where there is duplication we have to weed it out and make it work better. Then third, I am going to try to put points on the board on work life and workplace for the Federal employees. I think it is essential. We have talked about a few of those items today. There are many more we can do and I am going to be about that.

In terms of the bigger picture, we discussed a little bit about the overall of maybe building a majority pay system.

The third and final thing I would draw to the committee's attention, and it is going to be my intention, is that the mission of OPM right now is defined as providing an effective work force for the Federal Government. Now, I think that is a relatively low bar mission. We need to obviously succeed at that mission.

I think we need a bigger vision. My vision is not that we just provide an effective work force but that the U.S. Government as the largest employer has a special responsibility of being the model employer to the Nation. My hope is to work with everyone in this room and with HR professionals throughout the Government, throughout the private sector, throughout this Congress to decide what are the best practices that are out there today and hold ourselves accountable, put metrics on the board.

We may not get it done in the first term of the Obama administration; we may not get it done in the second term of the Obama administration if the American people give that to us. But it is a path we can work toward, to be the model employer and to implement those best practices for the men and women of the Civil Service. That is going to be my vision, sir. I look forward to working with this committee to accomplish it.

I thank you very much for your opportunity to be with you today.

Mr. ISSA. Mr. Chairman, I apologize but could I ask just one question?

Mr. LYNCH. Absolutely, absolutely. Please.

Mr. ISSA. I applaud you for your goals. One goal that this committee, I believe, is concerned about is the use of annuitants and the whole process of retirement. Will you be trying to or work with us on a reform that would allow for an efficient retention of our most skilled workers?

Mr. BERRY. I think, Mr. Issa, I wholeheartedly agree with you. That is an issue we have to wrestle with. It is a good one. I will be supportive of the principle. There are some cautions that we just have to be careful with. I think we need to recognize that on the one hand with an aging society we have to figure out how to recapture that talent and reuse it effectively.

At the same time we don't want to foreclose promotional opportunities for mid-level managers. They might see that in solving one problem we create another and someone might feel, well, there is no future for me here so I will leave the Federal Government. So we need to be careful as we move forward.

Then the other thing we have to figure out, as the President has said, is how to make Federal service cool again. How do we bring in that next generation? How do we inspire that next generation to come into public service?

I think there are creative ways we can do that and accomplish all of those objectives together. But if we keep all of them in mind, I hope we can craft a solution that will work.

Mr. ISSA. Thank you. I hope when you do an analysis of the number of former Federal workers who are, in fact, in second careers as lobbyists or contractors back in the same seats they used to be in, that you will weigh that as a portion of the reform most needed.

Mr. BERRY. I think that is a great point, Mr. Issa. We might be able to be creative about this. Just let me throw out an idea for future discussion. What if, as we said, we were reemploying an an-

nuitant and not offsetting their annuity for a term period—let us say a couple of years—as a condition of that reappointment they would agree to spend 30 percent of their time on training a mid-level manager to move up to fill their position when their term would expire?

Or what if they would potentially adopt a newbie, somebody who is just coming in? I hear constantly that one of the reasons we have such a low rate of hiring interns into the Federal Government is because we don't really support them. We kind of throw them into a job. There are not many young people around them. There is no one there to coach them and mentor them.

What if, as a condition of this, maybe you had to sign on and be a coach to a young person coming in to teach them the ropes and teach them how the Federal Government works? That may be a very effective knowledge transfer. If we can creatively design that, I believe the investment that will be required to accomplish it with the reemployment of the annuitants may well be a very good one for the taxpayer. So I look forward to working with you on balancing those multiple issues.

Mr. ISSA. I do, too. Thank you, Mr. Chairman.

Mr. LYNCH. I thank the gentleman. We did have one clarification on the part of Ms. Holmes Norton. I would obviously offer the same opportunity for the gentleman from Utah as well. Ms. Holmes Norton.

Ms. NORTON. I just wanted to clarify what you said about diversity. Did you say that diversity hasn't moved since 1985?

Mr. BERRY. It has been very slight improvements.

Ms. NORTON. How do you account for that?

Mr. BERRY. We need to do better. We need to figure out how to involve the richness of our society and reflect it in our work force that is fully legal and fully appropriate. We need that breadth of skills in our Civil Service.

Ms. NORTON. Mr. Berry, would you again get to the chairman of the committee the figures on race and sex by grade in the Federal work force today and in 1985? Would you please break that down since diversity doesn't mean all minorities get packed together. There are black people, there are Hispanics, there are Asians. Break it down the way the figures do if they are done appropriately.

Mr. BERRY. I would be very happy to, Ms. Norton. I think you will also be very happy to hear, the President announced this week that the Deputy Director that will be serving with me at the Office of Personnel Management—and I am very excited by this—is Christine Griffin, who is now the EEOC Commissioner for Disability. I think she is going to bring a special focus, attention, and skill set on this issue to us in the Department. I think she is going to be phenomenal if the Senate confirms her. I really look forward to working with her. But we will get you that information for the record.

Mr. BILBRAY. Would the gentlewoman yield on that item.

Ms. NORTON. I would be happy to yield to the gentleman.

Mr. BILBRAY. I would suggest that you also take a look at your intern program. Look at the profile there. By addressing the intern program, you may be able solve that. But you first have to look at

what are the facts as they apply to the intern program. Does that reflect the diversity in the community? If it does, then you know where you can address and move this. If it doesn't, then you have to look at other ways. But look specifically at your intern program. See if that reflects the numbers you want and the profile you want. If so, then you know where to focus.

Mr. BERRY. If I could, Mr. Chairman? Mr. Bilbray, I think you are right. We also need to look not just at the interns but at mid-career training programs and other sources like that. They are essentially the pipeline, if you will, as you go up the ladder. I think we need to look at this not just for the GS scale. We need to look at it at SES; we need to look everywhere. We need to have diversity throughout the Government and at all of our ranks. We need to make sure we are providing opportunity to all of our citizens and encouraging that within the law, absolutely. We need to look at each of those paths—internships, training programs, SES candidate development pools—and pay attention to all of them.

Mr. LYNCH. Director Berry, we want to congratulate you on your new appointment. We appreciate your willingness to come before the committee and help us with our work. We look forward to working with you because the task of this committee and your own responsibilities do overlap at so many different points. Thank you for your time.

Mr. BERRY. It has been an honor and a pleasure, sir. Thank you all.

Mr. LYNCH. I would like to welcome the second panel, if we may. Welcome. It is the custom of this committee that all witnesses are to be sworn in. Could I ask you to please rise and raise your right hands?

[Witnesses sworn.]

Mr. LYNCH. Thank you. Let the record show that the witnesses both answered in the affirmative.

Yvonne D. Jones is Director of the Strategic Issues Team in the Government Accountability Office. Yvonne Jones is the Director of the Strategic Initiatives Team at GAO where she analyzes Federal Government human capital issues and 2009 fiscal stimulus oversight issues. At GAO, Ms. Jones also worked as a Director of the Financial Markets and Community Investment Team. Prior to joining GAO in 2003, Ms. Jones worked at the World Bank where she developed projects in the education sector in east Asian countries, assisted sub-Saharan African countries in reducing their commercial bank debt levels, and helped countries design financial and private sector restructuring programs in eastern and central Europe and the former Soviet Union.

Dr. Donald Kettl is a professor of political science and the Robert A. Fox professor of leadership at the University of Pennsylvania. He is the incoming dean of the School of Public Policy at the University of Maryland. Dr. Kettl is also a nonresident senior fellow at Washington's Brookings Institution, the executive director of the Century Foundation's Project on Federalism and Homeland Security, and academic coordinator of the Government Performance Project. Dr. Kettl has consulted for government organizations at all levels in United States and abroad. He is regularly a columnist for *Governing* magazine, which is read by State and local government

officials around the country. I would also like to congratulate Dr. Kettl on his recent appointment as dean to the University of Maryland School of Public Policy.

Dr. Kettl's research focuses primarily on public policy and public management. He has authored, coauthored, or edited over 25 books and numerous scholarly articles on public management and governance, including his new book—which I am about half way through—which is titled *The Next Government of the United States: Why Our Institutions Fail Us and How to Fix Them*. I haven't gotten to the how to fix them part yet. Dr. Kettl holds four political science degrees from Yale and has been called the leading government management scholar of his generation. I agree with that assessment. I most appreciate you joining with us today to share your vast experience in this field.

Why don't I allow the witnesses first to have their opening statements first and then we will proceed to questioning. Ms. Yvonne Jones for 5 minutes.

STATEMENTS OF YVONNE JONES, DIRECTOR, STRATEGIC ISSUES TEAM, GOVERNMENT ACCOUNTABILITY OFFICE; AND DR. DONALD KETTL, PROFESSOR OF POLITICAL SCIENCE AND ROBERT A. FOX PROFESSOR OF LEADERSHIP, UNIVERSITY OF PENNSYLVANIA, AND NONRESIDENT SENIOR FELLOW, GOVERNANCE STUDIES, THE BROOKINGS INSTITUTION

STATEMENT OF YVONNE JONES

Ms. JONES. Thank you. Mr. Chairman and members of the subcommittee, thank you for the opportunity to be here today to discuss the state of the Federal work force. The importance of a highly qualified Federal work force cannot be overstated.

In 2001, we identified human capital management as a Government-wide high risk area. Progress has been made since then but the area remains on our high risk list because of a compelling need for a Government-wide framework to advance human capital reform. The framework is vital to avoid further fragmentation within Civil Service, ensure that management flexibility is appropriate, allow a reasonable degree of consistency, provide adequate safeguards, and maintain a level playing field among agencies competing for talent.

My remarks today will focus on executive branch agencies' and the Office's of Personnel Management, OPM, progress in addressing strategic human capital management challenges in four key areas of leadership; strategic human capital planning; acquiring, developing, and retaining talent; and results oriented organizational cultures.

Top leadership in Federal agencies must provide committed attention to address human capital issues. Leadership must embrace reform and integrate the human capital functions into their agencies' core responsibilities. OPM plays a key role in leading improvements in all areas of strategic human capital management in the executive branch. We have reported that OPM has made commendable efforts in transforming itself from less of a rulemaker, en-

forcer, and independent agent to more of a consultant, toolmaker, and strategic partner to Executive agencies.

Congress also recognized that increased attention to strategic human capital management was needed. In 2002, Congress created the Chief Human Capital Officer position or CHCO in 24 agencies. The CHCO Council advises and coordinates the activities of member agencies, OPM, and the Office of Management and Budget. The CHCO Council addresses key current and emerging human capital issues.

To carry out effective strategic human capital planning, agencies need to ensure that they have the talent and skills mix to address current and emerging challenges, especially as the Federal Government faces increased staff and executive retirements. An example of the Federal Government's human capital planning challenges is its acquisition work force. In prior work, we testified that the acquisition work force's workload and responsibilities are increasing without adequate attention to its size, its skills, and succession planning. A strategic approach had not been taken across Government or within agencies to create a positive image essential to successfully recruiting and retaining new acquisition professionals.

The challenges agencies are facing with sustaining a capable and accountable work force contributed to GAO's designation of inter-agency contracting as a high risk area in 2005. In our recent 2009 update, it remains a high risk area at three agencies: the Departments of Defense, Energy, and at NASA.

Faced with a work force with talent and skill gaps, it is important that agencies strengthen their efforts and use available flexibilities from Congress and OPM to acquire, develop, motivate, and retain talent. In recent years, Congress and OPM took a series of important actions to improve Federal hiring and recruitment. The Congress provided agencies with increased authority to pay recruitment bonuses and to credit relevant private sector experience when determining annual leave amounts. It provided agencies with hiring flexibilities. Also, OPM has authorized Government-wide direct hiring authority for veterinary and medical officers, launched an 80-day hiring model to speed up the hiring process, and reminded agencies that they can also hire older, experienced workers to fill work force needs.

Concerning worker retention, the Federal Government is well positioned to retain workers. It has a variety of tangible benefits and flexibilities. We have previously stated that the executive branch agencies need to reexamine their use of flexibilities such as monetary recruitment and retention, special hiring authorities including student employment, and work-life programs such as alternate work schedules, childcare assistance, telework opportunities, and transit subsidies.

Leading organizations find that to transform themselves, they must fundamentally change their culture so they are more results oriented, customer focused, and collaborative. Credible performance management systems that align individual, team, and unit performance with organizational results can help manage this process. Leading organizations also develop and maintain inclusive and diverse work forces at all levels of the organization.

Mr. Chairman and members of the subcommittee, this completes my statement. I would be pleased to respond to any questions that you may have.

[The prepared statement of Ms. Jones follows:]

United States Government Accountability Office

GAO

Testimony

Before the Subcommittee on Federal
Workforce, Postal Service, and the District of
Columbia, Committee on Oversight and
Government Reform, House of Representatives

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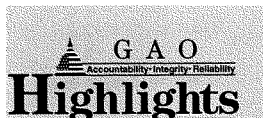
HUMAN CAPITAL

Sustained Attention to Strategic Human Capital Management Needed

Statement of Yvonne D. Jones
Director, Strategic Issues



April 22, 2009



Highlights of GAO-09-632T, a testimony before the Subcommittee on Federal Workforce, Postal Service, and the District of Columbia, Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

In 2001, GAO identified human capital management as a governmentwide high-risk area because federal agencies lacked a strategic approach to human capital management that integrated human capital efforts with their missions and program goals. Progress has been made. However, the area remains high-risk because of a continuing need for a governmentwide framework to advance human capital reform.

The importance of a top-notch federal workforce cannot be overstated. The federal government is facing new and growing challenges coupled with a retirement wave and the loss of leadership and institutional knowledge at all levels. The issues facing agencies are complex and require a broad range of technical skills that are also highly sought after by the private sector.

This testimony, based on a large body of completed work issued from January 2001 through March 2009, focuses on executive branch agencies' and the Office of Personnel Management's (OPM) progress in addressing strategic human capital management challenges in four key areas: (1) leadership; (2) strategic human capital planning; (3) acquiring, developing, and retaining talent; and (4) results-oriented organizational culture. In prior reports, GAO has made a range of recommendations to OPM and agencies in the four areas. GAO is reporting on progress in addressing these recommendations and is making no new recommendations.

View GAO-09-632T or key components. For more information, contact Yvonne D. Jones at (202) 512-6806 or jonesy@gao.gov.

HUMAN CAPITAL

Sustained Attention to Strategic Human Capital Management Needed

What GAO Found

Congress, executive branch agencies, and OPM have taken action to reform federal human capital management, but federal agencies are facing new challenges. The recent need to quickly hire staff to carry out and oversee the Troubled Asset Relief Program and expanded agency responsibilities under the American Recovery and Reinvestment Act of 2009 point to the need for sustained attention to help ensure that agencies have the right people with the right skills to meet new challenges.

Leadership: Top leadership in agencies across the federal government must provide committed and inspired attention needed to address human capital and related organizational transformation issues. OPM has made strides in transforming itself as a strategic partner to help lead human capital reform efforts. For example, at the agency level, OPM works with the Chief Human Capital Officers council to develop and disseminate human capital guidance and relies upon the council members to communicate OPM policy and other human capital information throughout their agencies.

Strategic human capital planning: Integrating succession planning and management efforts that focus on strengthening both current and future organizational capacity to obtain or develop the knowledge, skills, and abilities agencies need to meet their missions continues to be important. For example, GAO has reported on a challenge in the acquisition workforce where the workload and complexity of responsibilities have been increasing without adequate attention to the workforce's size, skills and knowledge, and succession planning.

Acquiring, developing, and retaining talent: Faced with a workforce that is becoming more retirement eligible and the need for a different mix of knowledge, skills, and competencies, it is important that agencies strengthen their efforts and use available flexibilities. Agencies have developed strategies to recruit needed talent, including turning to older experienced workers to fill knowledge and skills gaps. For example, the National Aeronautics and Space Administration has used a combination of techniques to recruit workers with critical skills, including targeted recruitment activities, educational outreach programs, improved compensation and benefits packages, and streamlined hiring authorities.

Results-oriented organizational culture: In addition to promoting high performance and accountability to foster results-oriented cultures, it is important for agencies to develop and maintain inclusive and diverse workforces that reflect all segments of society. Agencies can benefit from strategies that offer a diverse pool of talent for selecting the agencies' future leaders and recruiting new employees so that agencies can get a wider variety of perspectives and approaches.

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to be here today to discuss the state of the federal workforce and challenges in managing today's workforce and planning for tomorrow's. The importance of a top-notch federal workforce cannot be overstated. The issues facing agencies are complex and require a broad range of technical skills that are also highly sought after by the private sector. The nation is facing new and more complex challenges in the 21st century, including a large and growing long-term fiscal imbalance, evolving national and homeland security threats, increasing global interdependence, and the need to rethink relevant regulatory oversight structures in light of the turmoil in worldwide financial markets. The recent need to quickly hire staff to carry out and oversee the Troubled Asset Relief Program and expanded agency responsibilities under the American Recovery and Reinvestment Act of 2009 (Recovery Act) point to the need for sustained attention to help ensure that agencies have the right people with the right skills to meet new challenges.¹ Specifically, the Department of the Treasury has the monumental task of managing and overseeing the government's efforts to stabilize the nation's financial system and restore the functioning of the nation's credit markets, which involves expediting the hiring of critical staff needed to carry out and oversee the Troubled Asset Relief Program.² At the same time, the federal government faces the challenges of developing guidance and overseeing the implementation of the \$787 billion Recovery Act, in partnership with the states, localities, and territories.

To address these challenges, it will be important for federal agencies to change their cultures and create the institutional capacity to become high-performing organizations. This includes recruiting and retaining employees able to create, sustain, and thrive in organizations that are flatter, results-oriented, and externally focused and that collaborate with other governmental entities as well as with the private and nonprofit sectors to achieve desired outcomes. It will also be important for federal agencies to focus attention on management practices that increase the level of employee engagement as they seek to improve their operations within budget constraints and to compete for talent with the private sector.

¹Pub. L. No. 111-5, 23 Stat. 115 (Feb. 17, 2009).

²GAO, *Troubled Asset Relief Program: March 2009 Status of Efforts to Address Transparency and Accountability Issues*, GAO-09-504 (Washington, D.C.: Mar. 31, 2009).

In 2001, we identified human capital management as a governmentwide high-risk area because federal agencies lacked a strategic approach to human capital management that integrated human capital efforts with their missions and program goals.³ Progress has been made. However, the area remains high-risk because of a continuing need for a governmentwide framework to advance human capital reform.⁴ This framework is vital to avoid further fragmentation within the civil service, ensure management flexibility as appropriate, allow a reasonable degree of consistency, provide adequate safeguards, and maintain a level playing field among agencies competing for talent.

Today and in the near term, the federal workforce is facing a variety of a capacity challenges that could affect the ability of agencies to cost-effectively carry out their missions. For example, the federal government is facing a retirement wave and with it the loss of leadership and institutional knowledge at all levels. Governmentwide, about one-third of federal employees on board at the end of fiscal year 2007 will become eligible to retire by 2012. Proportions of workers eligible to retire are projected to be especially high in certain occupations—some are mission critical, such as customs and border protection agents—as well as in key leadership positions. About 64 percent of career executives may be eligible to retire by 2012.⁵ In the current economic situation, projections of how many federal workers will actually retire upon becoming eligible remain unclear; however, these workers will eventually retire and the federal government needs to have the right people in the right jobs at the right time to meet the challenges it faces.

Congress and the executive branch have taken steps to address the federal government's human capital shortfalls. For example, Congress provided agencies across the executive branch with additional human capital flexibilities, such as specific hiring authorities. While much progress has been made in the last few years to address human capital challenges, ample opportunities continue to exist for agencies to improve their strategic human capital management and for the Office of Personnel

³GAO, *High-Risk Series: An Update*, GAO-01-263 (Washington, D.C.: January 2001).

⁴GAO, *High-Risk Series: An Update*, GAO-09-271 (Washington, D.C.: January 2009).

⁵GAO, *Older Workers: Enhanced Communication among Federal Agencies Could Improve Strategies for Hiring and Retaining Experienced Workers*, GAO-09-206 (Washington, D.C.: Feb. 24, 2009).

Management's (OPM) continued leadership in fostering and guiding improvements in these areas.

My remarks today will focus on executive branch agencies' and OPM's progress in addressing strategic human capital management challenges in four key areas: (1) leadership; (2) strategic human capital planning; (3) acquiring, developing, and retaining talent; and (4) results-oriented organizational culture. This testimony is based on a large body of our completed work issued from January 2001 through March 2009. We conducted our work in accordance with all sections of GAO's Quality Assurance Framework that were relevant to the objectives of each engagement.⁶

Sustained Leadership Is Essential to Successful Human Capital Management

Top leadership in agencies across the federal government must provide committed and inspired attention needed to address human capital and related organizational transformation issues. Leaders must not only embrace reform, they must integrate the human capital function into their agencies' core planning and business activities. Senior executive leadership is especially key today as the federal government faces significant efforts to transform to address key challenges. OPM's *2008 Federal Human Capital Survey* results showed that the government needs to establish a more effective leadership corps.⁷ Specifically, of the employees responding to the survey, a little over half reported a high level of respect for their senior leaders and a little less than half are satisfied with the information they receive from management on what is going on in the organization. The percentage of positive results for these questions has increased slightly since the last survey was conducted in 2006.

OPM plays a key role in fostering and guiding improvements in all areas of strategic human capital management in the executive branch. As part of its key leadership role, OPM can assist in—and, as appropriate, require—the building of infrastructures within agencies needed to successfully implement and sustain human capital reforms and related initiatives. OPM

⁶The framework requires that we plan and perform each engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analyses conducted, provided a reasonable basis for the findings and conclusions in each report.

⁷Office of Personnel Management, *2008 Federal Human Capital Survey: Results from the 2008 Federal Human Capital Survey* (Washington, D.C.: Jan. 8, 2009).

can do this in part by encouraging continuous improvement and providing appropriate assistance to support agencies' efforts in areas such as acquiring, developing, and retaining talent. We have reported that OPM has made commendable efforts in transforming itself from less of a rule maker, enforcer, and independent agent to more of a consultant, toolmaker, and strategic partner in leading and supporting executive agencies' human capital management systems.⁸ However, OPM has faced challenges in its internal capacity to assist and guide agencies' readiness to implement change, such as the certification process for the senior executive performance-based pay system, and will need to address these challenges. Specifically, in October 2007, we reported that OPM has strategies in place, such as workforce and succession management plans, that are aligned with selected leading practices relevant to the agency's capacity to fulfill its strategic goals.⁹ However, at the time, OPM lacked a well-documented agencywide evaluation process of some of its workforce planning efforts. In response to our recommendation, OPM recently developed an automated tracking system to monitor training so that agency officials could target it on priority areas.

OPM also faces challenges in modernizing the paper-intensive processes and antiquated information systems it uses to support the retirement of civilian federal employees through the retirement modernization program. This modernization program is important because OPM estimates a growing volume of retirement processing over the next several years given projected retirement trends. In January 2008, we reported that the agency's management of this initiative in areas that are important to successful deployment of new systems had not ensured that components would perform as intended.¹⁰ For example, at that point in time, OPM had not addressed weaknesses in its approaches to testing system components and managing system defects to ensure that the new system components will perform as intended. In addition, OPM had yet to develop a reliable program cost estimate and the measurement baseline against which program progress can be determined. To date, the agency continues to

⁸GAO, *Office of Personnel Management: Key Lessons Learned to Date for Strengthening Capacity to Lead and Implement Human Capital Reforms*, GAO-07-90 (Washington, D.C.: Jan. 19, 2007).

⁹GAO, *Office of Personnel Management: Opportunities Exist to Build on Recent Progress in Internal Human Capital Capacity*, GAO-08-11 (Washington, D.C.: Oct. 31, 2007).

¹⁰GAO, *Office of Personnel Management: Improvements Needed to Ensure Successful Retirement Systems Modernization*, GAO-08-345 (Washington, D.C.: Jan. 31, 2008).

have retirement modernization planning and management shortcomings that need to be addressed. The results of our most recent review of the modernization program are expected to be released by the end of April 2009.

To help support federal agencies with expanded responsibilities under the Recovery Act, OPM has provided information, tools, and training to federal agencies to help address these new human capital challenges and ensure that agencies acquire the talent they need. For example, in March 2009, OPM held an interagency forum on approaches to meet the Recovery Act's human capital management support requirements. At that event, OPM provided information on the various human capital flexibilities available to agencies for hiring the necessary employees, such as 30-day emergency appointments, and on how OPM can provide assistance. In addition, OPM has begun facilitating coordination with the Federal Executive Boards across the nation to share agency plans and activities for the Recovery Act implementation. Areas of coordination include shared approaches to filling human capital needs and ensuring coordination of agency programs to avoid duplication.

Congress also recognized that increased attention to strategic human capital management was needed in federal agencies. In 2002, Congress created the chief human capital officer (CHCO) position in 24 agencies to advise and assist the head of the agency and other agency officials in their strategic human capital management efforts.¹¹ The CHCO Council—chaired by the OPM Director—advises and coordinates the activities of members' agencies, OPM, and the Office of Management and Budget (OMB) on such matters as the modernization of human resources systems, improved quality of human resources information, and legislation affecting human resources operations and organizations. The council, which has been in operation for nearly 6 years, has organized itself to address key current and emerging human capital issues. For example, in its fiscal year 2008 annual report to Congress, the council identified three emerging issues: (1) managing the public expectations of the federal response to highly complex issues, (2) building and sustaining federal employee leadership, and (3) transforming the human resources profession to meet challenges. Its subcommittee structure is intended to align with the overarching strategic human capital initiatives affecting the federal

¹¹Chief Human Capital Officers Act of 2002, Title XIII of the Homeland Security Act of 2002. Pub. L. No. 107-296 (Nov. 25, 2002).

government and includes subcommittees on hiring and succession planning, the human capital workforce, and human resources line of business.

OPM works with the CHCO Council to develop and disseminate human capital guidance and relies upon the council members to communicate OPM policy and other human capital information throughout their agencies.¹² For example, we recently reported that inquiries from the council about how to request a waiver to rehire annuitants without reducing their salaries led OPM officials to develop a template for agencies to use in submitting these requests. OPM officials see their relationship with the council and the agencies it represents as a partnership and shared responsibility to ensure that the latest guidance and practices are disseminated throughout the agencies. In addition to the council meetings, the CHCO Council Training Academy is a forum for CHCOs and other agency officials to discuss human capital issues and share best practices. OPM has invited all levels of agency officials—not just CHCOs—to attend the academy sessions when relevant topics were featured. For example, over the last 2 years, the council has held several academy sessions related to Senior Executive Service (SES) performance management and pay systems and lessons learned from the governmentwide SES survey results.

Strategic Human Capital Planning Is Critical to Addressing Workforce Challenges

Strategic human capital planning that is integrated with broader organizational strategic planning is critical to ensuring that agencies have the talent and skill mix they need to address their current and emerging human capital challenges, especially as the federal government faces a retirement wave.¹³ Agencies must determine the critical skills and competencies necessary to achieve programmatic goals and develop strategies that are tailored to address any identified gaps. Further, agencies are to develop strategic human capital plans with goals, objectives, and measures and report their progress toward these goals and objectives in annual reports to OPM as required by OPM's Human Capital Assessment and Accountability Framework.

We have found that leading organizations go beyond a succession planning approach that focuses on simply replacing individuals and instead engage

¹²GAO-09-206.

¹³For more information, see GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, GAO-04-39 (Washington, D.C.: Dec. 11, 2003).

in broad, integrated succession planning and management efforts that focus on strengthening both current and future organizational capacity to obtain or develop the knowledge, skills, and abilities they need to carry out their missions.¹⁴ For example, we recently reported on the Social Security Administration's (SSA) use of information technology in projecting future retirements and identifying the necessary steps to fill these gaps.¹⁵ Specifically, SSA developed a complex statistical model that uses historical data to project who is likely to retire, and SSA uses these projections to estimate gaps in mission-critical positions and to identify what components of the agency could be most affected by the upcoming retirements. With these estimates, the agency develops action plans focused on hiring, retention, and staff development. As a result of using these models, SSA has developed targeted recruitment efforts that extend to a broad pool of candidates. To create this pool, SSA is also beginning to reach out to older workers in order to achieve one of its diversity goals— attracting a multigenerational workforce—by developing recruiting material featuring images of older and younger workers and offering a phased retirement program, among other things.

An example of the federal government's strategic human capital planning challenges involves its acquisition workforce. In 2007, we testified that much of the acquisition workforce's workload and complexity of responsibilities have been increasing without adequate attention to the workforce's size, skills and knowledge, and succession planning.¹⁶ Over the years, a strategic approach had not been taken across government or within agencies to focus on workforce challenges, such as creating a positive image essential to successfully recruit and retain a new generation of talented acquisition professionals.¹⁷ In addition, we recently reported that the Department of Defense (DOD) lacks critical departmentwide information to ensure its acquisition workforce is sufficient to meet its national security mission.¹⁸ As a result, we made several recommendations

¹⁴GAO, *Human Capital: Succession Planning and Management Is Critical Driver of Organizational Transformation*, GAO-04-127T (Washington, D.C.: Oct. 1, 2003).

¹⁵GAO-09-206.

¹⁶GAO, *Federal Acquisitions and Contracting: Systemic Challenges Need Attention*, GAO-07-1098T (Washington, D.C.: July 17, 2007).

¹⁷GAO, *Highlights of a GAO Forum: Federal Acquisition Challenges and Opportunities in the 21st Century*, GAO-07-45SP (Washington, D.C.: Oct. 6, 2006).

¹⁸GAO, *Department of Defense: Additional Actions Are Needed to Effectively Manage and Oversee DOD's Acquisition Workforce*, GAO-09-342 (Washington, D.C.: Mar. 25, 2009).

to DOD aimed at improving DOD's management and oversight of its acquisition workforce, including the collection of data on contractor personnel. The challenges agencies are facing with managing acquisitions, including sustaining a capable and accountable acquisition workforce, contributed to GAO's designation of the management and use of interagency contracting as a governmentwide high-risk area in 2005.¹⁹ Further, in our most recent high-risk update, acquisition and contract management remains a high-risk area at three agencies—DOD, the Department of Energy, and the National Aeronautics and Space Administration (NASA)—as does DOD's weapon system acquisition. Addressing these challenges will require sustained management attention and leadership at both the agency level and from organizations such as OMB and its Office of Federal Procurement Policy.

In May 2008, we reported that the Centers for Disease Control and Prevention (CDC) had made improvements in its strategic human capital planning, but the agency should take a more strategic view of its contractor workforce—more than one-third of its workforce.²⁰ For example, CDC conducted a preliminary workforce analysis to determine the skills and competencies needed to achieve the agency's mission and goals, including identifying skill and competency gaps. While the agency had not completed its analyses of skill and competency gaps for the occupations it deemed most critical when the strategic human capital management plan was developed, at the time of our report, the agency was completing these analyses. CDC's strategic human capital management plan did not address the challenge of managing a blended workforce with a large percentage of contractors working with federal staff. We reported that without addressing this challenge CDC's plan would not give the agency a strategic view of its governmental and contractor workforce and thus might not be as useful as it could be in assisting the agency with strategic human capital planning for its entire workforce. In response to our recommendation to address this challenge in its plan, CDC's most recent update to its strategic human capital management plan includes an effort to develop, implement, and evaluate strategies to address management of contractors as part of a blended workforce.

¹⁹GAO-09-271.

²⁰GAO, *Centers for Disease Control and Prevention: Human Capital Planning Has Improved, but Strategic View of Contractor Workforce Is Needed*, GAO-08-562 (Washington, D.C.: May 28, 2008).

Acquiring, Developing, and Retaining Talent Remains a Federal Workforce Challenge

Faced with a workforce that is becoming more retirement eligible and the need for a different mix of knowledge, skills, and competencies, it is important that agencies strengthen their efforts and use of available flexibilities from Congress and OPM to acquire, develop, motivate, and retain talent. For years it has been widely recognized that the federal hiring process all too often does not meet the needs of (1) agencies in achieving their missions; (2) managers in filling positions with the right talent; and (3) applicants for a timely, efficient, transparent, and merit-based process. In short, the federal hiring process is often an impediment to the very customers it is designed to serve in that it makes it difficult for agencies and managers to obtain the right people with the right skills, and applicants can be dissuaded from public service because of the complex and lengthy procedures.

In recent years, Congress and OPM have taken a series of important actions to improve recruiting and hiring in the federal sector. For example, Congress has provided agencies with enhanced authority to pay recruitment bonuses and with the authority to credit relevant private sector experience when computing annual leave amounts.²¹ In addition, Congress has provided agencies with hiring flexibilities that (1) permit agencies to appoint individuals to positions through a streamlined hiring process where there is a severe shortage of qualified candidates or a critical hiring need, and (2) allow agency managers more latitude in selecting among qualified candidates through category rating.²²

As the federal government's central personnel management agency, OPM has a key role in helping agencies acquire, develop, retain, and manage their human capital. In the areas of recruiting and hiring, OPM has, for example, done the following.

- Authorized governmentwide direct-hire authority for veterinarian medical officer positions given the severe shortage of candidates for these positions. Recently, we reported that despite a growing shortage of veterinarians, the federal government does not have a comprehensive understanding of the sufficiency of its veterinarian workforce for routine

²¹Federal Workforce Flexibility Act of 2004, Pub. L. No. 108-411 (Oct. 30, 2004).

²²Pub. L. No. 107-296.

program activities.²³ In response to our findings, OPM granted direct-hire authority for these positions governmentwide.

- Launched an 80-day hiring model to help speed up the hiring process, issued guidance on the use of hiring authorities and flexibilities, and developed a Hiring Tool Kit to assist agency officials in determining the appropriate hiring flexibilities to use given their specific situations.
- Established standardized vacancy announcement templates for common occupations, such as secretarial, accounting, and accounting technician positions, in which agencies can insert summary information concerning their specific jobs prior to posting for public announcement.
- Developed a guide called *Career Patterns* that is intended to help agencies recruit a diverse, multigenerational workforce. This guide presents career pattern scenarios that characterize segments of the general labor market according to career-related factors, such as commitment to a mission and experience, and lists characteristics of the work environment that some cohorts may find particularly attractive and related human capital policies that agencies could use to recruit and retain potential employees.
- Updated and expanded its report *Human Resources Flexibilities and Authorities in the Federal Government*, which serves as a handbook for agencies in identifying current flexibilities and authorities and how they can be used to address human capital challenges.

Individual federal agencies have also taken actions to meet their specific needs for acquiring the necessary talent, while other agencies have faced difficulties. For example, NASA has used a combination of techniques to recruit workers with critical skills, including targeted recruitment activities, educational outreach programs, improved compensation and benefits packages, professional development programs, and streamlined hiring authorities.²⁴ Many of NASA's external hires have been for entry-level positions through the Cooperative Education Program, which provides NASA centers with the opportunity to develop and train future

²³GAO, *Veterinarian Workforce: Actions Are Needed to Ensure Sufficient Capacity for Protecting Public and Animal Health*, GAO-09-178 (Washington, D.C.: Feb. 4, 2009).

²⁴GAO, *NASA: Progress Made on Strategic Human Capital Management, but Future Program Challenges Remain*, GAO-07-1004 (Washington, D.C.: Aug. 8, 2007).

employees and assess the abilities of potential employees before making them permanent job offers.

Further, the Nuclear Regulatory Commission (NRC) has endeavored to align its human capital planning framework with its strategic goals and identified the activities needed to achieve a diverse, skilled workforce and an infrastructure that supports the agency's mission and goals.²⁵ NRC has used various flexibilities in recruiting and hiring new employees, and it has tracked the frequency and cost associated with the use of some flexibilities. While there was room for further improvement, NRC has been effective in recruiting, developing, and retaining a critically skilled workforce.

We have reported in recent years on a number of human capital issues that have hampered the Department of State's (State) ability to carry out U.S. foreign policy priorities and objectives, particularly at posts central to the war on terror.²⁶ In August 2007, we testified that State has made progress in addressing staffing shortages over the last few years, but it remains a problem. To help address the shortages, State has implemented various incentives particularly at critical hardship posts, including offering extra pay to officers who serve an additional year at these posts and allowing employees to negotiate shorter tours of duty. Further, State has made progress in increasing its foreign language capabilities, but significant language gaps remain. In response to our recommendations to enhance the language proficiency of State's staff, officials told us that the department has placed an increased focus on language training in critical areas. State has also implemented a new initiative that would provide additional pay incentives for staff if they chose to be reassigned to use existing Arabic language skills.

The Partnership for Public Service (Partnership) recently reported that governmentwide, agencies were not using the student intern hiring flexibility to the full extent possible.²⁷ Governmentwide, agencies have the

²⁵GAO, *Human Capital: Retirements and Anticipated New Reactor Applications Will Challenge NRC's Workforce*, GAO-07-105 (Washington, D.C.: Jan. 17, 2007).

²⁶GAO, *State Department: Staffing and Foreign Language Shortfalls Persist Despite Initiatives to Address Gaps*, GAO-07-1154T (Washington, D.C.: Aug. 1, 2007), and *Department of State: Staffing and Foreign Language Shortfalls Persist Despite Initiatives to Address Gaps*, GAO-06-804 (Washington, D.C.: Aug. 4, 2006).

²⁷Partnership for Public Service, *Leaving Talent on the Table: The Need to Capitalize on High Performing Student Interns* (Washington, D.C.: April 2009).

authority to hire student interns through the Student Career Experience Program with the option of a noncompetitive conversion to the competitive service upon a student's satisfactory completion of diploma, degree, or certificate of program requirements and work experience.²⁸ In its recent interagency forum on human capital management under the Recovery Act, OPM highlighted this hiring flexibility as a useful tool for bringing potential employees on board. The Partnership found that about 7 percent of student interns employed by federal agencies in 2007 were hired into permanent jobs.²⁹ The Partnership suggested that the federal government should, among other things, prioritize student internships as key talent sources for entry-level jobs and then recruit accordingly and provide adequate resource to these programs; and collect data enabling a clear evaluation of all intern programs and ensure that agencies are making the best use of their authority to build their critical workforce pipelines.

Further, agencies have a variety of options to tap older, experienced workers to fill workforce needs, including retaining workers past initial retirement eligibility, hiring new older workers, and bringing back retired federal annuitants. Recently, we reported on selected federal agencies' approaches to using older workers to address future critical gaps in leadership, skills, and institutional knowledge.³⁰ For example, the United States Agency for International Development tends to bring back its retirees, many of whom have specialized knowledge and skills, as contractors to fill short-term job assignments and to help train and develop the agency's growing number of newly hired staff.

As for retention, in many ways, the federal government is well positioned to retain the people it needs to carry out its diverse roles and responsibilities. Importantly, federal employment offers rewards, such as interesting work and opportunities to make a difference in the lives of others, as well as a variety of tangible benefits and work-life flexibilities that make an organization an employer of choice. We have stated that agencies need to reexamine the flexibilities provided to them under

²⁸5 C.F.R. 213.3202 (b).

²⁹The Partnership analyzed data from two student intern programs—Student Career Experience Program and Student Temporary Experience Program. The temporary program is not designed for student conversion to permanent government employment, in which the majority of the interns in this study were enrolled.

³⁰GAO-09-206.

current authorities—such as monetary recruitment and retention incentives; special hiring authorities, including student employment programs; and work-life programs, including alternative work schedules, child care assistance, telework opportunities, and transit subsidies—and identify those that could be used more extensively or more effectively to meet their workforce needs.³¹ In using telework and other flexibilities, it is important for agencies to have clear goals so that they can assess their programs and develop and implement changes necessary to improve their success.³²

We have found instances where agency officials cited their telework programs as yielding positive work-life and other benefits.³³ For example, according to U.S. Patent and Trademark Office (USPTO) management officials, one of the three most effective retention incentives and flexibilities is the opportunity to work from remote locations.³⁴ In fiscal year 2006, approximately 20 percent of patent examiners participated in the agency's telework program, which allows patent examiners to conduct some or all of their work away from their official duty station 1 or more days per week. In addition, USPTO reported in June 2007 that approximately 910 patent examiners relinquished their office space to work from home 4 days per week. The agency believes its decision to incorporate telework as a corporate business strategy and for human capital flexibility will help recruitment and retention of its workforce, reduce traffic congestion in the national capital region, and, in a very competitive job market, enable USPTO to hire approximately 6,000 new patent examiners over the next 5 years.

³¹GAO, *Human Capital: Transforming Federal Recruiting and Hiring Efforts*, GAO-08-762T (Washington, D.C.: May 8, 2008), and GAO, *Human Capital: Effective Use of Flexibilities Can Assist Agencies in Managing Their Workforces*, GAO-03-2 (Washington, D.C.: Dec. 6, 2002).

³²GAO, *Human Capital: Telework Programs Need Clear Goals and Reliable Data*, GAO-08-261T (Washington, D.C.: Nov. 6, 2007).

³³GAO-08-261T.

³⁴GAO, *U.S. Patent and Trademark Office: Hiring Efforts Are Not Sufficient to Reduce the Patent Application Backlog*, GAO-07-1102 (Washington, D.C.: Sept. 4, 2007).

Results-Oriented Organizational Culture Is Key to Successful Transformations

Leading organizations have found that to successfully transform themselves they must often fundamentally change their cultures so that they are more results-oriented, customer-focused, and collaborative in nature. An effective performance management system is critical to achieving this cultural transformation. Having a performance management system that creates a “line of sight” showing how unit and individual performance can contribute to overall organizational goals helps individuals understand the connection between their daily activities and the organization’s success. Similarly, in its September 2008 report on employee engagement, the Merit Systems Protection Board recommended that managers establish a clear line of employee-to-agency sight as a means to increase employee engagement, recognizing that employees are more engaged if they find more meaning in their work.³⁵

The federal government’s senior executives need to lead the way in transforming their agencies’ cultures. Credible performance management systems that align individual, team, and unit performance with organizational results can help manage and direct this process. The performance-based pay system for members of the SES, which seeks to provide a clear and direct linkage between individual performance and organizational results as well as pay, is an important step in governmentwide transformation. In November 2008, we reported that selected agencies had designed their SES performance appraisal systems to address OPM’s and OMB’s certification requirements of aligning individual performance expectations with organizational goals and factoring organizational performance into senior executive performance appraisal decisions.³⁶ For example, in setting expectations for individual performance plans, the Department of Energy requires senior executives and supervisors to identify key performance requirements with metrics that the executive must accomplish in order for the agency to achieve its strategic goals. Weighted at 60 percent of the summary rating, the performance requirements are to be specific to the executive’s position and described in terms of specific results with clear, credible measures (e.g., quality, quantity, timeliness, cost-effectiveness) of performance, rather than activities. For each performance requirement, the executive is

³⁵Merit Systems Protection Board, *The Power of Federal Employee Engagement* (Washington, D.C.: September 2008).

³⁶GAO, *Results-Oriented Management: Opportunities Exist for Refining the Oversight and Implementation of the Senior Executive Performance-Based Pay System*, GAO-09-82 (Washington, D.C.: Nov. 21, 2008).

to identify the applicable strategic goal in the performance plan. While many agencies across the government are doing a good job overall of aligning executive performance plans with agency mission and goals, according to OPM, some of the plans do not fully identify the measures used to determine whether the executive is achieving the necessary results, which can affect the executive's overall performance appraisal. This challenge of explicitly linking senior executive expectations to results-oriented organizational goals is consistent with findings from our past work on performance management.³⁷

In addition to promoting high performance and accountability to foster results-oriented cultures, leading organizations develop and maintain inclusive and diverse workforces that reflect all segments of society. Such organizations typically foster a work environment in which people are enabled and motivated to contribute to continuous learning and improvement as well as mission accomplishment and provide both accountability and fairness for all employees. As with any organizational change effort, having a diverse top leadership corps is an organizational strength that can bring a wider variety of perspectives and approaches to bear on policy development and implementation, strategic planning, problem solving, and decision making. We recently reported on the diversity of the SES and the SES developmental pool, from which most SES candidates are selected, noting that the representation of women and minorities in the SES increased governmentwide from October 2000 through September 2007, but increases did not occur in all major executive branch agencies.³⁸

In helping to ensure diversity in the pipeline for appointments to the SES as well as recruitment at all levels, it is important that agencies have strategies to identify and develop a diverse pool of talent for selecting the agencies' potential future leaders and to reach out to a diverse pool of talent when recruiting. For example, to recruit diverse applicants, agencies will need to consider active recruitment strategies such as widening the selection of schools from which to recruit, building formal relationships with targeted schools to ensure the cultivation of talent for

³⁷GAO, *Human Capital: Senior Executive Performance Management Can Be Significantly Strengthened to Achieve Results*, GAO-04-614 (Washington, D.C.: May 26, 2004).

³⁸GAO, *Human Capital: Diversity in the Federal SES and Processes for Selecting New Executives*, GAO-09-110 (Washington, D.C.: Nov. 26, 2008).

future applicant pools, and partnering with multicultural organizations to communicate their commitment to diversity and to build, strengthen, and maintain relationships.³⁹ We reported, for example, that NASA developed a strategy for recruiting Hispanics that focuses on increasing educational attainment, beginning in kindergarten and continuing into college and graduate school, with the goal of attracting students into the NASA workforce and aerospace community. NASA said it must compete with the private sector for the pool of Hispanics qualified for aerospace engineering positions, which is often attracted to more lucrative employment opportunities in the private sector in more preferable locations.⁴⁰ NASA centers sponsored, and its employees participated in, mentoring, tutoring, and other programs to encourage Hispanic and other students to pursue careers in science, engineering, technology, and mathematics.

Mr. Chairman and Members of the Subcommittee, this completes my prepared statement. I would be pleased to respond to any questions you or others may have at this time.

Contacts and Acknowledgments

For further information regarding this statement, please contact Yvonne D. Jones, Director, Strategic Issues, at (202) 512-6806 or jonesy@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals making key contributions to this testimony include Belva Martin, Assistant Director; Karin Fangman; Janice Latimer; and Jessica Thomsen.

³⁹GAO, *Diversity Management: Expert-Identified Leading Practices and Agency Examples*, GAO-05-90 (Washington, D.C.: Jan. 14, 2005).

⁴⁰GAO, *The Federal Workforce: Additional Insights Could Enhance Agency Efforts Related to Hispanic Representation*, GAO-06-832 (Washington, D.C.: Aug. 17, 2006).

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Mr. LYNCH. Thank you very much, Director Jones. I know you were right to the 5-minutes. Very good.

Dr. Kettl for 5 minutes, please.

STATEMENT OF DONALD KETTL

Mr. KETTL. Mr. Chairman, thank you so much. Thank you for the opportunity to testify before you today on what clearly is one of the most important issues that we as a country face as we try to fashion a work force that will be up to the challenges of managing our Government in the 21st century. To try to deal with those questions, I want to suggest seven basic things that I think we need to focus on.

The first is a point which has already been echoed a bit this morning. We tend to talk about the Federal personnel system as if it were a system but, in fact, it is increasingly no such thing. It is no exaggeration to say that any agency or any department that has had an opportunity to either get flexibilities or to break completely out of the system has done so, which is an unfortunate commentary on the nature of the current set of rules and procedures that we rely on for hiring the people that we most need to run our Government.

It is important to remember why it is that we created the Civil Service system to begin with. Back a century and a half ago, it was an effort to try to not only establish basic rules and procedures but also, and perhaps most importantly, to make sure the basic values that we need to try to guide the work of Government were put in place. Unfortunately, what is happening with the effort to try to break out of this system is that effort to define those core values is being lost.

So one of the most important things we need to do is to figure out and to spend time talking about—which is why this hearing is so important—what it is that we want our Federal work force to do and what values we want to use to drive it.

The second thing is to emphasize the point that public problems require human capital solutions. The Government Accountability Office has done terrific work on the issues of the importance of the Federal work force and the importance of expertise in managing Federal programs. GAO has identified about 30 high risk areas and has identified human capital problems as being central to 18 of them. I would disagree in only one modest respect. I think that, in fact, probably all 30 out of 30 one way or another deal with human capital issues. We are not going to be able to solve the driving problems that Government has at its core without solving the people problems that are needed to be able to get to those solutions.

The third thing is that, as I think everyone recognizes, we need to reform entry into the system for new employees. I deal all the time with students who come in excited about the idea of trying to come and work for the Federal Government and too often end up walking away because the barriers simply seem too great and too large. They go off on internships and don't find the experience exciting. They say they want to work for the Federal Government but have a hard time identifying which jobs they want to work for and how simply to negotiate the process.

Too often what happens is that our best and brightest simply go elsewhere because getting into the Government is too hard. So we need, as the new Director of the Office of Personnel Management has recognized, to make it easier for the best and the brightest to get in.

The fourth piece is to recognize that entering from the bottom up is not the only thing that we need to do to try to improve the Federal work force. We have, for example, the Presidential Management Fellows Program which has been successful in recruiting people into the Federal work force. But too often what we succeed in doing is investing the Federal Government's time, energy, and money to train people who then go off to the private sector. So the Federal Government actually becomes the trainer of first resort for highly skilled employees who then end up leaving Federal service.

What we need, I think, is to consider perhaps an alternative superfellows program where the private sector can engage in the training and the Federal Government could hire people laterally in areas, for example, at the GS-11 to 13 level. We need to allow people to be able to have alternative means of entry into the system. That plus the proposed Roosevelt Scholars program to create kind of a ROTC-like process of enabling people to enter Federal service where they provide a series of alternatives for getting the highly skilled workers into the Government that we most need.

The fifth, as I argue in the book that you mentioned, Mr. Chairman, is we really need a new set of skills to manage new programs and new tools that we are in the process of inventing. The Federal Government now finds itself owner of a substantial number of private sector companies and has substantial leverage and ownership stakes in others. We need to develop the tools that are required. That requires not only intellectual capital in figuring out what that means but development of management skills in making that happen.

The sixth, as everyone recognizes, is we need much stronger leadership development of people who are inside the Government itself. I am reminded of what Admiral Thad Allen said as he brought his workers to New Orleans and began to make a difference in the recovery that we needed there. He said, "we give our field commanders a mission, an area of responsibility, and their own resources and assets, such as cutters and aircraft, and then we leave it up to them." That came out of a process. He could trust people with doing that because the Coast Guard has perhaps the Government's best training program for its employees and they provide a model.

That gets to my final point, which is that Office of Personnel Management needs to be playing now a larger role in developing the human capital inside the Government, not only skills and the procedures but a broader set of thought about what it is that we need for the Government to do, what values we need to have in the work force, and how best to try to administer it.

We are facing enormous challenges in the 21st century now and Government has a responsibility to its citizens to deliver. The only what that is going to happen is by focusing first on the importance of building a human capital system that will help solve the problems for the 21st century.

[The prepared statement of Mr. Kettl follows:]

**Public Service in the 21st Century:
An Examination of the State of the Federal Workforce**

Subcommittee on the Federal Workforce, Postal Service, and the District of Columbia
Committee on Oversight and Government Reform
U.S. House of Representatives.

April 22, 2009

Statement of

Donald F. Kettl

Incoming Dean
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It is no exaggeration to say that the federal workforce is at a crossroads. Government—especially the federal government—faces unprecedented challenges, from running the economic stimulus and bank bailout programs to maintaining the vast array of ongoing programs. Public expectations are high and cynicism runs deep.

If we want government to work—in fact, if we as a nation are going to rise to the manifest challenges of the 21st century—we need a public service equipped for the job. That, I believe, requires resolving the following seven issues.

1. The federal personnel system is a non-system.
2. Public problems require human capital solutions.
3. We need to reform entry into the system for new government employees.
4. Federal service would benefit from enhanced lateral entry for experienced workers.
5. Managing government's new tools requires new skills.
6. We need stronger leadership development.
7. The Office of Personnel Management must play a larger role in developing the federal government's human capital.

1. The Federal Personnel System Is a Non-System

Using the term “the federal personnel system” is a stretch. The prime instinct of most federal agencies is that, if they can find a way to break out of the existing system, they’ll do so. The IRS and FAA led the way in crafting agency-based systems. The Department of Homeland Security and the Department of Defense likewise have sought to carve their own schemes out of the federal system. If these efforts are ultimately successful, the federal civil service system will cover only a minority of federal employees.

These efforts are an inescapable sign of the fundamental dissatisfaction that surrounds the current system. Top officials complain about the system’s inflexibility and the difficulty of putting the right people into the right jobs. Employees complain about the difficulty of negotiating the system’s arcane rules and procedures. Prospective employees sometimes simply throw up their hands in frustration.

What should we do about a system almost no one likes but which is rooted deeply in law and 120 years of political tradition? The first step is to remember why we created the civil service to begin with and why we made it into a system. Nineteenth century reformers argued that we needed a government that could give its citizens the government they wanted, that hiring and promotion of government employees ought to be based on what they knew instead of who they knew, and that the pursuit of the public interest ought to trump narrow political interests. Nothing has changed in the intervening decades. In fact, if anything, these values have become even more important.

But the civil service has become overgrown with rules and inflexibilities that, like barnacles on an ocean liner, keep it from sailing smoothly and swiftly to its objective. It is a sad commentary on the system that having individual agencies bail out of the system is preferable to fixing it.

The civil service system is more than just a transactional mechanisms for hiring, firing, and promoting employees. It is a mechanism for defining public value and bringing it into the government workforce. We need to revisit the values we want to develop and promote—and ensure that our personnel system does just that.

Any look at the public service for the 21st century has to begin by rediscovering the lasting values we want the system to represent and promote.

2. Public Problems Require Human Capital Solutions

In tackling these challenges, the federal workforce faces a stark paradox: Citizens and elected officials expect—rightly—that federal employees will produce high-quality results in exchange for the hard-earned tax dollars they spend. However, most federal employees do not control the programs they are charged with managing. They typically

have only loose leverage over the policy tools they are given—contracts, grants, tax expenditures, loan programs, among others.

This paradox lies at the core of many ongoing public problems. The Government Accountability Office has identified 30 “high-risk” areas: programs especially prone to waste and abuse. The management of the workforce—and the creation of human capital—plays an important role in 18 of the 30 areas, GAO concludes. Moreover, it is impossible to solve *any* of them without a high-quality workforce. In making government work well, human capital is government’s most important asset. That, of course, is the key to all effective organizations everywhere.

Government problems are, at their core, people problems. Only skilled people can fix them.

3. We Need to Reform Entry into the System for New Employees

The point has been made in a host of different ways: Entering federal service takes potential employees down a long and winding road. Many prospective employees simply give up before they get to the end of the road. Others are hired away by other organizations who can move more swiftly. Yet others simply decide not to bet their future on such a complex process and never try, because they believe the process is too intricate to master.

The key point is inescapable.

We must lower the procedural barriers to recruiting the best workers into federal service. Making the federal government an attractive place to work requires, as a first step, making it easier for superior candidates to enter federal service.

4. Federal Service Would Benefit from Enhanced Lateral Entry

The government’s recruitment problem extends to experienced professionals. If we know anything about today’s most talented younger workers, it is that they are looking for challenges, they want to make a difference—but they do not expect to work anywhere for an entire career. The career-driven orientation of the civil service system, therefore, risks falling out of step with the very people it most needs to recruit.

A key symptom of this trend is the difficulty that the Presidential Management Fellows Program has in retaining the individuals it works so hard to recruit. Just one in six individuals nominated by their universities is actually hired through the PMF process, and many of them leave after a few years of service. More broadly, three out of ten of federal new hires between the ages of 20 and 24 soon quit federal service. One of eight people aged 25-29 leave the workforce.

The federal government invests great energy, effort, and money to train the best and the brightest to work somewhere else. The federal workforce needs to create strategies to make it easier to hire skilled individuals into higher-level positions. In particular, the Presidential Management Fellows Program ought to be revamped to create a category of “superfellows,” hired from outside the government into the GS 11-13 levels, to help the government rapidly acquire the high levels of skill that 21st century government will require. With broad experience outside government, these new federal employees will be even better equipped for the kind of leadership that the government requires.

Moreover, the government would benefit enormously from the proposed Roosevelt Scholars program, which would create a ROTC-like program to provide financial support to leading students with high-priority skills, in exchange for their commitment to spend a fixed number of years in federal service. Such programs have proven invaluable in recruiting talented leaders for the armed services. They could work just as well for recruiting the mission-critical skills the federal government needs.

The federal government should aggressively build new programs to recruit the smart and motivated younger workers it will need: through a “superfellows” program to hire seasoned employees into the GS 11-13 levels; and through the Roosevelt Scholars program to provide ROTC-like support for individuals training in mission-critical skills.

5. Managing Government’s New Tools Require New Skills

Indeed, as I argue in my book, *The Next Government of the United States: Why Our Institutions Fail Us and How to Fix Them* (W.W. Norton, 2009), no organization, government or otherwise, can encompass or control any problem that matters. This paradox doesn’t prevent government employees from becoming lightning rods when trouble brews, but because their leverage over tough problems is often only indirect, fixing those troubles proves an enormous challenge.

That’s especially the case for the two mega-programs that the federal government is now administering: the \$800 billion stimulus package and the bank bailout programs. Getting the money moving, making sure it flows to the right places, and tracking its results will require the highest level of skill and the very best of leadership. It’s a central problem for the public service. Moreover, the skills at the core of the stimulus and bailout, especially the redefinition of transparency, are likely to endure long after these programs have ended. They represent long-term challenges for government and the federal workforce.

Here’s the challenge. We look to federal employees to solve big problems and to ensure that important programs work well. But these employees do not themselves manage most programs directly. They do what they do through leverage over complex partnerships that stretch across the federal, state, and local governments; across the public, private, and nonprofit sectors; and across international borders. Ensuring success requires management skills that go considerably beyond management capacities that emerged from the era of traditional hierarchy. Accountability requires new skills, especially in

honing new approaches to transparency. This is a cutting-edge challenge. It will require the best that public employees can bring to their jobs. Success in public programs—especially in the critical stimulus and bailout programs, will depend on how well public employees master these skills.

Government's most important programs require new management techniques, especially in enhancing transparency. These techniques, in turn, require a smart, new public service for the 21st century.

6. We Need Stronger Leadership Development

As the federal government finally began to save New Orleans from drowning in the tough days after Katrina struck, we learned an important lesson. All of the federal agencies and their leaders who were involved in the effort tried their very best. The ones who made the biggest difference came from organizations that took leadership development most seriously.

That was especially the case for the Coast Guard. From Admiral Thad Allen to his front-line officers, the Coast Guard proved nimble and effective in tackling the enormous—and enormously varied—elements of the crisis. The key, Admiral Allen said later, was simple: “we give our field commanders a mission, an area of responsibility, and their own resources and assets, such as cutters and aircraft, and then we leave it up to them.” The Coast Guard succeeded because it made all of its officers into leaders, and it developed a conscious strategy for developing its best leaders into the organization’s leaders.

In most of the rest of the federal government, however, leadership development is haphazard, if it exists at all. The nation’s leading private companies teach an important lesson, in contrast: human capital is the foundation of success, and the development of leaders can’t be left to chance.

The federal government must develop a coherent strategy of leadership development to ensure that citizens get the government they expect and deserve.

7. The Office of Personnel Management Must Play a Larger Role in Developing the Federal Government’s Human Capital

If the federal government is to be successful in the 21st century, it must attack and solve these problems. But that, in turn, requires the Office of Personnel Management to develop a stronger strategic capacity. OPM must be the central nervous system of the government’s people network, with a wide-ranging view of the capacities the government needs and how best to put them into place.

In other nations, ranging from New Zealand to Denmark, the government has put strategic thinking about its people systems at the core of its work. The United States, however, has slipped from the world’s leaders in strategic thinking about the capacity of

government's workers. It is little wonder that government performance too often suffers, for the government does not spend much time thinking strategically about how to ensure effective results. Moreover, the once robust OPM data collection efforts have been allowed to atrophy.

With new policy challenges multiplying—managing the stimulus package, the bank bailout, government contracting, food safety, and a host of other puzzles—government needs to think seriously about what people skills it needs to ensure these programs work well. That strategic thinking ought to come from OPM.

The Office of Personnel Management ought to take a far more aggressive role in strategic planning for the nation's workforce, especially in how best to identify and develop the management capacities needed to ensure success in the nation's most important government programs.

Conclusion

The new century has dealt the nation a collection of huge, sometimes surprising challenges. It is no exaggeration to say that our success as a nation—and the ability of our government to lead—will depend on the ability of our government's employees to produce the results we expect. Success is within our grasp, if we take the steps required to build an effective public service for the 21st century.

Mr. LYNCH. Thank you very much. Thank you both very much for your willingness to come before the committee and help us with our work.

Let me go right at that point that you raised, Dr. Kettl. We have a situation where Government has changed very little. We have a set of founding documents—the Constitution—that basically describe our roles. Thankfully, the genius of it was that it is vaguely stated and principle based so that it can adapt to changing circumstances.

However, legislatively we are still doing things the way we did, you know, 200 years ago. We got rid of the powdered wigs but essentially the legislature still works with the same structure. Some of that is required because of representative Government needs, but I do feel that we have really been slow to adapt. You can see the changes in society, in industry, in business, in the technology around us. Those are changing at a breakneck speed. Yet we in Government struggle to keep up.

It goes right to this point that we are discussing today. I mean, even when I first came here, and I came here 7 years ago, I never thought that part of my responsibility would be to find out how a collateral debt obligation works or how complex derivatives are actually structured. But now that the American taxpayer is a major purchaser of these, we have to get down to that level of detail. I can only sympathize with new Federal employees who are now being asked to either supervise the TARP program or the TALF program or to try to track the money in the Stimulus to find out where it is going. It is a tall task to ask anyone to get up to speed on some of these issues where we are at a severe disadvantage.

But my question is, the Office of Personnel Management, what do you see their role in this being? As I see it, some of the best innovation that has occurred has occurred in some of these agencies that are out from under the OPM rule structure. In Defense Department, when Director Jones talks about procurement and the acquisition work force, they have some great stuff going on at DOD. You go on their Web site and they have courses there that help educate people who are trying to do Defense Department procurement.

How do you see OPM getting a handle on all of this and is that the right model? As a threshold question, is that the model that we want? Or do we want this individual management as you described with Thad Allen and the Coast Guard where we create managers in the field who are making the adjustments and the decisions on the ground as they occur in real time? Why don't I give you an opportunity to answer.

Mr. KETTL. Mr. Chairman, let me say first that this is exactly the right question, that only in trying to attack that are we going to be able to get the Government that we need and the taxpayers expect. In many ways, it has to be a creative tension between, for example, the Thad Allens of the world who are out there trying to devise new strategies for personnel systems that will work but then trying to find ways of learning on a broad system-wide basis to be able to apply those to the rest of the Government.

We need this creative tension between the grassroots level efforts to try to strategize on how to learn but an effort to try to make

it work system-wide. What we cannot afford is a series of pockets of high levels of performance with the rest of the Government lagging behind. What OPM has to do is to do three things.

The first is, it needs to spend its time reminding the rest of us about why it is that it was created and what basic values that we want to have in a work force. What is it that we want Federal workers to look like, to act like, to do, and how we want them to perform.

The second is that it needs to spend its time on a Government-wide basis thinking about the basic capacities that 21st century Government requires. There are governments around the world, I think for example the governments of Denmark and New Zealand, that spend a lot of time at a system level, a high level, thinking about basic questions of government capacity. What are the skills that Government workers need?

The third thing is then trying on a system-wide basis of devising the strategies to make sure that the workers who do the work have those skills that we need. This is going to require, I think, some rethinking, some fundamental rethinking of what it is that OPM does. I think it has to worry about hiring, firing, salaries, annuities. But it has to be working at the strategic level as well because if it doesn't, my fear is that it is not going to get done. If it doesn't get done, programs are not going to be managed as they need to.

Mr. LYNCH. Thank you very much.

The Chair recognizes the gentleman from Utah, Mr. Chaffetz for 5 minutes.

Mr. CHAFFETZ. Thank you, Mr. Chairman. Thank you both for being here and the work that you do diving deep into these issues. We certainly appreciate it.

Ms. Jones, I don't know if you are in a position to talk about the Retire EZ program and what is happening or not happening there. It certainly has been highlighted in the news lately. Can you give us from your viewpoint, if you have some knowledge about this program, as to where it is at and how dire the situation is? There was a quote that said, "The agency's retirement modernization initiative remains at risk of failure." How dire is it?

Ms. JONES. Actually, it was another team at GAO that did that work. I am familiar with the generalities of what they said but I am not terribly familiar with all of the details of it. I could provide you with further information if you wish.

Mr. CHAFFETZ. OK, I appreciate it. I didn't know if you had personally been involved on that. There was a quote here that said, "Institutionalizing effective management is critical not only for the success of this initiative but also for that of other modernization efforts within the agency." It alludes to other aspects that are maybe falling down or falling apart or just not coming to fruition despite heavy investment by our Government.

From your vantage point, what are those other areas we should highlight for this committee? What is not coming about? What would that allude to when it says "other modernization efforts within the agency?"

Ms. JONES. We had done some work in the past in which we had examined OPM's relationships and its ability to communicate, for example, with other agencies and for them to provide technical as-

sistance to other agencies when they were trying to improve their strategic human capital management, planning, and other functions.

We had also in other reports indicated that we felt that OPM could improve some of its internal functioning, for example, making sure that it had staff that have the skills to provide service and advice to the other agencies that it is tasked with helping in terms of improving the functioning of all of the human capital management functions in the Government. Now, we have also done work which suggested that there have been improvements at OPM in some of these areas.

Mr. CHAFFETZ. But what is your biggest concern at OPM? If you had to say, this is my No. 1 concern, what would it be?

Ms. JONES. I would say that our No. 1 concern would be for OPM to help agencies build the infrastructures as appropriate and depending upon their core missions and goals to successfully design, implement, and sustain human capital reforms.

Mr. CHAFFETZ. And do they have the internal staff to actually execute on what you just articulated?

Ms. JONES. I would need to get you more specific information on that, whether in fact they have the specific categories of staff that they need.

Mr. CHAFFETZ. Let me ask you, this is an interesting quote from this report that you provided. Here on page 2 it says, "Government-wide, about one third of Federal employees on board at the end of Fiscal year 2007 will become eligible to retire in 2012." From your perspective and your experience, what is this going to lead to? Expand that thought and that concern. We have just a few seconds here.

Ms. JONES. We have concerns because knowing that so many staff and also members of the Senior Executive Service will be eligible to retire—it doesn't mean that they will retire, but they will be eligible to retire—we feel that it is very important that OPM and the executive branch agencies undertake the efforts that are necessary for them first to identify their skills and talent gaps and then to undertake the range of activities that they need to bring in staff at various levels, at the entry level and at the mid-career level as appropriate. It is important also to try to retain older staff that are experienced or hire in older, experienced staff who haven't previously worked in the Federal Government.

Mr. CHAFFETZ. Thank you, I appreciate it. Thank you, Mr. Chairman.

Mr. LYNCH. Thank you.

The Chair recognizes the gentlewoman from the District of Columbia, Ms. Holmes Norton, for 5 minutes.

Ms. NORTON. Thank you, Mr. Chairman.

Ms. Jones, I appreciate the directness of your assessment on page 9 of the GAO report. "In short, the Federal hiring process an impediment to the very customers it is designed to serve in that it makes it difficult for agencies and managers to obtain the right people with the right skills, and applicants can be dissuaded from public service because of the complex and lengthy procedures."

Of course, Mr. Berry testified about a series of rather hopeful things that have already begun including such common sense

things as announcements to employees that are common for occupations such as secretary, accounting, and the like. I am interested in this 80-day hiring model.

Now, I understand that is already almost 3 months. That is on page 10, "launched an 80-day hiring model to help speed up the hiring process." Why does it take 3 months? Is that used across the Government? What is the agency doing during that time that takes 3 months, particularly now that so many people are out of work and probably looking for Government employment?

Ms. JONES. Well, as we understand it, the 80 days is the period of time from when the announcement is made public to actually bringing the individual on board into the agency.

Ms. NORTON. And these are people who don't need security clearances. It is just ordinary hires, right?

Ms. JONES. As I understand it, it is regular hires.

Ms. NORTON. So what takes so long? Is it the agency, is it OPM? What is it? That is a lot of time if you are waiting for a job and you have a number of applications out.

Ms. JONES. As I understand from OPM's published work on this, what they were trying to do is estimate accurately the amount of time that it would take to send the announcement out, to receive the applications and for the whole review process. I am not sure that all applicants are ready instantly to move into their positions.

Ms. NORTON. Yes, but an 80-day hiring model must be some kind of template itself. Is this used now across the Government in all the agencies?

Ms. JONES. I am not sure if it is used in all of the agencies or not.

Ms. NORTON. What I don't understand is you say an 80-day hiring model, and I am not sure if the hiring model was used in one agency like the veterinarians that had such a need for or whether that is Government-wide. I wish you would, to the extent that you are depending on that in your report, get information to us about what agencies we are talking about.

Ms. JONES. Yes, we would be glad to.

Ms. NORTON. For example, Mr. Berry in his testimony talked about funds that they have received for the American Recovery and Reinvestment Act. They have developed a tool to make it easier for Federal agencies—I didn't get an opportunity to ask him about this—to document new hires that are funded by the Recovery and Reinvestment Act.

Well, they have a time line on that one that is like nothing you have ever seen because we are trying to get people back to work. I wonder if, whether from your own background and expertise, using the hurry up procedures we have told them to use in the Stimulus Bill, some of that could be transferrable? Could we learn from that so we might speed up the hiring process more generally after the Reinvestment Act has done its work?

Ms. JONES. Well, I am aware that with respect to hiring for the Stimulus Act that OPM held a kind of interagency conference back in March of this year. They had discussions with numerous agencies who are required to implement programs under the Stimulus Act. There was a lot of discussion, for example, about direct hire authorities particularly, I think, Mr. Berry mentioned for the ac-

quisition work force. The direct hire authorities exist, for example, as you said for the veterinarian medical officers. OPM recently made that direct hire authority available because it became aware of the fact that we have an across the Government shortage of those hiring officers.

Ms. NORTON. Well, what we need to know is, if you get desperate enough you will hire some veterinarian. I don't have a sense from the GAO report whether we have a template across agency lines that is even an 80-day model. It seems to me to be an awfully long time even with job shortages. I believe that your report—a very excellent report—shows that there is still a lot we have to learn. Thank you, Mr. Chairman.

Mr. LYNCH. Thank you.

The Chair now recognizes the gentleman from Maryland, Mr. Cummings, for 5 minutes.

Mr. CUMMINGS. Thank you very much. Is it Doctor Kettl?

Mr. KETTL. Yes, indeed.

Mr. CUMMINGS. Dr. Kettl, first of all let me welcome you to the University of Maryland. I am a graduate of the Law School and my oldest daughter just graduated from their School of Public Policy. She had a great experience. We welcome you.

Mr. KETTL. Thank you so much, Mr. Cummings. I am very much looking forward to joining everyone in Maryland.

Mr. CUMMINGS. Very well. Let me ask you something. I am the subcommittee chairman of the Coast Guard and I just found it interesting that you mentioned them here. Looking at what you said about leadership, and when I read what you wrote and I hear what you said, I am just curious as to do you think in Katrina that some of the other agencies failed because they were not properly taught to lead?

I am not trying to put you on the spot, but let me tell you what I have said in the past about Katrina. What I said was Katrina should have been one of the greatest embarrassments to our country that we could have people drowning in their own urine and unable to get a piece of bread or drink of water in 5 days. For the life of me, I am trying to figure out how does that happen.

I think part of leadership should be that when you prepare for situations like a Katrina, especially post 9/11, that there should be integrity; there should be empathy; there should be clarity. People should have a game plan. I think that is all a part of leadership. You should be in a position so that when the rubber meets the road, you don't discover that suddenly there is no road. So these were Government agencies.

I know that you didn't say they failed. I am saying they failed, except the Coast Guard. They saved over 35,000 people and did it well. Thad Allen is a great leader. But I am just trying to figure out what is it that the Coast Guard has? What does that mean, teaching them leadership? This is not a trick question, by the way. There are a lot of people who, I think, don't know that they are leaders. Does this entail bringing that out of them? Are you following what I am saying?

Mr. KETTL. Absolutely.

Mr. CUMMINGS. Some people think they are just supposed to just come in and be on the assembly line and go home at the end of

the day. But in fact, there is leadership there. Is that a part of the training that is bringing that out of them so that when they get into the Katrina-type situations somebody can stand up and say, wait a minute, let us get this done?

Mr. KETTL. Mr. Cummings, I couldn't agree with you more on everything that you have said. It is unfortunately the fact that some agencies did go to New Orleans and did fail. The Coast Guard arrived and started to succeed. The crucial difference between the two is that the Coast Guard, in fact, led. It trained people. It had a human capital system within it to develop leaders and to train each of its workers—from the very highest levels to the front line people—to understand that their role was in fact to lead. So they consciously understood it was their job to solve problems.

Unfortunately, it was the case that for many people in other agencies, they didn't perceive that. They didn't have the training and had not done what the Coast Guard had done, which was first to figure out how to learn from previous cases how best to try to adapt to things they had never seen before and second how to try to train their workers, their employees, and their leaders to be able to respond effectively to those crises when they arose.

They developed a system within the Coast Guard to do that, which is why they succeeded where other agencies did not. That is why, as I said, I had my polite disagreement my friends from the GAO who say that maybe only 18 of the 30 issues are human capital issues. I would argue that all 30, all of the crucial issues that the Government faces, at the core have to do with human capital. They have to do with leadership development, the development of specific skills that are required so that competencies are in place and so that individual workers throughout the Government understand that it is their job to lead at whatever level they sit.

Mr. CUMMINGS. Thank you, Mr. Chairman. I see my time is up.
[The prepared statement of Hon. Elijah E. Cummings follows:]

**CONGRESSMAN ELIJAH E. CUMMINGS OF MARYLAND
OPENING STATEMENT**

**“PUBLIC SERVICE IN THE 21ST CENTURY: AN EXAMINATION OF
THE STATE OF THE FEDERAL WORKFORCE ”**

**COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
FEDERAL WORKFORCE, POSTAL SERVICE AND DISTRICT OF
COLUMBIA SUBCOMMITTEE**

WEDNESDAY, APRIL 22, 2009

Chairman Lynch,

Thank you for holding this vitally important hearing to examine the federal government’s Human Resource Management capabilities.

As you know, I have been outspoken on the current economic crisis that we are experiencing. Our nation is not only facing an economic crisis, but we are also facing a human capital crisis. Our federal government cannot operate without a talented pool of people to run the day to day operations.

Current trends show that the federal government’s human resource profession has lost significant numbers of senior staff to retirement, resulting in agencies finding themselves in a position where they lack subject matter expertise on benefits, records management, processing personnel actions, payroll, and policy.

The U.S. Office of Personnel Management (OPM) states that they are helping to attract the best workforce and leadership talent to the federal government by providing traditional and contemporary new benefits to employees, retirees and their families. Yet, the General

Accountability Office (GAO) continues to report strategic human capital management as a “high risk” program area prone to waste and abuse. Clearly, there are some disconnects which I am hopeful that our panelist will be able to address procedurally that will ultimately eliminate human capital as an area of concern regarding management of the workforce.

We are in pivotal times where people are trying to do more with less. But it is our responsibility to ensure that federal civilian employees are able to competently fulfill their duties and respond to the demands placed on them.

It saddens me each month to hear the devastating unemployment rates. In March, the rates were 8.5% nationally, 13.3% for African Americans and 11.4% for Hispanics. Representing a district that has a large concentration of federal employee’s, the State of Maryland’s unemployment rate rose to 6.9%, the highest since 1992. This equates to a lot of people looking for jobs which I personally witnessed at my recent job fair.

In the next few years, as our economy begins to stabilize, the aging federal workforce will begin to retire at record speeds. Federal managers must have the flexibility and resources to recruit and retain talented and knowledgeable civil servants to fulfill these voids. We must ensure that as we recruit this younger workforce, that minorities are representative in the federal ranks.

I urge OPM to not understate this issue. As we all evolve with the 21st Century, a strategic approach to human capital management must be at the forefront of your transformational change.

Money invested directly or indirectly, is an enticement to everyone. GAO has consistently recommended performance management systems to make federal agencies more modern, effective, and credible. It seems that the private sector always

finds a way, mainly thru higher salaries, to attract those individuals with the knowledge, skills, and abilities to meet their objective for the long term. The public sector has to find a way to make the long term investment in their employees in order to gain huge dividends in the future.

I welcome the opportunity to assess federal human capital management, and what we can do to fix the problem.

I look forward to the testimonies of today's witnesses and I yield back the remainder of my time.

ELIJAH E. CUMMINGS
Member of Congress

Mr. LYNCH. Thank you.

The Chair now recognizes the gentleman from Virginia, Mr. Connolly, for 5 minutes.

Mr. CONNOLLY. Thank you very much, Mr. Chairman. Let me ask you about what we have been hearing about interns and internships. It sounds like the Federal Government doesn't have a structured approach. Maybe it is each agency figuring it out for itself. We actually heard Mr. Berry sort of indicate that a lot of interns end up just discouraged at the idea of making a career out of Federal service. They just find it too hard and the experience frankly unsatisfying. Now, that really troubles me because this is not rocket science.

The private sector has figured out how to have very creative and structured internship programs they use for recruitment and retention. Many local and State governments have done the same. My local government certainly had a very structured internship program that has been very successful in terms of dealing with young people and getting them to think about a career in local government.

Why do you think the Federal Government hasn't figured this out? Why are we turning what should be a positive experience into actually something that is negative?

Mr. KETTL. Mr. Connolly, I think the problem goes back to the basic OPM issues that we were talking about before, about thinking about the system-wide human capital issues that we need to try to be able to address. There are some superb internship programs in the Federal Government and the very best, I think, is actually at the Government Accountability Office. When my students ask where to go, I send them there first because GAO does everything that we understand ought to be done. There is mentoring. There is job development. There is rotation. Students of mine who come away from that say, I would like to spend my career working for them.

Unfortunately, we either have a process that makes it difficult to get in or when students do get in, they don't have a very good experience. When they do have a good experience and they want to be able to pursue it, the entry process in the Federal service later becomes difficult to negotiate. Later, when they try to enter through the Presidential Management Fellows Program, they find it impossible to negotiate. Then students who sometimes get into the Presidential Management Fellows Program end up spending 2 or 3 years looking on it as something to punch their ticket and go make more money in the private sector. We lose the investment that we have made. If we were to try to design a system more designed to fail us, it would be hard to do better.

This is an opportunity to sit and think carefully about how we can get our very best students into the Federal work force, how to train them, how to develop them, and how to make them leaders but to also to think about other alternatives like this kind of lateral entry at higher levels where students get experience in the private sector and come back in a little bit later.

If there is anything we know about today's students it is the idea of a lifetime career for 30 years working for one employer is a non-starter. So why we should spend all of our energy only on entry

and retention when some of it is going to be a back and forth kind of career is an important personnel and strategic work force issue that we have to try to deal with. Flexibility with an idea toward focusing on developing competencies and leaders is the basic approach we need to take with a procedure that doesn't get in the way.

Mr. CONNOLLY. Thank you. By the way, on Presidential Management interns, I thought it was sort of a fast track. If you got into PMI, there was a fast track to get into Federal service after your internship was completed. Is that still the case?

Mr. KETTL. That is still the case. Unfortunately, first it is hard to get in. What a Presidential Management Fellow finalist position essentially does is give you a hunting license with a large stack of notices saying, good luck, we hope you can find a job. Then unfortunately what we have discovered is that there is a very high level of turnover for Presidential Management Fellows who get into the Government, who then go and spend 2 or 3 or 4 years and in some cases leave. The numbers are embarrassingly high in precisely the people we ought to be trying hardest to recruit and to retain.

Mr. CONNOLLY. Could I ask about, going back to our discussion about sort of specialized acquisition expertise in the Federal Government. I am really concerned at the fact that we have more than doubled procurement and basically acquisition procurement positions have roughly remained stagnant. What do you think we need to be doing as we move forward?

Ms. JONES. The question is for me?

Mr. CONNOLLY. Certainly, let us start with you, Ms. Jones.

Ms. JONES. I am sorry, could you repeat the last part for me, please?

Mr. CONNOLLY. Yes. The question has to do with the fact that we have increasingly large, complex acquisition contracts in the Federal Government and I am worried that we are losing expertise to manage those projects, both to the private sector and to retirement. We are also simply not keeping up with the volume.

Ms. JONES. So what can we do about that across the Government? Well, I think in some of the work that GAO has done, we have suggested that agencies do a needs assessment in terms of their acquisition work forces to see essentially how many are going to retire with what particular kinds of skill levels and where they are located within their agencies.

Then they need to undertake more intensive recruitment efforts which could entail a number of things. It could entail making contacts with professional organizations of acquisition work force people. It could entail trying to interest younger people in the acquisition work force. It could entail also trying to keep some of the people who are eligible to retire, to keep them on after their eligibility is enforced. It could also entail bringing in people who have not worked in the Federal Government before, perhaps older people who are experienced in acquisition techniques but who would be interested in working in the Federal Government.

Mr. KETTL. Mr. Connolly, let me suggest a couple of things. The first is the idea of addressing this question as a systemic problem that needs to be handled systemically. We need to try to develop a strategy for doing this which requires, second, understanding the

basic competencies that are going to be required for contract management. There are a lot of people who enter Federal service, not with the idea of becoming contract managers as their career, but as accountants, biologists, chemists, or veterinarians that become contract managers. The mismatch between the skills that they need and the skills they come in with is often very large.

We need to identify the competencies that they need. We need to try, third, to develop those competencies in a systematic way with the kind of training that Mr. Berry suggested. We need to try to make the contract work force a high prestige area with an understanding that these are people who are leveraging, in many cases, hundreds of billions of dollars. So performance needs to hinge on their ability to be able to take that job and inculcate the values that we need.

Finally, I think that we need to try to bring our performance system into line so that it creates leverage not only within the Government but across into the private sector work force and the private sector contractors that are responsible for the performance of these programs. Performance has to be understood as this kind of multi-sectional thing. But it goes back to the question of taking a systemic problem and handling it systematically, which I think is an essential task that OPM has to take on.

Mr. CONNOLLY. Thank you, Mr. Chairman.

Mr. LYNCH. The Chair now recognizes the former chairman of this subcommittee, the gentleman from Illinois, Mr. Davis, for 5 minutes.

Mr. DAVIS OF ILLINOIS. Thank you very much, Mr. Chairman.

Let me thank both the witnesses. As I have listened to the questions and answers, it continues to occur to me—and perhaps this would have been a better question for Mr. Berry—that we focus a great deal on the Office of Personnel Management. I am not always convinced that the Office of Personnel Management has as much influence over the actual functioning of agencies within the Federal Government. It seems to me that OPM is more of an advisor, a recommender. But when it comes to actual implementation, that it just doesn't have it. I know, Ms. Jones, maybe this is not a good question for you. That is not necessarily your role. But how do you see OPM in terms of the ability to actually get its recommendations or its decisions implemented?

Ms. JONES. Well, we have done work in the past in which we suggested, in fact stated, that OPM can assist the agencies in terms of providing suggestions and technical assistance in terms of developing policies and providing frameworks for them to use in designing, implementing, even evaluating their human capital planning processes. We also feel that they can share agency best practices. They can work through the Chief Human Capital Officers Council and share in information.

We have also said that OPM has made a lot of flexibilities and tools available to the agencies. I think that there are some questions about why there is a range of utilization of some of the human capital flexibilities and tools across agencies. I don't believe that we have actually done work to show why OPM has offered advice and tools and there is this range of adoption.

Mr. DAVIS OF ILLINOIS. Maybe we ought to rename it and make it the Office of Personnel Recommendations. [Laughter.]

That might be better. Professor, just let me ask you your reaction.

Mr. KETTL. Mr. Davis, I think you are right about the point that it is very hard from headquarters at OPM to push buttons and make things happen throughout the rest of the Federal Government. But let me try to reframe it a different way and sort of ask a different question. Given the complexity of trying to manage Federal contracts, the difficulty of trying to make sure the Stimulus package works well, of making sure that the bank bailout is an effective program, where is the big thinking in the Government about how to do that? How do we do that right; how do we do that well?

One of the things that I think that OPM can do, and then by doing it exert much better leverage, is to think about these thoughts and to try—not on its own because it can't solve the problem on its own—to make sure the thoughts are being thought, that ideas are being framed, that competencies are being developed, and that the training programs to support that then come out of that.

What OPM can do most effectively beyond trying to drive these procedural changes that we have all talked about and agree on, like making it easier to get into the Federal work force, is to think about what it is that OPM and the Federal Government need to do. What kind of work force do we need to get the job done? Somebody has to be thinking about that and it ought to be OPM.

Right now, I think GAO has been doing a terrific job but there needs to be a force inside the executive branch to drive that at the highest strategic levels to make sure that we have the Government that we need and deserve.

Mr. DAVIS OF ILLINOIS. It seems to me that you are leading us toward a more mandated approach. I mean, leadership you mentioned. I have my own little definition of leadership that I often like to use that says that leadership is the ability to get other people to do what you want them to do but because they want to do it. It seems to me that we are not getting the agencies to want to comply with some of these recommendations that I hear coming out of OPM or coming from GAO. We really go around the circle, round the circle. It is kind of a repeat, a repeat, a repeat.

But maybe this is the time when something can really happen. Because I haven't seen the kind of changes during the 10 years that I have been here and we have had these discussions. It seems to me that the more we talk about change, the more things remain the same.

Mr. KETTL. Mr. Davis, for better or worse, we have epic problems on our plate right now on a scale unlike anything that anybody has ever seen. Ultimately, one way or another, these all come down to people problems. The only way the Government is going to be able to solve that is by putting a work force in place to be able to do it. It is an incredibly exciting time to be talking to students and new employees and people interested in lateral entry about joining the Federal service because there is an opportunity to leverage an enormous amount of public good given the tools the Government

has. But it requires some thinking about where it is that we want to go and the direction in which we want to drive this.

Mr. DAVIS OF ILLINOIS. Thank you very much. Thank you, Mr. Chairman.

Mr. LYNCH. Thank you. Rather than do another round of questions, I would like to offer you the same opportunity that I gave to Director Berry in the previous panel. Are there points that you would like to amplify in terms of the way forward?

This is an important time as you both mentioned. If necessity is the mother of invention, then we certainly have fertile ground with all of the myriad problems that we are facing now in Government and the necessity of dealing with the complexities of the financial institutions, and globally with the interface between our agencies and the rest of the world. We really need our Federal employees to step up. They are willing to do so but I think they are shackled in a system that diminishes their ability to reach their maximum potential.

On that very broad point, Director Jones or Dr. Kettl, both of you if you would like, just sort of let the committee know what you think is most important about that way forward.

Mr. KETTL. Mr. Chairman, I think that is exactly the right question. Let me try to take a stab at answering it in two ways. It is easy to talk broadly but it is probably more effective to talk about who needs to do what.

The first who has to be the Office of Personnel Management, which faces a critically important time to rethink what it does and how it goes about doing it. Part of its job has to be the process of trying to figure out on behalf of the Federal Government what the answer to those questions is. There has to be some kind of institutional knowledge and capacity or debate, if you will, about what are the problems we face, what is it the Federal Government is going to need to solve them, and how can we get it done.

It is not that how many days it takes to hire a Federal employee is not important; it is critically important. It drives people away. But it has to be in pursuit of the bigger picture. OPM has to take that bigger strategic role because if it doesn't, my fear is it won't happen. If it doesn't happen, we will find ourselves crippled in trying to solve these problems we know we have to address.

The second thing is to applaud this committee's and subcommittee's work in this area because congressional attention on these issues is something that is terribly important and critical in sustaining the debate, ensuring that there is the possibility for action, and creating an opportunity for a broader conversation on these issues. This has the risk of sounding a little bit philosophical, but there has to be a kind of broad discussion and debate about rethinking the public service because we are rethinking Government, whether we like it or not. We need a public service that is going to be supportive of that. Congress has a terribly important role in supporting that debate and discussion.

Mr. LYNCH. Thank you.

Director Jones.

Ms. JONES. Mr. Chairman, OPM has undertaken a great deal of work on human capital planning and management for the Federal Government and has put in place a number of tools. The Congress

itself has passed legislation to offer greater flexibilities to the agencies. It would appear that this is a time when OPM and the agencies could use either existing mechanisms like the Chief Human Capital Officers Council or to use other mechanisms to have discussions about all of the flexibilities and tools and policies that are available for acquiring and training a highly capable Federal work force.

Ask what is working, what isn't working, and where are their barriers. Identify the barriers; undertake discussions as to how those barriers could be removed. If there are new policies, we need to have discussions about that. But move forward in terms of trying to develop the kind of Federal work force that we would all like to have.

Mr. LYNCH. I want you both on behalf of the subcommittee and the committee. I want to thank you both for your willingness to come forward and help us with this problem. Thank you very, very much for your appearance here today.

Mr. KETTL. Thank you, Mr. Chairman.

Mr. LYNCH. Good day. I would like to welcome the next panel. Good afternoon. It is the committee's policy that all witnesses are to be sworn. Would you please stand and raise your right hand?

[Witnesses sworn.]

Mr. LYNCH. Thank you very much. Let the record show that all the witnesses answered in the affirmative. Thank you very much for your willingness to appear before this committee and help us with our work. I would like to introduce our panelists.

Max Stier is the president and chief executive officer of the Partnership for Public Service, a nonprofit, nonpartisan organization dedicated to revitalizing our Federal Government. Mr. Stier previously worked in all three branches of the Federal Government. Prior to joining the Partnership, he served as Deputy General Counsel for Litigation at the Department of Housing and Urban Development.

William Bransford is the general counsel and acts as a lobbyist for the Senior Executive Association. He also served as general counsel for several professional association including the Federal Managers Association, the FAA Managers Association, and National Council of Social Security Management Association. Mr. Bransford has written numerous publications on Federal employment law and is co-author of a guidebook, *The Rights and Responsibilities of Your Federal Employment*. He co-hosts *Fed Talk*, a weekly radio show on Federal News Radio.

Mr. Bransford is partner of Shaw, Bransford, Veilleux, and Roth, P.C. where he has practiced since 1983. His practice is concentrated on the representation of Federal executives, managers, and employees. Prior to joining SBVR, Mr. Bransford was a Senior Attorney at the Internal Revenue Office, Office of Chief Counsel representing the agency on labor and employment law issues.

Patricia Niehaus has been the president of the Federal Managers Association, Chapter 167, at Travis Air Force Base for two terms and was reelected to another 2 year term in January 2008. Ms. Niehaus is presently the Labor Relations Officer for Travis Air Force Base. She was first assigned to the Travis Air Force Base Ci-

vilian Personnel Office in 1986 at the FMA zone level. She has served as vice president of Zone 7 for two terms.

Welcome and thank you again for your willingness to appear. Why don't I give you each an opportunity to address the committee with your general remarks and then we will follow that with questions. Mr. Stier for 5 minutes. Thank you.

STATEMENTS OF MAX STIER, PRESIDENT AND CEO, PARTNERSHIP FOR PUBLIC SERVICE; WILLIAM BRANSFORD, GENERAL COUNSEL, SENIOR EXECUTIVES ASSOCIATION; AND PATRICIA NIEHAUS, PRESIDENT, CHAPTER 167, TRAVIS AIR FORCE BASE, FEDERAL MANAGERS ASSOCIATION

STATEMENT OF MAX STIER

Mr. STIER. Great. Thank you very much, Mr. Chairman and members of the subcommittee.

First, to begin, I thank you for your recognition of public service employees with your announcement of Public Service Recognition Week taking place the first week of May. I think that is very important for the public to have a better understanding about their work force. That has to come from more awareness of it and this is a way to do that.

This is an incredible opportunity. You heard from a lot of witnesses about the importance of this moment in time. Just to give you one other way of looking at it, by our estimates the Federal Government will be hiring close to 600,000 people in the next 4 years, almost a third of its work force. If you look at history, you see 1930's, 1960's, and now. This is a once in a lifetime opportunity to shape the Government work force. It is vital that you focus on these issues.

You heard a lot about different recommendations. I would love to have an in depth conversation about some of them, but I thought in my short statement here the most value I could add would be to try to give you a world view that might help you place these different recommendations in context. My view is that there are two primary reasons why Government is in terrible shape right now with respect to management.

The first is you have short term political leaders that are not aligned with the long term interests of Government's health. If you are in office for 18 months to 2 years, the average tenure of the political appointee, you are not incented to focus on those long term pipeline issues. Those student interns are not going to help you in those 18 months to 2 years and therefore they don't pay attention to it. They don't prioritize it.

The second is there is a lack of real time operational information. They don't know and no one knows the real health of the organizations they are running.

If you combine those two factors, you have a mess because you can't even hold the folks who are in office for 18 months to 2 years accountable for the timeframe that they are there. I think those two issues should frame this larger set of solutions that we need to be focusing on. So let us bring this down one level and look specifically at the human capital issues, the people issues. I think that

the main challenge is that it is not one challenge, it is a host of different issues. I would put them into three different buckets.

The first is that most talent doesn't even know about Government service, does not even think about Government service as public service anymore. We have done the only research on the question of how to entice talent into Government in a cost effective and sustainable way on the civilian side. Military has done a ton of work on this. What we found is by and large, most talented people on university campuses or older Americans simply don't think about Government jobs. They don't think about a job that might be right for them and they have no idea how they could pursue a job that might actually be of interest to them.

The second bucket is the hiring process. You have heard it discussed. However, in fact, it is four different issues, not one. The challenge is to focus on all four of them. For the applicant experience, it is too slow. That is what everyone focuses on. It is too difficult. And it is nontransparent, meaning you don't know where you are in the process. You might be willing to wait those 80 days, the hiring model which I would love to discuss if you want to, if you knew it was in fact going to be 80 days. But you don't. It is a black hole. You know what that FedEx package is, where it is. You don't know where your job application is in Government.

Again, I am speaking in generalities because there are some places in Government that do it right. In fact, almost everything that needs to happen in Government is happening somewhere, not everywhere. That is also an important fact to be focused on. So the second bucket is this hiring process. It is too slow, too difficult, and nontransparent from the applicant side.

Most important, something that the applicant doesn't see, is that Government often hires wrong. It doesn't choose the right person after that. Truth be told, whether you hire quickly or slowly, if you hire poorly it doesn't matter. That is an aspect that no one pays attention to.

Then the third piece is what happens to folks once they arrive. When I say arrive, that is from the point at which they get the job offer to the first year—the on board experience—and then their longer term tenure. Again, the Government, by and large, does a very poor job here. It doesn't invest in its talent. It doesn't provide the development and training experiences. It doesn't provide the kind of management that people want and need both to stay and to give other discretionary energy.

I think if you focus on that broader map, and then you envision what kinds of solutions you need to address those set of issues, then you are going to make a real difference here. There is a ton of things for you to do. There are some things that have already started. The hiring process is a wonderful piece of legislation that Senators Akaka and Voinovich have introduced in the Senate. It is something that it would be terrific for this committee to try to work on here.

We believe there should be an applicant bill of rights. We believe that applicant bill of rights should guarantee to applicants that they have a timely, easy, and transparent hiring process and that there is information for all of that. That is absolutely vital. We believe that the Government should be investing in leadership train-

ing. We believe that we need to see a Serve America Act, which got signed by the President yesterday, that doesn't just deal with community and volunteer service but actually deals with Government service. The notion of the Roosevelt Scholars, the civilian ROTC program, again, that is something that would make a very big difference to the talent market. Education has become real expensive. The military gets 40 percent of its talent from the ROTC program. A civilian counterpart would make a lot of sense.

So I would love to have an opportunity to talk further about this and many other issues. I hope that the Partnership can be of help. [The prepared statement of Mr. Stier follows:]



PARTNERSHIP FOR PUBLIC SERVICE

**Written Testimony of Max Stier
President and CEO, Partnership for Public Service**

Prepared for

**The House Committee on Oversight and Government Reform
Subcommittee on the Federal Workforce, Postal Service and
the District of Columbia**

**Hearing Entitled,
“Public Service in the 21st Century: An Examination
of the State of the Federal Workforce”**

April 22, 2009

Chairman Lynch, Representative Chaffetz, Members of the Subcommittee, thank you very much for the opportunity to appear before you today. I am Max Stier, President and CEO of the Partnership for Public Service, a nonpartisan, nonprofit organization dedicated to revitalizing the federal civil service. We appreciate your invitation to discuss issues affecting the federal workforce. A skilled and dedicated workforce is absolutely essential to fulfilling the many missions of the federal government on behalf of our nation, and we are honored to share with you our perspective on the challenges of building and maintaining a world-class federal civil service.

The Partnership has two principal areas of focus. First, we work to inspire new talent to join federal service. Second, we work with government leaders to help transform government so that the best and brightest will enter, stay and succeed in meeting the challenges of our nation. That includes all aspects of how we manage people, from attracting them to government, leading them, supporting their development and managing performance; in short, all the essential ingredients for forming and keeping a winning team. Given those objectives, we are highly encouraged by this Subcommittee's interest and we look forward to working with you to identify and address the most pressing issues facing the federal workforce today and in the years ahead.

In this testimony, I will lay out what we have identified as the most important challenges affecting our civil service and a series of recommendations for the Subcommittee's consideration.

An Urgent Need for Action

Today, our nation faces challenges of unprecedented complexity – from an economy in crisis to piracy on the high seas, from food-borne illnesses to the search for alternative sources of energy. While intelligent people can disagree on the optimal size of government, or the appropriate reach of government, there can be no disagreement that Americans need and deserve *effective* government -- and the key to good government is good people.

Meeting the challenges before us will require nothing less than a rebuilding and a revitalization of our federal workforce. A record number of experienced federal workers will soon retire, resign or otherwise leave the government and will need to be replaced. At the same time, the federal government's hiring needs are also growing in response to the stimulus legislation, new or expanded programs, and the goal of having federal employees assume some functions currently done by contract employees. We project that the federal government will make over 580,000 full-time, permanent new hires through 2012. Potential applicants are out there – indeed, the number of applications for federal employment doubled this year over last year – but the challenge is to attract and hire the *right* people with the *right* skills that government so desperately needs. Aggressive and immediate action is needed to strengthen the federal civil service, match new skills to current challenges, and build a government that the public deserves and the times demand.

Mr. Chairman, I believe that we have a once-in-a-lifetime opportunity to revitalize our federal government. What we do now will have major implications for how we cope with immediate crises and how well we ensure our nation's long-term prosperity. And the success or failure of government is linked directly to the health of our federal workforce and its capacity to execute and implement government policies effectively. With the stakes so high, the focus of today's Subcommittee hearing could not be more needed, or more timely.

I. A Time of Opportunity

Our nation just concluded a historic election and inauguration in a time of serious economic and international crises. We know from history that times like these lead to a rebuilding and reshaping of government and the people needed to make it work. The Great Depression and the Second World War created a corps of civil servants that would last into the 1960s, only to be replaced by the '60s generation that is just now cycling out. We now have an opportunity to replenish the civil service with the next generation of talent that will lead to the success, or failure, of government for the next 30 to 40 years.

The nature of government work today has changed dramatically from the work of World War II's "greatest generation." Once a largely clerical workforce, government work today is more specialized than ever before and requires a more demanding set of skills. Engineers, accountants, nurses, attorneys, acquisition specialists and those skilled in foreign languages are just a few of the many professionals needed in federal service today. Attracting, recruiting and retaining them must be a priority for the Obama Administration and the Congress.

It is easy to imagine that improving the state of our federal workforce would have trouble fighting for a top spot on anyone's priority list, with the economy, two wars and a host of other issues competing for attention from our nation's policy makers. But this way of thinking is not just wrong – it is dangerous. Today's challenges cannot be addressed successfully without the expertise needed inside government to get the job done.

A hard look at almost every major challenge facing this country reveals a largely unwritten story about how government's depleted capacity has contributed to the problem and poses an impediment to developing solutions:

- The Office of Thrift Supervision – AIG's regulator – has only one insurance expert on staff;
- The Department of the Treasury is scrambling to develop the expertise needed to price toxic assets;
- The average project manager at the Department of Energy is overseeing 50 projects at one time;
- The Food and Drug Administration is understaffed and unable to inspect imported foods adequately;
- The Consumer Product Safety Commission had only one staff person assigned to inspecting toys imported from China.

Current challenges are changing the way that Americans look at government. Citizens are looking to our government for solutions in numbers not seen since the Great Depression. This is an exceedingly rare opportunity for the federal government to regain the trust of the American people – let's not waste it.

II. Major Challenges Affecting the Civil Service

The federal government will live up to its potential in serving the American people only when our best and brightest answer the call to federal service and have strong leaders who empower them to perform at their best. We believe that the human capital challenges facing the federal government can best be described as falling into one of two buckets: government's ability to attract and recruit the talent it needs, and government's ability to manage the federal workforce so that talented employees stay and succeed in achieving desired results. How Congress exercises its legislative, oversight and appropriations responsibilities with respect to the civil service will be a deciding factor in how our government meets these challenges.

A. Attracting and Recruiting the Right Talent

The government faces significant hurdles in finding, recruiting, assessing and hiring individuals with critical skills that government needs today.

Demographic challenges

In our 2008 "Brain Drain" issue brief, the Partnership reported that by 2012, federal agencies will lose nearly 530,000 employees, the majority through retirement. While this projected number may be slightly smaller today as people defer retirement due to the economic crisis, we can say with confidence that at a minimum, the federal government is facing a drain of experienced talent. At best, these losses could adversely impact the delivery of services to the public; at worst, they could cripple our ability to meet core government functions.

Many of the individuals nearing retirement hold leadership and critical skills positions. Seventy-six percent of the Senior Executive Service – government's elite cadre of senior managers – will be eligible to retire by 2012. We also project that by 2012, retirements at 23 large agencies will near 20 percent of their workforces. These include agencies that provide direct and highly visible services to the public, such as the Federal Aviation Administration and the Social Security Administration. The Department of Defense, the largest federal agency, is expected to lose close to 20 percent of its more than 600,000 civilian employees through retirement.

The problem is further compounded by an insufficient pipeline of new workers coming into the federal government and by a slow and inefficient hiring process. There simply are not enough young employees to support the future demands of the workforce.

According to Bureau of Labor Statistics and Office of Personnel Management (OPM) data from 2008, the federal civil service has a greater percentage of workers over the age of 45 (58.1%) than the overall U.S. workforce (42.2%). A graying workforce makes identifying the next generation of public servants all the more urgent – but young talent is often discouraged by the federal hiring process, discussed later in this testimony.

Lack of information is a barrier to recruitment

Our nation’s military spends millions of dollars on highly-targeted marketing campaigns to recruit new uniformed military personnel, but when it comes to attracting young people to the civilian workforce, agencies are largely flying blind. Much more needs to be done to understand how federal agencies can best attract new talent to federal service. The House and Senate Appropriations Committees recognized this fact by providing \$600,000 in fiscal year 2006 to the Partnership and OPM for the *Call to Serve Recruitment Initiative*. The *Call to Serve* program is a joint OPM/Partnership effort to connect federal agencies to the tremendous source of new talent graduating from our nation’s colleges and universities. The network includes over 75 federal agencies and over 650 colleges and universities who are doing more to educate young people about internship and job opportunities in the federal government.

To improve the efficiency and effectiveness of federal hiring efforts, the Appropriations Committees funded the *Call to Serve Recruitment Initiative*, a study on five college campuses designed to identify successful, cost-effective agency recruitment practices that are sustainable and replicable across different campuses to increase student awareness of, and interest in, federal jobs. We found that on the whole, college students are very interested in federal service but lack knowledge about federal opportunities. Forty-two percent of college juniors and seniors said that they were extremely or very interested in federal government jobs – only eight points lower than the interest in large private sector companies. The greatest challenge for agencies, however, is that only 13 percent of students said they felt extremely or very knowledgeable about federal jobs. Further, fewer than two in ten faculty and advisors – those who help influence student decisions – felt they were knowledgeable about federal jobs and the process of finding and applying for those opportunities.

According to our survey, students need more information about the types of opportunities that exist in the federal government. They need to understand how to find and apply for a federal internship or job, and they seek information that is tailored to their particular interests and background. In addition, students search for positions where they can do interesting work and where they will have an opportunity to make a difference. Recruiters will be more successful if they can dispel myths about federal service and put a face on government, which is often perceived as overly bureaucratic. (Indeed, 53 percent of students cite bureaucracy as the reason they would not want to work for the federal government.) Recruiters could also be more successful by highlighting the government workplace flexibilities that contribute to work/life balance, one of the most important job attributes that young employees are seeking.

The Partnership has built on the findings of the *Recruitment Initiative* in several exciting ways:

- We have created the *Federal Service Student Ambassadors* program, which develops a corps of passionate student advocates who actively promote government service on campus following their completion of a federal summer internship.
- We have created www.MakingTheDifference.org, a website dedicated to educating students on finding and applying for federal jobs and internships. This website ranks #1 in a Google search for “federal internships.”
- Our *Annenberg Speakers Bureau* is a dynamic, diverse group of federal employees who educate audiences about the federal workforce and inspire a new generation to serve. Speakers visit college campuses and other student venues to promote public service and provide resources that will raise awareness of federal opportunities among young people.
- We recommend policies that would improve government’s ability to tap into the talent on our nation’s campuses; for example, our recent report entitled *Leaving Talent on the Table: The Need to Capitalize on High Performing Student Interns*, outlines recommendations to help the federal government end its benign neglect of student internship programs and use this valuable resource to hire talented young professionals, improve government performance and better serve the American people.

The college and university population is just one place where the federal government can find new talent; federal hiring needs are so acute that it makes sense for federal agencies to tap many pipelines of talent, including the millions of highly-skilled older workers in all sectors of the economy. This is especially important as many initiatives identified in the stimulus legislation and recovery plans require the skill and talents of experienced workers who, in many cases, need to continue to work.

To help address government’s critical talent needs, the Partnership for Public Service launched the *FedExperience* pilot program with federal agencies, corporate partners, and other stakeholders to match government’s critical hiring needs with the talents of experienced, older workers. The good news, according to the Partnership’s research, is that there is substantial interest in pursuing federal “encore” employment opportunities among America’s tens of millions of baby boomers. Further, these boomers possess the types of skills, experience and commitment our government needs. To take advantage of these interests and skills, the pilot program explores new and expanded means for government to overcome institutional barriers and tap into the growing talent source of experienced workers. This includes the design of specific strategies for marketing federal job opportunities to this talent pool, use of targeted recruitment and enhanced hiring processes to obtain proven talent, and better orientation, onboarding and retention of mature workers so their contributions will continue into the future.

The federal hiring process is broken.

Mr. Chairman and members of the Subcommittee, if you choose one problem to fix in the 111th Congress, I hope it will be the federal hiring process. There is no bigger obstacle to bringing much-needed new talent into the federal workforce.

Long a source of frustration for agencies and applicants alike, the federal hiring process is broken and discourages talent from all sources from pursuing federal service. A Partnership review of hiring at selected agencies revealed that the process for hiring a single employee can include more than 110 steps. Some federal job applicants wait a year, or longer, before receiving a job offer. And some potential workers do not wait at all because the job announcement discourages them from applying in the first place. Often running 10, 20 or even more pages in print form, federal job announcements are frequently confusing and filled with jargon indecipherable to the average person. Federal agencies often require applicants to submit college transcripts in short job application timeframes and to customize resumes to meet specific agency requirements. Also, agencies generally do a poor job of keeping applicants informed of the status of their applications – a basic courtesy that should be afforded to all job seekers. The end result is a difficult, lengthy and complex process that discourages many highly skilled older workers from pursuing federal service.

To its credit, the Office of Personnel Management undertook an interagency effort last year to improve the federal hiring process. Given the nature of the problem, this effort will need to be sustained and given a high priority over an extended period of time. While good progress is being made, there is no time to waste.

We believe that, at a minimum, all agencies should adopt a user-friendly application process (for example, allowing a resume to serve as an application); clear job announcements; timely and useful information about the status of an application; and, a timely hiring decision. We strongly support S. 736, the *Federal Hiring Process Improvement Act*, which was introduced last month by Senator Daniel Akaka (D-HI) and Senator George Voinovich (R-OH). This bipartisan legislation will streamline federal hiring and measure hiring effectiveness. The Partnership strongly encourages the Subcommittee to make legislation to improve the federal hiring process a top priority.

B. *Managing for Results*

Getting the right talent is only half the battle. Perhaps the more daunting challenge for the federal government is fostering the kind of workplace policies and practices that will enable the government to retain a highly skilled, engaged workforce that consistently achieves desired results.

Skills gaps hinder agency performance

Pick up the newspaper on any given day and you will likely find an article about a government failure that can be traced directly to a shortage of the right people with the

right skills. Millions wasted in government procurement, poor or nonexistent oversight of bailout funds, an overwhelmed and understaffed Foreign Service – all of these problems and more are caused or exacerbated by a lack of people with the critical skills government needs in the 21st century.

The Partnership for Public Service visited with all major federal departments to learn the positions for which they would be hiring from 2007 through 2009. Our report, *Where the Jobs Are*, revealed that the federal government needed to fill 193,000 positions in mission-critical fields during that two-year period. Finding enough of the right people with the right skills is a daunting challenge and we plan to update our *Where the Jobs Are* report later this year.

We suggest that Rep. David Price's *Roosevelt Scholars Act* could help the federal government meet some of these critical hiring needs. This legislation was introduced in the 110th Congress and is expected to be introduced again shortly. It creates a graduate-level scholarship program in mission-critical fields in exchange for a federal service commitment. The military's ROTC program has been a tremendous source of leadership talent for our nation's armed forces; we believe the *Roosevelt Scholars Act* could become an analogous source of needed expertise for our civilian agencies.

Even federal workforce management itself is hampered by skills gaps. Many federal human resources (HR) professionals are trained in transactions – processing paperwork and managing systems. There is a lack of emphasis on the HR professional as a strategic partner for federal managers seeking to hire the right people for the right jobs. In 2007 and again in 2008, the Partnership interviewed Chief Human Capital Officers in large departments and agencies in a candid, not-for-attribution conversation on the challenges they face and potential areas for improvement. When asked the extent to which HR staff members have the competences needed to help their agency succeed in the future, 71 percent of respondents said their staffs had needed competencies to only a "limited" or "moderate" extent, with less than one-third agreeing that their staffs had the right skills to a "great" or "very great" extent.

The federal acquisition workforce is also struggling to manage today's expanding challenges with yesterday's resources. Consider the exponential growth in federal contracting activity we have experienced since 2000: That year, roughly 106,000 contracting professionals were responsible for managing contracts worth \$207 billion. In 2008, we asked the same number of contracting professionals to manage almost \$532 billion worth of contracts. This consistently understaffed workforce has seen its realm of responsibility expand to include the purchase and management of more and more services, not just goods. The knowledge, skills and abilities required to manage services, like document translation or financial consulting, are fundamentally different than those required to manage the purchase of a keyboard or a radio. To comprehend the impact of these misalignments between resources and expectations, we need only consider the contracting missteps in connection with the reconstruction of Iraq and the response to Hurricane Katrina.

Lack of meaningful measures and indicators hinder good management

The old adage that “what gets measured, gets changed” still holds true. And when it comes to the federal workforce, not enough is getting fully measured. We applaud OPM for its efforts to establish metrics for the health of the civil service and believe that, in this area, we cannot do enough.

Data available on the state of the federal workforce is not systematically organized, evaluated or disseminated in a way that is meaningful to all of the key audiences. An indicator system for our federal workforce is the logical solution to this problem, and the Partnership is spearheading a first-of-its-kind *State of the Public Service* initiative to develop meaningful indicators for the federal government. In this groundbreaking project, we are working to demonstrate the links between human capital and agency performance, including identifying key workforce drivers of performance.

The value of indicator systems as an effective tool for driving reform has been widely documented. The Partnership has already taken a step toward creating national indicators through our *Best Places to Work in the Federal Government* rankings, prepared in collaboration with American University’s Institute for the Study of Public Policy Implementation. The *Best Places* rankings build upon OPM survey data to provide a comprehensive assessment of employee satisfaction across the federal government’s agencies and their subcomponents.

Employee satisfaction and engagement are two of the necessary ingredients in developing high-performing organizations and attracting key talent to meet our nation’s challenges. The *Best Places to Work* rankings are a key step in recognizing the importance of employee satisfaction and ensuring that it is a top priority of government managers and leaders.

Since the first rankings were released in 2003, they have helped create much-needed institutional incentives to focus on key workforce issues and provided managers and leaders with a roadmap to help boost employee engagement.

The rankings also provide Members of Congress and the general public unprecedented insight into federal agencies and what the people who work in those agencies say about leadership, mission and effectiveness. The *Best Places* rankings can aid Congress in fulfilling its oversight responsibilities by highlighting the federal government’s high-performing agencies and raising a red flag when agencies suffer from conditions that lead to low employee engagement and poor performance. The Partnership has testified several times before House and Senate committees on the performance of federal agencies in the *Best Places* rankings, and we are pleased to note that the 2009 *Best Places* report will be released next month.

Emphasis on good leaders and managers is lacking

The Partnership's *Best Places to Work* rankings consistently indicate that strong leadership is the number one driver of employee satisfaction in the federal government. Employees are more engaged and more satisfied in their jobs when they hold their leaders and managers in high regard. And it is well documented that highly engaged employees are an indicator of better organizational performance. While various leadership development programs exist, there is not a consistent effort across government to develop and support emerging leaders in federal service. Similarly, the federal government lacks any consistently-applied programs to ensure that federal managers are trained in performance management and able to meet core management competencies.

To help address the need for better leadership development, the Partnership created a set of leadership development programs for federal employees. The *Annenberg Leadership Institute* offers two-day seminars and six-month courses to help federal agencies build the long-term, in-house capacity to solve management problems by developing participants' leadership skills through the real-life application of classroom lessons. Our *Excellence in Government Fellows Program* (and its *Department of Homeland Security Fellows* component) is an award-winning training program for talented mid-level federal career executives. The Partnership recently assumed administration of this program from the former Council for Excellence in Government. Over the last 20 years the program has trained more than 2,500 high-performing, results driven leaders in federal departments and agencies.

Existing personnel flexibilities are under-utilized

Federal agencies enjoy many personnel flexibilities that enable them to recruit, retain and manage their workforces. However, use of these existing tools is uneven at best. The tools and authorities available to federal agencies are many, and include recruitment, retention and relocation bonuses; student loan repayment incentives; direct hiring authority; critical pay authority; non-competitive conversion authority; and category ranking, among others.

Not all personnel authorities just mentioned are right for all agencies. Rather, they comprise a "tool-kit" for agencies seeking to shape their workforces and to fit the right talent in the right jobs. Some agencies, like the State Department and the Government Accountability Office, have found that offering student loan repayment is a powerful incentive for young talent considering federal service. Yet, on the whole, federal agencies do not appear to be using these tools to their best advantage.

We will also note that not all of the tools just mentioned require a significant expense. For example, our new report, *Leaving Talent on the Table: The Need to Capitalize on High-Performing Student Interns*, reported that federal internships are a grossly under-utilized tool for identifying and assessing potential new talent. In 2007, 59,510 students participated in the federal government's largest internship programs, the Student Temporary Experience Program (STEP) and the Student Career Experience Program

(SCEP). The vast majority of these students – 45,000 – participated in the STEP program, but only SCEP offers a built-in mechanism that makes it relatively easy for federal agencies to offer permanent employment to interns with desirable skills and aptitudes. Many federal agencies make little use of SCEP, the internship program that provides the best chance for a student to convert to full-time civil service employment. The result is that only 6.6 percent of student interns in these programs were converted to permanent full-time jobs in 2007, a dismal rate when one considers that the private sector hired 50 percent of their interns into permanent positions. Surely, the federal government can and must do better.

Our multi-sector workforce is poorly understood.

Any view of the federal government’s workforce today is incomplete if it considers only the civil service. In fact, we have a multi-sector workforce doing the work of government. That includes federal employees and private contractors – both for-profit and not-for-profit.

We are not aware of any data to indicate the true size and impact of the government’s multi-sector workforce. The Partnership believes that the Office of Personnel Management is best suited to develop government-wide strategic workforce plans that take into account the multi-sector workforce and how it impacts the work of federal agencies and the quality of services provided to the American people.

Better support and oversight are needed.

The Partnership believes that the way to better government is through people. No federal agency can succeed if it does not have enough of the right people with the right skills to get the job done. While we have long argued that more investment in the capacity of the federal workforce is desperately needed, passage of the \$787 billion stimulus package adds a new sense of urgency.

Federal agencies – and more accurately, federal employees – are being asked to distribute billions of dollars in stimulus money as quickly as possible. While the Obama administration has committed to spending \$350 million on oversight to ensure accountability and transparency, this approach fails to invest in the infrastructure of government that will minimize failures in the first place. It is like calling law enforcement for a smoking engine when what is really needed is a good mechanic. We need an aggressive plan to provide the personnel and tools necessary for our government departments and agencies to succeed, and a new paradigm that imagines the watchdog role as constructive rather than punitive. In other words, smart government should be about getting it right the first time, rather than discovering problems after the fact and attacking federal agencies, and their employees, for failing to do jobs they were never resourced to handle.

Conclusion

Mr. Chairman, the report of the 9/11 Commission said it best: “[T]he quality of the people is more important than the quality of the wiring diagrams.” The federal government is fortunate to have a workforce that is highly committed to serving the public. The challenge for Congress is to ensure that the government has the personnel and resources necessary to perform at its best.

III. Recommendations

The Partnership is pleased to offer the following recommendations to the Subcommittee as you pursue your legislative and oversight agenda regarding the federal workforce:

1. Better and more frequent data are essential for Congress to conduct necessary oversight of how agencies are managing the federal workforce. We recommend that the Office of Personnel Management conduct the Federal Human Capital Survey on an annual basis, and release the data as soon as its accuracy can be assured. This will enable federal agencies to make real-time course corrections where needed; provide an annual benchmark capability by providing consistent data across agency lines; and provide Congress a more timely and informative oversight tool.
2. Congress should encourage and support department and agency efforts to create learning and development opportunities for their employees. In particular, Congress should encourage and fund leadership enhancement and leadership development programs for federal employees. Improving the skills of existing leaders and developing the next generation of leaders will improve employee engagement and organizational performance.
3. A key criterion for the success of any human capital management system is the presence of highly competent managers, supervisors, and HR professionals. Congress should ensure that federal departments and agencies have the resources, and are making the necessary investments, to select, train, and effectively manage the individuals in these key occupations.
4. Congress should ensure that federal departments and agencies have the resources and personnel necessary to fulfill their missions, and should encourage an oversight approach that is constructive and designed to identify and fix potential problems before those problems become failures.
5. Congress should require all federal agencies to improve their hiring processes. A “federal applicant’s bill of rights” to make the hiring process more understandable and timely would improve the ability of the government to attract needed talent from diverse talent pools. We encourage the Subcommittee to consider S. 736, the *Federal Hiring Process Improvement Act*, which takes important steps in the right direction.

Congress should also pass the *Roosevelt Scholars Act* to enable federal agencies to attract mission-critical talent.

6. The Office of Personnel Management should create a government-wide strategic plan for acquiring and retaining the talent that government will need to serve the American people in the years ahead. This requires taking into consideration the entire federal workforce, including the contractors who are doing the work of government and the ability of in-house federal employees to manage those contractors.

Mr. LYNCH. Thank you, Mr. Stier.
Mr. Bransford.

STATEMENT OF WILLIAM BRANSFORD

Mr. BRANSFORD. Mr. Chairman and members of the subcommittee, the Senior Executives Association appreciates the opportunity to share its views that concern the state of the Federal work force, especially those that concern the Senior Executive Service.

SEA has for the past 28 years represented the interests of career Federal executives. The Government is facing a critical juncture. Problems with pay and performance management systems, the hiring and acquisition processes, and the potential onslaught of retirements threaten to reduce the effectiveness and quality of the Federal work force. It is imperative that reform efforts be undertaken to address these issues.

Before proceeding to specific SES issues, I would like to address something that has been discussed already. It is the crazy quilt of the personnel and pay systems that has developed in the executive branch as many agencies have sought and received authority for separate personnel and pay systems. This is true both generally and specifically for the executive corps. This proliferation has hindered oversight. It has prevented coherent human resource policy development and management of the Government's most valuable resource, its employees. A consideration of the problems that have resulted from this proliferation is one worth undertaking and essential if we are to see truly significant change.

An important component to this significant change is effective leadership at the highest levels of the Civil Service. Given the critical issues facing our country, we believe it is imperative that career leadership be strengthened. Career executives provide continuity and expertise necessary to ensure critical programs are run effectively. To restore career leadership, SEA recommends that all agencies fill the position of Assistant Secretary of administration with a career senior executive.

Also, we believe that Cabinet level agencies should have at least one career senior executive at the Principal Deputy Assistant Secretary level for each Assistant Secretary or comparable position and that chief positions, for example Chief Human Capital Officer and Chief Fiscal Officer, to the extent practicable, be filled by a career appointee.

Another serious human resource challenge is the current SES pay and performance management system. SEA believes the system needs to be modified to ensure that quality applicants will aspire to the SES and those already in the SES will want to stay.

An unfortunate pattern is developing among quality GS-14 and 15 employees to the effect that they are not interested in becoming a senior executive. This is due in large part to the skewed risk and reward ratio that senior executives face. Senior executives take on more duties and work longer hours yet receive no compensatory time, no locality pay, and no guaranteed annual comparability raises, all of which are part of the compensation system for the GS employees.

Furthermore, SES annual pay increases have not kept up with GS increases over the past several years because increases in the

Executive Schedule, which sets the caps for SES pay, have lagged behind GS increases. Today a GS-15, Step 10 earns a salary that is well into the range for SES pay. A 2008 OPM survey found that only 50 percent of senior executives believe that the current SES pay and performance management system was helpful in recruiting qualified applicants for SES positions. This mirrored similar findings in the 2006 survey undertaken by SEA.

What is clear after four cycles in this new pay and performance management system that was meant to relieve pay compression and to be transparent, flexible, and reward performance has instead become a disincentive for many of the best candidates to the Senior Executive Service. To correct this risk reward ratio, SEA proposes providing guaranteed annual increases with a locality pay component to all senior executives rated as fully successful or better and including performance awards in a senior executive's high three annuity calculations.

The Federal hiring process is another area in need of reform, especially for senior executives. OPM recently started a pilot program to attempt to streamline the process. While SEA supports these initiatives, we do have concerns with OPM's experimental use of virtual QRBs. A QRB, or Qualifications Review Board, is an important merit system safeguard that protects the career SES from politicization and assures that only qualified candidates become executives. Traditionally, these QRBs have been in person meetings. Our concern is that a QRB that is too virtual will not be able to carefully and fully assess executive qualifications.

By implementing necessary reforms now to both the SES system and all levels of the Federal work force, many problems can be addressed before they become intractable. SEA looks forward to working with Congress, OPM, and the administration to find creative solutions to ensure that the Federal Government's human resource management practices appropriately serve the work force, Federal agencies, and the American public.

[The prepared statement of Mr. Bransford follows:]



the voice of career federal executives since 1980

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TESTIMONY

of

WILLIAM L. BRANSFORD

General Counsel

SENIOR EXECUTIVES ASSOCIATION

Before the

HOUSE SUBCOMMITTEE ON FEDERAL WORKFORCE, POSTAL SERVICE, AND THE
DISTRICT OF COLUMBIA

“PUBLIC SERVICE IN THE 21ST CENTURY: AN EXAMINATION OF THE STATE OF THE
FEDERAL WORKFORCE.”

April 22, 2009

Chairman Lynch and Distinguished Members of the Subcommittee:

Thank you for the opportunity to testify before this Subcommittee on Senior Executive Service matters as they relate to the federal government's overall human resource management practices and policies. The Senior Executives Association (SEA) is a professional association that for over 28 years has represented the interests of career federal executives in government, including those in Senior Executive Service (SES) and equivalent positions, such as Senior Level (SL) and Scientific and Professional (ST) positions.

There are many challenges and opportunities facing the federal government in terms of its ability to recruit and retain a highly qualified workforce and its human resource management capability. A strong and capable workforce underpins the federal government and ensures that agencies can effectively meet their missions. It also provides an effective mechanism for accountability to the American public for the operation of government programs.

The government is now at a critical juncture – problems with pay and performance management systems, the hiring and acquisition processes, and a potential retirement tsunami threaten to reduce the effectiveness and quality of the federal workforce. Given the programs – including the economic stimulus - being implemented just this year, it is imperative that reform efforts be undertaken to address these issues.

In considering the human resources challenges facing the federal government, I will focus on those that specifically affect the Senior Executive Service. A strong workforce requires strong leadership. In order to ensure that the SES remains the high caliber corps that it is today, it is necessary to review potential problem areas and discuss needed reforms. These include recommendations by the Senior Executives Association to restore career leadership, create a more fair and transparent pay and performance management system, provide for training and continuing development of the SES, and review the SES hiring process. Making such reforms to the SES system will help all agencies recruit and retain the best Senior Executives and ensure that they have the necessary leadership to successfully accomplish the missions of their agencies.

The SES and the Human Resource Capacity of the Federal Government

The Senior Executive Service is comprised of the approximately 7,000 men and woman who are critical to high performing government and are crucial to implementing the political and management agenda of each agency and the Administration. These are the top career professionals in government, with an average of 26 years of experience, who obtained their positions on the basis of merit. Career Senior Executives undertake a myriad of jobs and hold substantial responsibilities, as well as serving as the interface between political appointees and the rest of the career civil service.

The focus of the last several administrations on streamlining the government, as well as the growth in political appointee positions over the years, has reduced both the size of the SES and the role of career leadership. In looking for a creative solution to develop a more effective federal government, previous administrations have focused on what they saw as a “bloated” federal workforce. In 1994, President Clinton organized the National Performance Review that called for a reduction of the civilian federal workforce by 100,000 jobs by the end of 1995, with 10 percent of those cuts coming from senior management. The career executive corps alone was cut by 18 percent. According to the White House Record of Progress for the Clinton Administration, by the end of his second term, the workforce had been reduced by 377,000 jobs. The National Performance Review also called for the span of control (the number of people who report directly to a manager) to increase from 1:7 to 1:15. In reaching President Clinton’s reduction goals, agencies eliminated through across-the-board cuts thousands of management positions without any measurement of the effectiveness of the effort. This process was continued throughout the last Administration and deserves some review to understand the ramifications on federal agencies and their ability to meet mission critical goals.

Cuts to managers and support personnel, including human resources professionals, have led to a lack of effective infrastructure and a loss of the expertise and ability necessary to run vital programs. This loss of infrastructure has been exacerbated through a significant increase in outsourcing. Instead of focusing on outsourcing as one tool to achieve an overall goal of effective management through accomplishing administrative functions in the most effective manner, outsourcing became a goal in and of itself. Some agencies outsourced virtually their entire human resource departments. Most now view this as a mistake because these employees played an important and committed role in administering agency personnel operations. HR should be integrated into the culture of the agency, not something provided by an outside group. SEA encourages a review of those functions, such as human resources, to determine which should be brought back into their agencies.

Recently, the Department of Defense has announced a policy to bring some outsourced positions, such as acquisition professionals, back within the agency. For Senior Executives, this is good policy as it is more efficient and effective to manage programs and personnel that are in-house. Career executives are well aware of the merits of contracting out when there is a benefit to be achieved from the specific capabilities and flexibilities of the private sector. But the outsourcing has had unintended consequences, such as lowering federal worker morale and providing for extensive administrative overhead in designing, implementing, and then post-auditing the competitions.

The recent DoD problems with the acquisition workforce and process and the overall governmental need to have infrastructure in place to oversee stimulus spending and other challenges facing the government has led to a reversal of the policies of previous administrations about outsourcing. A review of the policies governing the SES should also be conducted. We are now seeing signs of a similar loss of infrastructure and expertise at the Senior Executive Service level. SEA is concerned that difficulties with recruitment and retention, exacerbated by a pay for performance management system that

requires reforms, and a lack of focus on strengthening career leadership, will lead to a loss of quality within the SES. It is imperative that the federal government have the necessary career leaders in place to oversee the acquisition process, stimulus programs, and other critical government functions. Appropriate attention to the human resource management practices governing the Senior Executive Service is necessary to facilitate a reversal in the difficulties related to recruitment and retention of career leaders.

Before proceeding to specific SES issues, it is worth noting that a “crazy quilt” of personnel and pay systems has developed through the Executive Branch, as many agencies have sought and received authority for separate personnel and pay systems. This is true both generally and specifically for the executive corps. This proliferation has hindered oversight and prevented coherent human resources policy development and management of the government’s most valuable resource, its employees. While a large task, the consideration of the problems which have resulted from this proliferation and how they might be best addressed is one which is not only worth undertaking, but essential if we are to see truly significant change.

Recruitment and Retention Issues within the SES

Restoration of Career Leadership

Most career Senior Executives have spent their careers in civil service and are committed to the mission of the federal government and their agencies. Morale has been lowered by years of lessening the role of the career executive by filling many SES positions with politically appointed non-career SES. Also, the failure to provide career leadership at certain top positions – as was once the practice in government – has produced the result of a loss of continuity and expertise. With the proper focus and respect, the career executive corps is ready and able to step up and lead their agencies, implement new policies and programs and effectively serve the American people.

Given the transition and the critical issues facing the country, it is imperative that career leadership be given attention by Congress and the new Administration. Career executives are the key to the continuity and expertise necessary to ensure critical programs and daily agency operations continue to function while there is a lack of political appointees in place. Career senior executives also play a crucial role in overseeing the effective and proper use of the economic stimulus funds that will go to federal agencies. To ensure that Senior Executives have the necessary support and tools to carry out their mission, the Senior Executives Association suggests the following reform:

Consider placing high-performing career executives in Assistant Secretary for Administration and other key positions requiring long-term experience at each agency, specifically, as Deputy or Chief Human Capital Officers, Chief Information Officers, Chief Financial Officers, and Chief Operating Officers. These positions are now reserved almost exclusively for political appointees, as is the position of Assistant Secretary for Administration, which was formerly held by senior career employees in cabinet departments. In only two departments – Justice and Transportation – do career Senior Executives now hold that position, as a result of a statutory requirement (at Justice, the

Assistant Attorney General for Administration is also required to be held by a member of the competitive service).

SEA makes this recommendation because a) continuity in leadership and expertise during the transition from one Administration to another is needed and the need is not satisfied when a political appointee resigns and another takes his or her place, and b) relatively short-term political appointees have limited ability to accomplish long term agendas. Further, Administrations are not gaining the benefit they might from seasoned and accomplished career executives who know how to operate government programs and to pursue the agendas of their political leadership.

SES Pay and Performance Management System

The current proliferation of demonstration projects and alternate personnel systems across government have created a complex system that strains the human resources capacity of the federal government. This Balkanization of pay and performance personnel systems creates confusion among employees as they move within departments and across agencies. Varying benefits also create a sense of haves and have nots between employees within a single agency. A more uniform, consistent and transparent personnel system is needed to ensure a more effective government and to increase workforce morale.

Today's SES pay and performance management system is an example of this. It was created in 2003 and thrust upon the SES without a dialogue with those it affected. There has now been sufficient time and experience to examine how well the system works. SEA believes the system needs to be modified to ensure that quality applicants will aspire to the SES and those already in the SES will want to stay. The large number of Senior Executives eligible to retire makes a review of the SES system even more imperative.

Multiple surveys of Senior Executives have highlighted that the SES pay and performance system is a major reason for the recruitment and retention challenges facing the SES. SEA has become aware of a perception among an increasing number of federal managers that the SES is not a desirable career goal. This is due in large part to the skewed risk and reward ratio that Senior Executives face. Senior Executives take on more duties and work longer hours, yet receive no compensatory time, no locality pay, and no guaranteed annual comparability pay raises, all of which are a part of the compensation system for General Schedule (GS) employees. While there are many managers who are motivated by a call to public service, incentives are still needed to encourage others to make the leap from the GS-14/15 level into the SES. Those who do join the ranks find that the pay and performance management system does not work as intended. What is clear after four cycles is that a system that was meant to relieve pay compression, to be transparent and flexible, and to reward performance, has instead become a disincentive for many of the best employees who might otherwise desire to serve in the highest ranks of the career civil service.

When SEA surveyed Senior Executives in 2006, one of the most telling findings was that 47% of respondents believed that GS-14 and GS-15 employees were losing interest in aspiring to SES positions. A 2008 OPM survey on the SES pay and performance management system found that only 50% of Senior Executives believed that the current SES pay and performance management system was helpful in recruiting qualified applicants for SES positions. This is a disturbing trend that is regularly reported to SEA and confirmed now by two survey results.

SEA believes that the pay system, added to the increased risks of becoming a Senior Executive, is another factor deterring managers from aspiring to the SES. SES annual pay increases have not kept up with GS increases over the past several years because increases in the Executive Schedule, which sets the caps for SES pay, have lagged behind GS increases. From 1994 to the present, if the EL-II pay rate had increased each year by the same percentage as GS pay in the Washington DC area, EL-II (the cap on SES pay in certified agencies) would now be \$242,318, not \$177,000. In addition to the lack of locality-based pay adjustments, SES annual pay increases are entirely discretionary, irrespective of performance, creating the accurate perception that a new Senior Executive cannot rely on the receipt of annual comparability increases upon entry to the SES. Moreover, GS and alternate pay systems have become more generous with the result that today some GS-15 or equivalent employees make more than the Senior Executives they work for, particularly if the Senior Executive is new.

Many Senior Executives also express concerns about a distinct disconnect between ratings, pay adjustments and performance awards. The SEA survey found that many executives believe the connection between their performance ratings and pay adjustments were based on administrative decisions and budgetary constraints, not actual performance. Further, there was no connection between increased responsibilities and pay; of the 233 executives reporting increased responsibilities since the implementation of the new pay system, 191 (82%) received no salary increase.

SEA believes that overall reform of the SES pay system is imperative and should be accomplished as part of an overall pay reform of the entire federal pay and personnel system. SEA looks forward to working with those in Congress and the Administration who share the belief that such a reform is necessary. While that reform is taking place, and until it occurs, SEA proposes several common sense solutions as a short term remedy for the issues with the SES pay and performance management system, including:

- All Senior Executives rated as “Fully Successful” or better performance level should receive at least some annual increase. In an October 31, 2006 memorandum regarding Certification of Performance Appraisal Systems for Senior Employees for Calendar Year 2007, OPM Director Linda Springer expressed OPM’s expectation that “senior employees who are at a pay level consistent with their current level of responsibilities and who receive an acceptable (“fully successful” or better) rating should receive a pay increase.” Agency discretion (as noted above), however, interferes with this outcome. In January 2008, Senior Executives rated “Fully Successful” in F.Y. 2007 received

an average 2.5% pay increase; contrast this with a GS employee in the Washington DC locality pay area, who received a 4.49% adjustment without regard to his or her performance rating. An annual guaranteed increase for executives who have performed successfully should be at least as much as the increase in the Executive Schedule plus the increase in locality pay for the geographic area in which the executive works. That would still, in most years, be below what GS employees receive.

- Include performance awards in a Senior Executive's "high three" in calculating his or her retirement annuity. We believe that this second provision would make the SES an attractive career goal for the best applicants and will help assure a high quality future SES. Also, it recognizes the reality that performance awards have become an integral part of the SES compensation system.

Continuing Development and Candidate Training Programs

As the Subcommittee noted in its invitation to testify, a key part of a functional government includes a skilled workforce. While some agencies have training programs in place, there is no required across the board training for Senior Executives. Some training and development opportunities do exist in the form of Candidate Development Programs (CDP's). More attention needs to be given to ensuring that Senior Executives receive appropriate training throughout their careers. That includes specific "on-boarding" programs (which may include, for example, executive coaching and/or a mentor for the first year), as well as attention to activities which can keep a career executive up to date and revitalized throughout his or her time in the SES.

Training programs are often cut when agency budgets are tight and are often neglected in an agency's strategic planning. The lack of training and development related to a strategic plan is a problem that affects the preparedness and effectiveness of agencies government-wide. SEA recommends that agencies be required to address training needs within their strategic plans and that training and continuing development needs of the Senior Executive Service be pursued and implemented.

SES Hiring Process and Reforms

The hiring process throughout the federal government is in need of reform. It is an overly burdensome, opaque, and time consuming process that often deters the best applicants. Addressing the problems with the system should be a priority in any discussion of the pressing issues confronting the federal workforce. That being said, the hiring process for the SES, while sharing some of the same problems, is generally quite different from other systems. Applicants must submit a set of responses outlining their Executive Core Qualifications. This information is then given to a Qualifications Review Board which reviews the information and makes recommendations to the Office of Personnel Management and the specific agency to which the applicant is applying. This rigorous process is necessary to ensure that the most qualified candidates are chosen to become Senior Executives.

SEA understands that the complexities of the SES hiring process can be a deterrent to some applicants, especially those applying from outside government. OPM recently started a pilot program to attempt to streamline the process. The program experimented, in ten agencies, with different methods for applying for SES vacancies (the "Resume Only" method, and the "Accomplishment Record" method.) SEA is concerned that this streamlining effort not diminish the need for careful ascertainment that the applicant to the SES does actually possess executive capabilities.

Perhaps of even more concern to SEA is OPM's new, experimental use of "Virtual QRBs." Formerly, the three members of individual QRBs assembled in person at OPM and spent considerable time studying each candidate's case files in order to assure that candidates are well-qualified, and are not chosen primarily for political reasons. Careful QRB consideration of SES selections is a very important part of the Civil Service Reform Act, designed to ensure that merit principles are followed. In the legislative history, numerous members of Congress voiced their concerns regarding possible politicization of the SES, and there were frequent references to "independent" QRBs administered by OPM as providing a counter check to such politicization.

While SEA applauds the effort to reform the system, we have concerns with the process and believe that balance needs to be achieved between more efficient hiring procedures and acquiring necessary information and review processes are followed to ensure the most qualified applicants are selected.

SEA also encourages OPM to pursue hiring flexibilities in its effort to streamline the hiring process. Such flexibilities are valuable tools for managing human resources and provide incentives for the recruitment and retention of federal employees. These flexibilities include initiatives such as rehiring federal annuitants. Such a tool would address the pending flood of retirements and would provide agencies greater flexibility in meeting their staffing needs.

Given the increased responsibility facing agencies to provide the requisite guidance and oversight of economic stimulus programs and funding, it is increasingly necessary to have experienced managers in place. Rehired annuitants would be able to provide the required experience to effectively manage critical programs and could also serve as temporary mentors to newer employees taking the place of retirees.

Conclusion

There are many issues and challenges affecting the ability of the federal workforce to provide effective and efficient service. By implementing necessary reforms now, to both the SES system and at all levels of the federal workforce, many problems can be addressed before they become intractable. SEA looks forward to working with Congress, OPM and the Administration to find creative solutions to ensure that the federal government's human resource management practices appropriately serve the workforce, federal agencies, and the American public.

Mr. LYNCH. Thank you, Mr. Bransford.
Ms. Niehaus for 5 minutes.

STATEMENT OF PATRICIA NIEHAUS

Ms. NIEHAUS. Thank you for this opportunity to present our views before the subcommittee. Please keep in mind that I am here on my own time and of my own volition, representing the views of FMA. I do not speak on behalf of the Air Force.

Today the Civil Service finds itself at a critical juncture. As roughly half of all Federal workers become eligible for retirement within the next decade, Congress must set an aggressive agenda to avoid a potentially disastrous retirement tsunami and promote confidence in Government. In our written statement, we make several recommendations to assist in Federal recruitment and retention as well as to prompt other needed changes to make Federal employment more attractive. I would like to address some of them now.

One of the many impediments potential employees face when considering a career in public service is the length of time it takes to navigate bureaucratic procedures during the hiring process. Most job vacancies take at least 3 months to be filled and upwards of a year if a security clearance is necessary. If the Federal Government seeks a reputation as the premier employer, it is essential that agencies operate in a fashion that most efficiently and effectively meets their own needs and the needs of those they seek to hire.

It is our experience that many applicants are more interested in serving the public than a particular agency. An individual seeking employment may apply for a position in one agency because that is where the vacancy is presented but they may be more than willing to work for several other agencies. The Government must do a better job in reaching out to these applicants. It is a shame to hear potential employees express frustration with the Federal hiring process and give up on a career in Civil Service.

Legislation we produced in the Senate seeks to drastically reform the process by which the Federal Government hires individuals into public service. The bill requires agencies to post job announcements in plain language and provide timely updates on each application's status. The bill further mandates agencies develop work force plans based on hiring needs and that no position be vacant for more than 80 days. The men and women in search of employment in the public service will not wait months, let alone a year, for the Government to contact them before looking for other work. It is essential that Congress consider this common sense proposal to capitalize on the current interest in public service.

As the Federal Government competes against the private sector, agencies must take advantage of the tools at their disposal to recruit talented workers into public service. The use of added incentives may ultimately persuade individuals on the fence, especially if they have to endure a lengthy hiring process. Monetary payouts and student loan repayments have proven successful recruiting tools. Based on information gathered from 41 agencies by OPM, the use of recruitment incentives increased by 95 percent from 2006 to 2007 and proved critical in accomplishing strategic human capital goals.

In 2007, agencies distributed over 7,000 incentive payments totaling nearly \$58 million. While Federal agencies award themselves high marks for allocation of those payouts, the usage of student loan repayment programs is woefully deficient. Of the 83 agencies reporting, only 33 provided that benefit to their employees. While this marks a 15 percent increase over 2006, we are still falling short of where we need to be. Since all agencies responding noted that student loan repayment had a positive impact on recruitment and retention, more agencies should be taking advantage of this program.

I would now like to address the need for proper training within the Government. Current law requires agencies to establish a training program for managers. However, there is no accountability for managers to participate and during times of strained budgets, training is typically the first program to meet the chopping block. An agency's ability to meet its mission directly correlates to the quality of work force management. If an agency promotes an individual to managerial status but fails to develop the individual's supervisory skills, that agency severely jeopardizes its capability to deliver the level of service the American public expects.

The development of managerial skills is one of the greatest investments an agency can make, both in terms of productivity gains and the retention of valued employees. We at FMA support legislation introduced in the Senate which requires agencies to provide interactive, instructor-based training within 1 year of promotion to management and every 3 years thereafter.

If the Federal Government is to stand as the employer of choice, we must remain dedicated to advancing policies that strengthen the core principles of the Civil Service. Whether developing recruitment incentives or enhancing existing programs, we must understand that the Government's most important resource is the men and women who devote their lives to the public good. Consideration of the suggestions discussed in my testimony will facilitate our efforts to confront the challenges posed by an evolving work force.

Thank you again for the opportunity to express our views and I am happy to answer any questions you may have.

[The prepared statement of Ms. Niehaus follows:]



Testimony
Before the United States House of Representatives
Committee on Oversight and Government Reform
Subcommittee on Federal Workforce, Postal Service, and District of Columbia
April 22, 2009

Public Service in the 21st Century: An Examination of the State of the Federal Workforce

Investing in the Federal Workforce: Strategies to Enhance Government's Most Vital Asset

**Statement of
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Chairman Lynch, Ranking Member Chaffetz and Members of the House Oversight and Government Reform Subcommittee on Federal Workforce, Postal Service and the District of Columbia:

My name is Patricia Niehaus and I am here today representing the over 200,000 managers, supervisors and executives in the federal government on behalf of the Federal Managers Association (FMA). Please allow me to take a moment and thank you for this opportunity to present our views before the Subcommittee. As federal managers, we are committed to carrying out the mission of our agencies in the most efficient and cost effective manner while providing necessary services to millions of Americans.

Currently I serve as the Labor Relations Officer for the Travis Air Force Base in California. I have completed 26 years of federal service in the Department of the Air Force, the last 23 of which were in the human resources field. I began my tenure as GS-04 Secretary and moved up to my present position in the Civilian Personnel Office. During my career, I have spent time in two separate pay systems - first as a General Schedule (GS) employee and now a National Security Personnel System (NSPS) employee - and have worked with managers in three pay systems - Federal Wage Grade, GS and NSPS - to provide advice and guidance on personnel management issues. Over the past three years, I have been involved with NSPS as a member of the NSPS Implementation Team for Travis AFB as a trainer, as a pay pool facilitator and as an employee rated under this system. During my career with FMA, I have held several positions, including Chapter trustee, Chapter Vice President, Chapter President and Zone Vice President. I am presently serving my third term as President of Chapter 167, Travis Air Force Base. Please keep in mind that I am here on my own time and of my own volition representing the views of FMA and do not speak on behalf of the Air Force.

Established in 1913, the Federal Managers Association is the largest and oldest association of managers and supervisors in the federal government. FMA was originally organized to represent the interests of civil service managers and supervisors in the Department of Defense and has since branched out to include some 35 different federal departments and agencies. We are a nonprofit, professional, membership-based organization dedicated to advocating excellence in public service and committed to ensuring an efficient and effective federal government. As stakeholders in the successful implementation of human resource management, we appreciate the opportunity to appear before you today.

ISSUES CONFRONTING THE FEDERAL WORKFORCE

As a new Administration inherits a nation struggling to remain on solid ground amidst a collapsing economy and military engagements on multiple fronts, the President and Congress can remain confident that the 1.8 million member federal workforce will continue to go above and beyond the call of duty to successfully achieve the government's missions and goals. The Federal Managers Association strives to maintain that commitment by promoting an environment that attracts talented, civic-minded and hardworking federal employees to ensure the American public receives the highest level of service.

Today, the civil service finds itself at a critical juncture. As roughly half of all federal workers become eligible for retirement within the next decade, Congress and the President must set an aggressive agenda to avoid a potentially disastrous "retirement tsunami" and promote confidence in government. Severe budget constraints facing federal agencies serve only to compound the challenges presented in



replacing management ranks and filling critical positions. As federal managers, we find ourselves on the front lines during these times, and we believe managers will play a critical role in shaping legislation that advances the mission of the civil service.

Federal employees serve alongside their military counterparts on the ground in Iraq and other conflicts abroad. They are also on the cutting-edge of disease research, energy efficiency and the many social programs that deliver needed services to millions of Americans. However, federal employees continue to face an uphill battle every year the President proposes a pay raise unequal to and less than their military counterparts. We thank Congress for standing by the tradition of pay parity, which has helped our recruitment and retention efforts. We at FMA also recommend the following to assist in federal recruitment and retention as well as to prompt other needed changes to make federal employment more attractive to the future leaders of our nation.

IMPROVING THE FEDERAL HIRING PROCESS

As baby boomers begin to flee the government in record numbers, we will be faced with an unprecedented retirement wave. We must ensure the skills and knowledge of these employees are not lost by preparing for their exit today. Currently, we lack the ability to transfer the historical knowledge of our senior employees to the next level of personnel that will serve as their replacements through the merit promotion system. The following issues must be addressed in order for the government to adequately prepare for the impending retirement wave.

Length of Application Process

One of the many impediments potential employees face when considering a career in public is the length of time it takes to navigate bureaucratic procedures during the hiring process. Most job vacancies take at least three months to be filled, and upwards of a year if a security clearance is necessary. USAJobs is also incredibly difficult to navigate if you do not know in advance what you are looking for. This is simply unacceptable. If the federal government as a whole seeks a reputation as the premier model employer, it is essential that agencies operate in a fashion that most efficiently and effectively meets their own needs and the needs of those they seek to hire. To accomplish this goal, greater attention must be paid to streamlining the four stages of successful hiring laid out by the Office of Personnel Management (OPM): preparing to hire, recruiting top talent, selecting the best and measuring success.

In his opening statement before the Senate Homeland Security and Governmental Affairs Committee during his nomination hearing, OPM Director John Berry discussed the need to bolster each piece of the government's human resource operation to maximize federal service as a career of choice. The inability of agencies to identify positions that must be filled, recruit the desired talent and successfully hire qualified candidates in a timely manner severely jeopardizes our pursuit of this end. With a looming retirement tsunami, we must enact a shift within the federal government that promotes the expeditious pursuit of individuals to not only fill the void left by these retirees but to expand on the government's mission to provide American taxpayers with the best and brightest workforce.



Senators Daniel Akaka (D-Haw.) and George Voinovich (R-Ohio) recently introduced legislation, S. 736, which seeks to drastically reform the process by which the federal government recruits and hires individuals into public service. Language included in the Federal Hiring Process Improvement Act of 2009 would require agencies to post job openings and announcements in plain, concise language, eliminate the need for applicants to submit “knowledge, skills, and abilities” essays and require agencies to provide timely updates on each application’s status. The bill further mandates agencies develop workforce plans based on hiring needs while allowing no more than 80 days to pass from the point a vacancy is identified to when an offer is made.

Unlike in the past, technological impediments no longer serve as an excuse for the prevalence of the lengthy hiring process. As Senator Voinovich explained, we have updated our use of technology but have failed to update the actual hiring process, creating a great disservice to those seeking federal employment and reinforcing the notion of the bureaucratic nature of our government. The men and women in search of employment in public service, whether they are college students seeking their first experiences as members of the labor force or twenty-year veterans of the private sector, will not wait months, let alone a year, for the government to contact them before looking for other work. It is essential that Congress consider this commonsense legislative proposal set forth by Senators Akaka and Voinovich to capitalize on the current preference potential employees are placing on service in the public sector.

Direct Hire Authority

Federal agencies encountering workforce vacancies they deem critical in nature are afforded the opportunity to request the use of direct hiring authority in order to circumvent the standard hiring process. Upon OPM’s approval, agencies granted this authority do not need to navigate the standard channels when considering an applicant to fill the position. It is our belief the use of this beneficial tool must be expanded to meet the requirements posed by an ever increasing workload in the face of an impending retirement wave.

While maintaining the core principles of a fair and equitable hiring process, expansion of the direct hiring authority will serve agencies and applicants alike by reducing the duration positions remain vacant. Agencies must be required to submit a full proposal to OPM explaining the reason for the opening’s “critical” designation, which, in our opinion, contradicts the immediate nature of the opening. Consideration should also be given to positions that currently fall outside of the traditional critical label. Looking beyond jobs in the fields of engineering or computer technology, agencies should be given greater discretion to determine what positions should be filled most expeditiously to advance their missions.

In this situation, OPM serves as the ultimate decision-maker. While having a central agency in charge of personnel practices is useful and necessary, agencies should be given broader authority to fill vacancies based on their individual needs.



Streamlining Job Announcements

It is our experience that many applicants in search of service in the federal government are more interested in serving the public than a particular agency. For example, an individual seeking employment as an accountant may apply for a position in one particular agency because a vacancy is presented, but they may be more than willing to work for several other agencies. Federal agencies must do a better job of simplifying job descriptions and reaching out to these applicants. It is a shame to hear potential employees express their frustration with the federal hiring process because they found an ideal fit, failed to secure the position, and proceeded to give up on a career in civil service when many other agencies may be in pursuit of their experience and skill set.

The Federal Hiring Process Improvement Act of 2009 contains language establishing an inventory of applicants seeking employment in the federal government. Complied by OPM, such a database of applicants would allow federal agencies to tap into talent they would otherwise miss. OPM would store applicants' résumés, contact information and other pertinent materials deemed appropriate for one calendar year. Applicants could update their information at will throughout the period their file remains in the database. Agency officials could search the database by agency and job classification, allowing them to match their vacancy to the appropriate candidate. Development of such a system to further connect the federal government with potential employees is crucial as we confront workforce challenges posed by the impending wave of retirement.

Recruitment Incentives

As the federal government competes against the private sector for the best and brightest in the U.S. workforce, it is essential that agencies take advantage of the tools at their disposal to recruit these talented workers into public service. While the nature of the work within federal agencies may prove the number one draw for men and women considering careers in government service, the use of added incentives may ultimately persuade those individuals on the fence deciding between the public and private sectors, especially if applicants have to endure a lengthy hiring process. Two of these available incentives, monetary payouts and student loan repayment, have proven successful recruiting tools and should be expanded upon in the future.

In a report released in September of 2008, the Office of Personnel Management compared the use of recruitment, relocation and retention incentives in calendar year 2007 to calendar year 2006. Incentives, in this instance, referred solely to monetary disbursements as established under the Federal Workforce Flexibility Act of 2004 (P.L. 108-411). Based on information gathered from 41 federal agencies, the use of recruitment incentives increased by 95 percent over the two years and proved critical in accomplishing strategic human capital goals. In 2007, agencies distributed 7,176 incentive payouts totaling \$57.5 million, a dollar increase of 74.82 percent over 2006. The average payout totaled \$7,454.¹

Agencies allocated the majority of these payments to new hires filling mission critical positions, most often in the fields of health care, engineering, security and information technology. As discussed in

¹ United States Office of Personnel Management, *Recruitment, Relocation and Retention Incentives: Calendar Year 2007 Report to the Congress*, September 2008



our statement concerning the use of direct hire authority, it would serve many agencies best if they were to expand the designation of positions as “mission critical” depending on their needs as opposed to restricting the title to more traditional positions. Agencies’ use of the payments covered a wide range of grade or work levels, according to OPM, and it is essential that this continues to preserve institutional knowledge in all levels of the federal workforce. Additionally, we must ensure payouts take place in a timely fashion.

While federal agencies may award themselves high marks for their use of these payouts, the usage of student loan repayment programs is woefully deficient. Of the 83 agencies reporting on the use of student loan repayments for OPM’s FY07 report to Congress on the recruiting tool, only 33 provided the benefit to their employees, for an average of \$6,377 per employee in assistance. While this marks a 15 percent increase over FY06, we are still falling short of where we need to be. In FY07, student loan assistance was given to only 6,619 employees, with nearly 4,400 coming from two agencies – the Departments of Defense and Justice.² Government agencies that currently harbor no plans to establish such programs should pay attention to the benefits expressed by those that do take part. All agencies responding to the survey noted that student loan repayment had a positive impact on recruitment and retention. One agency specifically said the incentive allowed it to directly compete with the private sector for entry and mid-level hires. Notably, the Federal Bureau of Investigation used student loan repayment to recruit and retain 359 intelligence analysts in FY07.³

An American Council on Education report found that roughly two-thirds of college students graduate with over \$15,000 in debt from educational loans. Masters, Ph.D. and professional graduates face significantly higher debt totals, averaging \$27,000, \$45,000 and \$65,000 respectively.⁴ According to a 2002 survey conducted by the Partnership for Public Service, two-thirds of students graduating from law school said the debt they accrued eliminated a position in the federal government as a viable post-graduate option.⁵ It is more than unfortunate that these highly educated individuals are forced to look elsewhere for employment when the federal government could help alleviate their financial burden.

FMA supports legislation introduced in the 110th Congress, S. 1047/H.R. 2363, which would amend the tax code to allow federal student loan reimbursements to be excluded as income. Authorizing the federal government to offer potential new members of the workforce a way to pay down their student loans would attract more highly talented employees to federal service.

REEMPLOYING OF FEDERAL ANNUITANTS

As the United States continues to tackle the financial crisis during a presidential transition, many former federal employees with economic-specific institutional knowledge will need to return to government to train and mentor current employees through this trying time. Agencies need the authority to allow these individuals to come back to work.

² United States Office of Personnel Management, *Federal Student Loan Repayment Program: Fiscal Year 2007 Report to the Congress*, May 2008

³ Ibid

⁴ Partnership for Public Service, *Student Loan Repayment*, Issue Brief PPS-05-07, August 11, 2005

⁵ Ibid



However, federal employees who strive to continue serving the nation after retirement are penalized for returning to work in the form of a pay reduction to offset federal retirement annuity. Military retirees who return to work as civilians do not face this offset. The rate at which federal employees are retiring from the federal government is cause for concern. The Office of Personnel Management estimates that over 50,000 employees retire annually and over half of our nation's workforce will be eligible to retire in the next decade.

Currently, the agency hiring a reemployed annuitant must request a waiver from OPM to ensure the employee's pay is not reduced if they return to service. These case-by-case waivers are hard to come by, often not approved and reserved for emergency or unusual circumstances. It was not until after the September 11th terrorist attacks that these waivers were even allowed. Additionally, current regulations do not allow for the short term rehiring of annuitants for the purposes of training, mentoring or work on special projects.

The National Defense Authorization Act for Fiscal Year 2004 (P.L. 108-136) gave the Secretary of Defense authority to hire federal annuitants without reducing their salaries by the amount of their annuities and without the required approval of OPM. Under this law, a federal annuitant hired by the Department of Defense is entitled to receive both a federal annuity and the full salary for the position into which he or she is hired. Consideration should be given to extending this authority to the rest of the federal government.

Reemployed federal annuitants make up only a small fraction of the federal workforce. Between 2000 and 2007, the number of reemployed Civil Service Retirement System (CSRS) annuitants increased from about 2,200 to more than 4,200. Over the same period, the number of reemployed Federal Employees Retirement System (FERS) annuitants increased from about 450 to just over 1,000. As a percentage of civilian Executive Branch employment, reemployed annuitants increased from less than 0.2 percent of total federal employment in 2000 to about 0.3 percent of total employment in 2007.⁶

There is promise, however. In 2000, 75 percent of reemployed annuitants were subject to salary offset, and 25 percent were employed under waivers allowing them to collect both a federal annuity and a federal salary. By 2007, just 40 percent of reemployed annuitants were subject to salary offset, while 60 percent were employed under waivers allowing them to collect both a federal annuity and a federal salary.⁷

Legislation introduced by Senator Susan Collins (R-Me.) in the 111th Congress (S. 629) would authorize federal agencies to reemploy retired federal employees on a part time basis, without forcing employees to take a reduction in salary corresponding to retirement annuity. The bill limits the number of hours a reemployed annuitant can work. Such safeguards ensure the annuitant will only serve part time for the purposes of training, mentoring and filling critical positions until a full time employee is hired or promoted.

⁶ Testimony of Patrick Purcell, Congressional Research Service, before the House Oversight and Government Reform Subcommittee on Federal Workforce, Postal Service and the District of Columbia. May 20, 2008.

⁷ Ibid.



Specifically, reemployment would be limited to 520 hours in the first six months following retirement and 1,040 hours in any 12 month period. Reemployed annuitants would be able to contribute a total of 3,120 hours of service before any offset to their annuity occurs. While the individual would receive both salary and annuity payments, they would not be considered employees for the purposes of retirement and would receive no additional retirement benefits based on their service. The bill also mandates that agencies fill no more than 2.5 percent of their workforce with these individuals, and any agency exhibiting a workforce consisting of over one percent reemployed annuitants would be required to file a report to Congress and OPM detailing the appointments. The bill contains a clause that would conclude the hiring benefit five years after enactment, calling for a review of the program within three years of enactment by the Government Accountability Office and establishment of a corresponding report to be delivered to Congress.

We should strive to mitigate the loss of federal employees to retirement and ensure that the government can function effectively, while also filling critical gaps and helping train the next generation of federal managers. This is a crucial tool for successful recruitment, retention, and mentorship between experienced federal employees and new civil servants.

LABOR-MANAGEMENT RELATIONS

No viable change in the human resource management of the government will take place without the full buy-in of agency leadership, managers and employees. In undertaking a new endeavor, feedback from and collaboration among managers and employees significantly increases morale. Open and honest communication between management and union leaders will ultimately lead to fewer grievances and contract disputes. When all the stakeholders are involved in the formation of new programs or policies, they likely will be more accepted by the workforce.

Former President Bill Clinton signed Executive Order 12871 which established a National Partnership Council. The Council was formed to advise the President on matters involving labor-management relations in the Executive Branch. It also required agencies to establish individual partnership councils and increase union involvement in agency decision-making. The Federal Managers Association held a seat on the Council. However, shortly after taking office, President George Bush revoked the Order and dissolved the Council. At the time of disablement, union leaders touted the partnership's recent improvements, while conservative groups claimed the Order weakened the authority of federal managers.

When the Council met on a national level, the concerns of managers were heard in many ways. However, there was a disconnect and inconsistent behavior in the deployment of the partnership to the field, and in some cases, agencies chose to exclude first and second line managers from their councils. For a partnership to succeed, it is imperative that it be built with all involved parties engaged. FMA supports the idea of true partnership with labor and management sitting at the table without limitations imposed on either party.



EXTENDING THE PROBATIONARY PERIOD

We at FMA also support an increase in the probationary period of newly-hired federal employees and the statutory limitation on appeal rights from one year to two years as we consider changes to the hiring process. Persons qualifying for veterans' preference would be exempted. Currently, virtually all new federal employees are required to serve a one-year probationary period. During the probationary period, employees are in "career-conditional" status. If they do not perform in their first year, they can be dismissed for cause without having the appeal rights to which career civil service employees are otherwise entitled.

The increasing complexity of certain jobs require a long formal training period and an even longer "trainee" period before employees reach full operating level. In the Social Security Administration, for example, the Claims Representative position is one of the most common jobs into which new federal employees are hired. It is generally acknowledged that it takes most people at least 2-3 years to get comfortable in the job. One year simply is not enough time to evaluate whether or not an employee will be able to succeed in the job.

A specialized Claims Representative undergoes formal basic training for a period of four months. Frequently, SSA hires generalist Claims Representatives which require eight months of training in separate four-month segments. Many times, this training is conducted in a location different from the office where the trainee will be permanently assigned, giving the supervisor less time to observe and evaluate the employee. After the formal training period is concluded, the trainee is given a reduced workload and supplemental training for several additional months.

For these reasons, a supervisor may have insufficient time to properly evaluate whether a new hire will be able to properly learn and apply the skills needed to perform the job with only a one-year probationary period. Many times, an employee will do well in formal training, but struggle once they start doing the actual work. With a one year probationary period, we have a very small window of time, sometimes as little as four months, in which to: identify performance; counsel the employee; allow the employee the opportunity to improve; and, take appropriate action to remove.

This also puts an unfair burden on the employee. These jobs are difficult and complex and it takes some people additional time to learn the job. Managers are placed in the difficult position of having to decide whether or not to keep employees when they may not have had sufficient time to evaluate them. If managers miss the one-year window to dismiss a failing employee, the burden of proof becomes much greater if they decide to do so later. There is an incentive to dismiss the employee prior to the expiration of the one-year window even though the employee may not have had sufficient time to show that they could master the job.

The one-year probationary period is a regulation (5CFR 315.801-.806) that could be changed by the Office of Personnel Management. The statutory basis is 5USC 3321, which simply calls for a probationary period. Even if it were extended, Chapter 75 of Title 5 extends full appeal rights to any employee who has completed one year of service. As the Government Accountability Office (GAO) notes in the introduction to GAO-05-812R, "the critical feature of dealing with poor performance during



the probationary period is the limitation on appeal rights.” Therefore, in addition to changing the probationary period, it is crucial to extend the statutory limitation on appeal rights to two years.

We believe that a legislative remedy increasing the probationary period and the limitation on appeal rights from one to two years for all newly-hired federal employees except qualified veterans would lead to more efficient government service. We are ready to work with other interested parties to develop appropriate legislative language.

ISSUES CONFRONTING FEDERAL MANAGERS

We are facing a pivotal time in American history when the need for the federal government to provide services that assist and protect the American public could not be more present. The budget deficit continues to grow at record levels and managers continue to be asked to do more with less. While they still perform admirably, there are many changes that could strengthen their ability to offer the best services to the American people. Federal managers must have the flexibility and resources to recruit and retain talented and knowledgeable civil servants.

Not surprisingly, we are in the midst of a human capital crisis, exacerbated by the fact that sixty percent of all federal managers and supervisors – roughly 100,000 workers – and more than half of the current federal workforce – about 900,000 employees – will be eligible for regular or early retirement in the next few years. FMA believes there must be a proper mix of managers, rank-and-file employees, and senior executives to fulfill each agency’s mission. Arbitrary downsizing and outsourcing without proper mission analysis only hurts front-line supervisors’ ability to manage at all, much less administer effectively.

FMA makes the following recommendations based on our belief that providing talented managers with fair benefits and compensation, as well as the authority and flexibility to make tough decisions, is the key to managing a successful and strong civil service.

TRAINING, TRAINING, TRAINING!

Current law requires agencies to establish a training program for managers on addressing poor performing employees, mentoring and conducting accurate performance appraisals. However, there is no accountability for managers to participate, and during times of strained budgets, training is often viewed as a secondary expense and is typically the first program to meet the chopping block when cuts are made.

As the attrition rate in the federal government continues to rise, the management ranks need replenishing and the new crop of managers needs better training to deal with the challenges of a modern workforce. Management training can no longer be viewed as an expendable program. For federal agencies to remain competitive, effective and efficient, these programs need to be made mandatory. By establishing a mandatory initial training program and ongoing training series, the entire workforce benefits from enhanced supervision and improved leadership. Funding these programs in the appropriations process is essential to preventing training dollars from being cut when budgets are tight.



Many employees promoted to management roles are often done so based on their technical skills, especially under the GS system where pay is based on promotion through the various levels and steps. It is not surprising, therefore, that many employees note that their supervisors' managerial skills lag behind their technical skills.⁸ An agency's ability to meet its mission directly correlates to the quality of workforce management. There is a clear need for training if a manager is to be fully successful. If an agency promotes an individual to managerial status based on technical prowess but then fails to develop the individual's supervisory skills, that agency severely jeopardizes its capability to deliver the level of service the American public expects.

The development of managerial skills is one of the greatest investments an agency may make, both in terms of productivity gains and the retention of valuable employees. A supervisor's ability to effectively monitor his or her workforce while resolving internal conflicts is instrumental in forming an appealing work environment. Whether serving as a mediator between upper level managers and their staff or clearly defining organizational goals, well-trained federal managers serve a vital role in the continuity of operations on a day-to-day basis and are an essential component in ensuring the federal government retains a workforce that espouses a strong work ethic and commitment to the nation's wellbeing.

The Federal Supervisor Training Act of 2009 (S. 674), introduced by Senator Akaka, requires agencies to provide interactive, instructor-based training on management topics ranging from mentorship and career development to hostile work environments and poor performers. After the initial supervisory training, which would take place within one year of promotion, supervisors would be required to receive ongoing training once every three years thereafter. In addition, the measure includes an accountability provision to establish competency standards to ensure the training and its intent is effective.

By establishing a mandatory initial training program and ongoing seminars, the entire workforce benefits from better supervision and improved leadership. Funding these programs in the appropriations process is essential and will prevent training dollars from being cut when budgets are tight. When managers are properly trained to do the job for which they have been hired, everyone wins. We believe properly trained managers will also lead to fewer employee grievances, both formal and informal.

Mentorship

As supervisors of the next generation of employees, the onus is on us to develop these individuals into successful members of the federal workforce. It is therefore imperative that we establish a leader-follower motivational program through mentoring and coaching. As an essential component to the stability of every organization, the mentoring and coaching process provides an avenue for honest and empathetic collaboration while developing participants' full potential. Mentorship provides intangible benefits to any employee or supervisor's professional growth.

Ideally, the relationship should foster an atmosphere of high competency and a mutual interest in the professional and personal wellbeing of each other. Often, the day-to-day duties of an employee

⁸ United States Merit Systems Protection Board, *The Federal Government: A Model Employer or a Work in Progress?*, September 2008



overshadow the big picture. A mentor reinforces the importance of performing every task to the best of the employee's ability, while maintaining a global perspective on its significance in the long term. Moreover, development of such a relationship serves as an added motivational factor to improve work performance.

A mentor can be defined as a role model, an able advisor, a supporter, or a friend, but most importantly the mentor must be a person who has a vested interest in an employee's goals. Mentoring is an optimal way to share knowledge, experience and expertise throughout an organization. Developing a mentorship program enhances motivation and improves morale among an entire workforce.

For mentorship programs to be effective, several guidelines must be adhered to. A mentor should not be a direct supervisor of the employee, but must have buy-in from the supervisor. Each participant must be personally vested in the relationship - a mentor may provide both professional and personal support. Finally, the mentor relationship should cross professional areas of expertise while lasting a specific period of time, after which an informal relationship may continue.

It is our belief that the establishment of the provisions contained in the Federal Supervisor Training Act of 2009 coupled with increased attention on the development of mentorship programs will prove invaluable as we face a wave of retirement that will drastically reshape the civil service. Creating as smooth a transition as possible as we employ the next generation of public servants must remain a top priority for the 111th Congress and beyond.

MANAGING MULTIPLE PAY SYSTEMS

Since its inception, the General Schedule has been hailed as the cornerstone of the federal workforce. However, several agencies now employ personnel systems other than the GS for some or all of their employees. While we are encouraged that the government has abandoned most pass/fail systems, we are concerned that the differences between pay-for-performance systems and the General Schedule make it difficult for employees to switch jobs within the government. There is also the added hindrance of a single agency employing multiple systems as in the Department of Defense and Internal Revenue Service.

DOD, for example, currently employs workers enrolled in the NSPS, GS, and Wage Grade pay systems. It is simply unacceptable that a single agency utilizes multiple pay systems that are often at odds with each other within individual departments. This problem is exacerbated when raises among equally performing employees differ. It is the view and recommendation of FMA that DOD establish cohesion within departments in order to foster a greater sense of equality among the workforce. Employees should not be at a disadvantage simply because they are enrolled in a different pay system than their counterparts whom they work alongside.

Overall, the discussion needs to concentrate on whether government wishes to pursue pay-for-performance. If the answer is yes, we need to establish core principles so that a single system that can be implemented across agencies. Transparency, fairness and objectivity need to be core elements that comprise any system we create. Another potential option is the modification of the General Schedule



system to incorporate some of the elements that provide the flexibility and ability of those systems that have been tried among agencies.

MANAGEMENT FLEXIBILITIES

As the federal government faces a human capital crisis created by decades of poor succession planning and inadequate leadership development, Congress authorized new flexibilities for managers to aid them in carrying out the missions of federal agencies as well as to overcome the retirement wave they are currently confronting. However, more needs to be done to address workforce concerns facing the civil service.

FMA applauds ratification of the Federal Workforce Flexibility Act of 2004 in the 108th Congress which seeks to increase managerial flexibilities by providing managers with the authority to: use recruitment, retention, and relocation bonuses to hire and retain the best and brightest; increase demonstration and pilot projects in the areas of personnel management; utilize streamlined critical pay authority to use higher salaries to attract employees needed for critical positions; increase the importance of agency training as a career development tool; and, allow federal employees to earn compensatory time for personal time spent traveling on agency business. We recommend the following in order to facilitate greater usage of these flexibilities.

Retention Incentives - Telework

While agencies should devote significant time to the development of recruitment strategies, it is imperative that current federal employees also receive incentives to remain within government and their respective agencies. To this end, it is absolutely critical that the federal government adapt to take advantage of many workforce flexibilities created by advancements in technology. Of note is the expansion of telework opportunities, and we urge Members of Congress to support recently introduced legislation which builds upon this retention tool currently paying significant dividends to agencies employing it.

A critical recruiting and retention tool in the federal government's pursuit of the best and brightest workforce, telework affords employees the opportunity to conduct their duties from locations outside of their central offices via remote connections. In March, lawmakers in the House and Senate introduced legislation which would expand telework opportunities available to federal employees through the establishment of a standard government-wide policy on the flexibility initiative. Despite the apparent benefits this program entails, similar legislation introduced in the 110th Congress failed to become law.

The Telework Improvements Act of 2009 (H.R. 1722/S. 707) sets a series of parameters agencies must adhere to in the implementation of telework initiatives. Establishing OPM and GAO as the primary bodies of oversight and telework data compilation, the Act emphasizes the need for agencies to adapt to an evolving workforce and embrace a workplace flexibility program already available on a limited scale.

The legislation would require agencies to allow eligible employees to engage in telework for a minimum of 20 percent of the hours worked over a two week period, monitored by a Telework



Managing Officer present in each agency. Lawmakers included language in the bill expanding the training available to federal employees and their supervisors to further promote the trust necessary for the program's success. Development of a standard government-wide policy on telework would produce benefits in terms of productivity gains, employee satisfaction and environmental conservation far outweighing the cost of adjusting to a change in workforce management.

Retention Incentives - Performance Rewards Available Under the GS System

Several provisions are currently in place under the GS system that allow managers and supervisors to award employees' performance. I would like to discuss some of them, but I must point out that usage of these tools has been sparse throughout federal government and across agencies.

There are Within Grade Increases (WGI), which can be up to three percent of an employee's salary, Sustained Superior Performance (SSP) Awards, which can be up to five percent, and Quality Step Increases (QSI), which can also be up to three percent. Managers can also distribute small cash bonuses, usually between \$25 and \$250, for marked accomplishments. Some agencies also employ a Special Act or Service Award. This is a cash award given to recognize a meritorious personal effort, act, service, scientific or other achievement accomplished within or outside assigned job responsibilities and can be up to \$25,000.

There are also non-monetary awards available. Employees can be granted a Time Off Award which can be up to 80 hours of time off during a leave year without a charge to leave or loss of pay as an award for achievements or performance contributing to an agency's mission. Other non-monetary awards include medals, certificates, plaques, trophies, and other tangible incentives that have an award or honor connotation. These can be especially helpful if the employee receiving the award believes agency leadership is aware of his/her contributions.

Retention and relocation payments have proven successful tools to retain a highly skilled workforce. As established under the Federal Workforce Flexibility Act of 2004, federal agencies are allowed to distribute payments to employees as incentives to remain on board and in some instances to further compensate them for relocating to remain with the agency. According to OPM, agencies issued 1,974 relocation incentive payouts in FY07, a 95.64 percent increase over FY06. The amount of the payments totaled \$23.2 million, a 99 percent increase over the previous year. The average payout totaled \$11,735. Agencies also issued 22,794 incentive payouts totaling \$127 million for retention purposes in FY07. The average retention payout totaled \$5,573.⁹

As you can see, there are rewards available to high performing employees that distinguish their performance. However, the resources available to managers and supervisors to reward those employees are limited. The budget process for awards is normally based on a percentage of the aggregate base payroll (usually around 1.5 percent); therefore the total dollars available are insufficient. Additionally, the process for awarding employees is extremely cumbersome and many managers do not spend the time

⁹ United States Office of Personnel Management, *Recruitment, Relocation and Retention Incentives: Calendar Year 2007 Report to the Congress*, September 2008



to accurately identify performance and reward it appropriately. I believe many managers are also unaware that these incentives even exist.

It has been our experience that federal agencies have broad statutory authority to design and implement a variety of incentive programs to meet their specific needs. We have heard from managers in different agencies who use different methods of performance awards. In order for these awards to be used effectively, managers must have support from top agency leadership. When combined, these tools provide a powerful incentive for federal employees to remain in public service, and further expansion in the future will be necessary to continue to compete with the private sector.

ACROSS THE BOARD CUTS OF MANAGEMENT

We are concerned with the Obama-Biden campaign proposal titled, "The Change We Need in Washington," which specifically states, "Barack Obama will thin the ranks of Washington middle managers." We at FMA strongly disagree that arbitrarily thinning the ranks of federal managers is the most effective way for President Obama to achieve his goals and to tackle government reform.

In looking for a creative solution to develop a more effective federal government, many previous incoming administrations have focused on what they see as a "bloated" federal workforce. Consistent with this focus, President Clinton organized the National Performance Review that called for a reduction of the civilian federal workforce by 100,000 jobs by the end of 1995, with 10 percent of those cuts coming from senior management. According to the White House Record of Progress for the Clinton-Gore Administration, by the end of his presidency, the workforce had been reduced by 377,000 jobs. The National Performance Review also called for the span of control (the number of people who report directly to a manager) to increase from 1:7 to 1:15. In reaching President Clinton's reduction goals, agencies eliminated thousands of management positions without any measurement of the effectiveness of the effort. This decision undoubtedly has had a direct impact on the increasing backlog of cases at the Social Security Administration and Veterans' Affairs.

An arbitrary cut of managers based upon an across the board ratio for all of federal service is not the answer. Instead, we encourage you to think about the long-term impact qualified managers have on the ability of an agency to meet mission critical goals. Focus should be on making an objective job-specific determination of where managers are needed, what type of critical skills are required to accomplish the task, and developing and training those individuals to manage their subordinates effectively within the context of governmental and agency performance goals.

We suggest the best way to reform the management sector of the federal government would be to allow the Government Accountability Office to conduct an objective in-depth study of the effects of actions taken in the 1990s that initially reduced the management ranks. Of particular interest is a review of the effect that the earlier cuts had on agency employee and customer surveys, existing goals and scorecards, and other tangible measurements of agency performance.

Based on our observations and feedback from our members, the negative impacts of these cuts on the remaining managers and the ability of federal employees to meet agency critical missions has been long-lasting. With the onset of retirements predicted over the next few years, it is probable that non-



surgical reductions will result in skill imbalances, loss of institutional memory, severe work pressure and responsibilities beyond the managers' training level, a loss of focus on agency goals and a lack of lower level managers ready and willing to accept higher level positions.

We applaud the new Administration's goal of government reform and look forward to working with the President to meet his objectives. We hope you will consider the usefulness of a strong management team, rather than wholesale implementation of further cuts to an already reduced managerial workforce.

PAY-FOR-PERFORMANCE

Considering the focus of the hearing is on human resource management, we would be remiss if we did not mention the current implementation of pay-for-performance systems in the federal government. As those who are responsible for the implementation of new personnel programs, it is our stance that changes need to take place. The current General Schedule pay system and performance review methods are antiquated. However, certain fundamental principles of merit remain crucial to preserving the integrity and accountability of a new employment system. We have seen through demonstration projects and pilot programs in various agencies around the country over the past few decades that implementing human resource management structures can help improve the productivity and missions of agencies.

We believe that the highest performing employees should be rewarded with the highest rate of pay; those employees who fall below the curve on their overall performance should not be rewarded at the same rate. The link between performance and pay provides employees with the confidence that their efforts will be appropriately recognized and rewarded. Where is the incentive in doing a better job than your colleague when little is done to differentiate additional efforts?

Any personnel system must adhere to certain basic principles if the system is to succeed. The integrity of pay-for-performance will be severely hindered if all high performers are not rewarded accordingly. Recently, a large percentage of FMA's members within the Department of Defense were transitioned into the National Security Personnel System. Additionally, FMA members at the Internal Revenue Service are also under the IRS' pay-for-performance system. We would like to focus our written comments on these two systems.

NSPS Program Deficiencies and Recommendations

The implementation of NSPS has caused a fundamental shift in the culture at DOD; a shift for which many of our members were not adequately prepared. This has marked the biggest change to a federal agency personnel system in over a generation. We have heard strong calls from our members to return to the General Schedule pay system. As discussions continue on Capitol Hill regarding the future of the system, we believe certain changes need to be made while NSPS serves as DOD's pay system. It has been our experience that DOD leadership is out of touch with what is carried out on the ground. Below is a list of problems and recommendations we believe DOD should address to ensure a fair and transparent system.



Going into the new system, the biggest cause for concern among our members was how the funds in the pay pools would be distributed. In 2007, Congress guaranteed all NSPS employees sixty percent of the GS raise. It is absolutely critical that any employee rated a 3 (valued performer) or above should, *at a minimum*, receive the congressionally approved pay raise. The General Schedule increase is the cornerstone of current federal compensation policy and should not be included as part of performance-based increases. The purpose of the yearly increase is to keep government salaries competitive with the private sector in hopes of closing the growing pay gap between the two. Issues of fairness and low morale would certainly surface if a valued performer were to receive less than the GS raise. Employees who are considered valued performers but receive less than they would have under the General Schedule have no confidence in the system.

During the last three ratings cycles, we have seen the average pay raise under NSPS greatly exceed the GS raise over those three years. We are encouraged that the system is accurately rewarding high performers. However, there is no guarantee the pay pools will have the funds to distribute more than the sixty percent required by Congress. Should budgets be cut, this trend could easily be reversed. If the pool of money is lacking, the performance of some deserving federal employees may go unrecognized, causing the system to fail in meeting its objectives, in addition to creating dissention among employees.

With a sixty percent pay increase guaranteed, it is feared any other pay employees receive (assuming performance standards are met or exceeded) will come in the form of a bonus which does not count towards basic pay for retirement purposes. This not only affects employees' salaries from this point forward, but also their high three and Thrift Savings Plan matching contributions. In such a situation, higher performing employees are better off under the old GS system.

The perceived bell curve distribution of raises is also of grave concern. Managers and supervisors have reported extreme pressure from higher-ups to maintain a specified distribution of funds or performance ratings within each pay pool. There is severe danger of ratings being deflated or inflated to accommodate a small section of the population. Employees must receive the ratings their performance dictates and they should not be harmed by a capricious ceiling. For any personnel system to be fair and effective, evaluative ratings and performance awards must be based on merit, not quotas and arbitrary caps. Forced distribution does nothing but contradict a pay-for-performance system.

We are also finding there is a lack of concrete business rules that allow for a transparent and fair deployment of pay-for-performance. We have heard several reports of the Pay Pool Panels and Sub-Pay Pool Panels being out of touch with the objectives and job functions of the employees whom they are rating. If the Panel is the ultimate authority on the final evaluation attributed to each employee and is able to adjust a supervisor's prescribed rating, employees should have access to their evaluation before the Panel engages in the review cycle.

As they are aware of the amount of money in the pool, the Panels have a direct stake in the final ratings of the employees. We have heard reports of great pressure from the Panels to lower ratings, especially in the cases of poorly written self-assessments. The Panels are too focused on the impact they have on the share value. The sole purpose of the Pay Pool Panel should be to ensure fairness, transparency and consistency exist in the system.



Additionally, business rules require a supervisor to provide a feedback session before completing the NSPS appraisal, but we are hearing this usually does not take place. This is a key part of the NSPS process that is often not given the importance it deserves. Job objectives should be discussed with employees to ensure they line up with mission objectives, supervisors' objectives and where good work can be identified and how improvements can be made. We find it alarming these conversations are not taking place.

Many employees continue to feel uncomfortable in the assessment of their own work as required under NSPS. Inadequate training in this area has contributed to employees' lack of confidence in the delivery of their own rating, as they are not sure how to properly convey the value of the work they perform each day. For many employees, this is their first experience providing such information, and a self-evaluation that fails to reveal their full worth to the agency may have a significant negative effect on their paychecks. It has been our experience that the Pay Pool Panels heavily rely on one's written assessment, despite the fact that these assessments are not required. More attention must be paid to properly train employees how to write self assessments in order to ensure employees get the rating their efforts merit.

If NSPS is to garner greater support from the employees engaged in its execution each day, more attention must be paid to the processes and enhanced coordination on which comprehensive implementation depends. A thorough examination of the ratings cycle and the prevalence of multiple pay systems within DOD and individual departments is necessary to allow employees to work with the system instead of against it.

The Internal Revenue Service Performance System

At the Internal Revenue Service, managers and supervisors operate under a paybanding system, while the agency's bargaining unit employees remain under the General Schedule. Currently, IRS leadership has decided that the 8,800 managers within the Internal Revenue Service receive at least the same base pay and locality pay increases that GS employees receive each year. As with NSPS, it is the overwhelming belief of our members that the congressionally appropriated pay raise should remain an across the board increase for performing managers and supervisors in IRS. However, any change in IRS leadership could mean a change in policy in which no one is guaranteed a pay increase regardless of performance rating. We believe including the General Schedule increase in the pool of money available for performance-based increases would be out of line with pay setting practices of other federal employees, including non-management IRS employees who are excluded from the system.

Many managers at the IRS face the unfortunate situation of having their annual salary equal to the non-manager employees they supervise. Since they operate under two different pay systems, it is not uncommon for managers and the employees they supervise to receive the same pay. In fact, managers often report that at least one of their subordinates makes more money than they do. As there is no additional compensation for the added workload and increased responsibility, there is an inherent disadvantage to becoming a manager.

Additionally, the IRS must take strides to eliminate the current service-wide performance ratings caps. For the IRS personnel system to be truly pay-for-performance, there cannot be arbitrary caps on the



number of higher ratings. Managers must receive the ratings their performance dictates and they should not be harmed by a capricious ceiling. For any personnel system to be fair and effective, evaluative ratings and performance awards must be based on merit, not forced quotas.

Unfortunately, each IRS segment is allowed to give a percentage of their managers an “outstanding” rating and “exceeded expectations” rating regardless of the actual performance of the managers in the pool. Even if all managers in the pool have exceeded their performance standards by a large measure, only a set percentage can get the highest rewards. As a result, some managers receive a rating below their performance. This negates the inherent principle behind a pay-for-performance system.

Currently, a manager’s salary cannot exceed the top of the band in which he/she is placed. The top and bottom salaries of each band shift upward each year based on the GS increase. For example, if the top of the band is \$100,000 and the GS increase is 3 percent, the new top of the range is \$103,000. The increase managers at IRS receive is based on a percentage of their pay. (For example – 8 percent for outstanding, 6 percent for exceeds expectations and 3 percent for meets expectations). Assume the range goes up by 3 percent and a manager receives an outstanding rating worth 8 percent. Managers at the top of the band will receive the 3 percent increase, but the additional 5 percent is lost. We at FMA believe an additional performance bonus should be awarded to managers whose performance ratings would have resulted in a higher increase in salary, if not for their being at the top of their band. The additional performance bonus should be equal to the amount of performance increase denied due to the salary cap.

However, if the manager had received a “meets expectations” rating and the IRS decided to award less than the GS raise for this rating, the performing manager is no longer at the top of his/her pay band. On one hand, a manager cannot exceed the top of the range; on the other, a performing manager can fall below the top. A policy change should be enacted to equalize this disparity to ensure managers at the top of the band continue to be recognized for their performance.

Lastly, the current awards pools fail to adequately reward managers for performance and for the compensation risk they face. In determining the awards pools, compensation should reflect the appropriate risk aspect of pay-for-performance. Increasing the pool available for performance awards will accomplish this goal.

Some Members of Congress, including Members of this Subcommittee, have asked for a halt in the implementation of pay-for-performance systems. We applaud DOD’s decision to forgo any more conversion of NSPS until an independent review of the system takes place. As this issue is debated and decisions are made on Capitol Hill, we encourage you to involve all stakeholders, including federal managers.

CONCLUSION

If the federal government is to stand as an employer of choice now and in the future, we must remain dedicated to advancing policies and legislation that strengthen the core principles of the civil service. Whether developing recruitment incentives or enhancing existing programs to bolster a positive



Statement of Patricia Niehaus before the House Subcommittee on Federal Workforce, Postal Service and the District of Columbia

and productive work environment, we must understand that the government's most important resource are the men and women who devote their lives to the public good. Consideration of the suggestions discussed in my testimony will facilitate our efforts to confront the challenges posed by an evolving workforce in the midst of an economic crisis, presidential transition and multiple military engagements abroad.

While we eagerly anticipate President Obama's further discussion of civil service reforms, we caution Congress and the Administration to approach such reforms in a calculated manner to ensure the preservation of the values and practices that have served the federal workforce well to date. Change for the sake of change can have disastrous consequences, but at the same time we cannot promote a laissez-faire approach in modernizing the civil service. To compete with the private sector for the best and the brightest in the workforce, we must aggressively pursue an agenda that capitalizes on the federal government's inherent strengths while developing new human resource techniques to advance the public's perception of the civil service.

Thank you again for the opportunity to express our views before the Subcommittee and I am happy to answer any questions you may have.

Mr. LYNCH. Thank you very much. Thank you for the timeliness of your remarks.

As a Member of Congress, I get to speak before a lot of student groups and especially a lot of high school groups. Several weeks ago, I spoke to the junior and senior classes at Mount Saint Joseph. It is a local Catholic school in my district. I talk to a lot of college groups as well. Part of my riff, if you will, is talking about public service and about the wonderful opportunities, the interesting areas where people work, what we do. I get the sense that in some cases, it is the first these kids have heard of it. I don't think that we do a good job at selling ourselves in terms of the career opportunities that are existing in public service. You all hit on that issue.

Now, Mr. Stier, I know that your group has worked basically to try to facilitate communication between students who might be prospective Federal career people, between the students and the agencies. I think, perhaps, your experience and your observations in doing that would help the committee if we could hear about that.

Again, I guess the second part of my question would be to all three of you. Are there certain specific regulatory changes, changes in the law, that would allow us to move people into Federal service quickly and in a better way? As you say, it is not just about doing it faster, it is doing it right by getting those right candidates into positions that they would be, I guess, maximizing their potential.

As well, some of the folks we need to pull into public service, especially with respect to the TARP program and this financial services oversight, we need experienced people that are right now in the private sector and understand how this system works. We have to get them into sort of a lateral shift.

That is a long question, but could you talk about your experience? Are there any changes that you think could be adopted in a timely fashion that might address the need?

Mr. STIER. Sure. You put your finger on the first bucket. People are simply not aware about the opportunities in the Government for them. That is true both for younger talent as well as more experienced talent. We have done research for both cohorts. So you have the exact same problem.

Government really hasn't been in the business of recruiting for a very long period of time. You saw a downsizing of about 400,000 jobs in the 1990's. Government, by and large, is way behind the game. The world is changing real fast; Government simply has not kept up. We are not doing the kinds of things that you need to build relationships over time with the talent market that are necessary.

There are a lot of things to be done. We have a program called Student Ambassadors.

In fact, we know from our research the most effective mechanism of interesting people is to hear from near peers. People knew people in Government who had just come in, who are excited about their job. They are going back to their alma mater and they are the ones that are going to be more credible with their near peers about the opportunities and the advantages of going into Government.

Government typically recruits from the perspective of its own organizational image as opposed to what the talent market is interested in, meaning that you have people going out from the Depart-

ment of Energy or Department of Homeland Security talking about their agency. They should be talking about their career paths and career patterns that the talent is interested in. Engineering careers in Government, IT careers in Government, you name it, that is the way it has to present. We have done a ton of work on this which we would be happy to share with you if it is at all useful.

There are very specific things that Congress can do. If there is one thing that is most important, however, it is in helping promote a sense of prioritization of these talent issues in the executive branch and the leadership and having you ask questions not just of Director Berry, who I think has a great vision of what needs to happen.

People talked about OPM here. OPM is important, but truth be told, this is a Government-wide issue. If you look at any well run organization, it is the top leadership that pays attention to talent, not just their HR function. OPM can do a lot better but it can never do the job on its own. We actually need to see every single agency stepping up its game and leadership in every agency prioritizing the issue of talent if you want to see real change. That would be the most important thing that could possibly happen.

I want to make sure there is some time for my colleagues here.

Mr. BRANSFORD. I would like to focus a little bit on what slows down the Federal hiring process. First of all, it is a merit system. We want to make sure we get the most qualified person. Second, there is Veterans Preference, which is a very, very important component but it does require agencies to go through certain processes. There have been efforts by OPM to simplify that and shorten the time period, but it does take more time to consider.

Then there is the security clearance process which has been backed up for a long time now. OPM has made some progress, but it still takes 6 to 8 months to get a security clearance.

Then there is a plethora of hiring flexibilities that agencies can use. Sometimes they are confused about that. Traditionally, before those hiring flexibilities were developed, you were hired off the Civil Service Register. Now, with the hiring flexibilities, people come in as Excepted Service; they are converted to Competitive Service. So it is kind of all over the place on how you come into the Federal Government.

Then I heard, and I am not an expert to talk about this, a talk which featured a retired OPM executive who talked about what went wrong in 1979 and 1980 with the Civil Service Reform Act. That executive talked about the fact that there was supposed to be a delegation of examining authorities from OPM to agencies. Their concern was it had not really happened like it was supposed to. I think it has happened somewhat. Like I said, I am not a personnel technician expert to talk about that, but I think it is worth looking into. To what extent has that been part of the problem?

Mr. LYNCH. Ms. Niehaus.

Ms. NIEHAUS. The delegated examining units that OPM has established, I know Air Force has one of them for our Air Reserve technicians and we do hire them faster than we do the other employees because of that. Because they have a specific unit. They do maintain a roster of people, so to speak, for the different positions. So I think the delegated examining authority is a good one to use.

But I also do think that the security clearances—I work for the Air Force—slow down almost every applicant that we have, even those that we have who are perhaps retiring military or Reservists on the side who want to come in and be either Air Reserve technicians or Civil Service employees. Their security clearances don't always transfer over so we have to go through the process with them again.

I think that we could make things clearer on USAJobs. We get phone calls on a regular basis from people complaining that they can't find the announcements, they don't understand the announcements, the process takes too long. Streamline that and go with the plain language job announcements. Give people a status report. If you apply for a job and 60 days later you haven't heard a thing from anybody, most people are going somewhere else to look. They are not waiting it out.

Mr. LYNCH. Just on a couple of those points, I don't know if you were here for the Director of OPM, Mr. Berry's testimony, but he did list the security clearance issue as one of his top three priorities. So he understands how long that is taking. He has expressed an interest and an intent to shorten up that, to streamline that whole process. So that was good news.

Let me ask you about the whole overlay system, which is what we are looking at here. OPM has been given the responsibility of tying this framework together for all of these Government agencies rather than having everybody doing their own thing, which is causing chaos. It is causing competition between agencies. It is causing employees who are doing the same thing—the same work, side by side—to be paid drastically different wages and benefits, which I think undermines a cohesive and positive moral in these jobs. Not to mention, I think it is illegal. But it is just the way the system has evolved.

I shudder to think what a class action lawsuit might do to our own agencies because if you read the text of the law, what is required, we don't seem to be adhering to our own legal standard. That troubles me greatly. There are enough industrious attorneys out there that at some point we are going to be called on that. So it would behoove us to adopt a system where people who are doing equal work with equal energy and equal effectiveness get paid equally. That is not happening right now.

But what do you think about the role of OPM? I don't know if it was because of what happened in the early 1980's with Civil Service Reform—I think there was a delegation there in part—but in some cases, agencies just got frustrated with the lack of progress and just said, hey look, I am going to take this responsibility on myself to try to get some things accomplished. So now we have a very patchwork system. It is not even a system; it is an ad hoc arrangement where agencies are doing their own thing.

I am just trying to think about how a new, recreated system with OPM involved would integrate into that system. How would they interface with the agencies and provide a general framework within which these agencies would work in their hiring, their promotion, their retention, and all of those things that are so important to our workers.

Because you have all said that our success is going to depend on how we treat our workers. We are supposed to be leading by example in the Federal Government. We are supposed to be the best employer, the one with the best ideas, the one that respects the commitment of our Federal employees to the highest degree. I don't see that happening here.

It has been that one administration does it this way and another administration does it that way. There is no continuity here. I think it has hurt the morale of some of our Federal employees, although I am impressed by so many of the employees that I meet with the energy, the goodwill, and the positive attitudes that they bring to their jobs every day.

But could you talk about the OPM overlay and how you see that working out?

Mr. STIER. Look, I think that there is obviously a whole host of issues that you have identified there. My own view, the 9/11 Commission to me said it best. They said that quality of the people is more important than the quality of the wiring diagram. I think this town is a town that loves to focus on wiring diagrams because it is something that seems a little bit more tangible. You can get your arms around it. I think that at the end of the day, while wiring diagrams are relevant, it is really the culture quality issues that are most important.

My own view is that OPM isn't doing what it needs to do. There are a lot of things that it ought to be doing that it can do within the existing system. I think it needs to own leadership development. It needs to own the full work force. One of our challenges here is that we have a work force that is the same direct head count as it was during the 1960's.

The difference is that the Government has gotten bigger but you have \$532 billion being spent on contractors. I don't think you really have anybody imagining strategically what really the contractor work force ought to be doing. How do we ensure that we have the right talent inside to manage those external resources? How do we make sure that we always have the internal capacity to get done things that are important for the public good?

That strategic approach to full and complete work force is something that I think rightly belongs with OPM, leadership development and full work force. It needs to be a facilitator of better activity amongst the agencies because by and large, I don't think that OPM has the capacities to help agencies keep up with that changing world which you described earlier. I think if they provided that expertise, they would be enhancing their role a great deal. I think Director Berry has outlined a whole set of important priorities. There is a lot for them to do.

I think the reality, though, as I tried to state earlier is that we have to imagine this as a total Government issue and not one localized at OPM. OPM can be part of the problem and part of the solution but it can never be the full solution. My view is that the tendency is for folks to point and say, the problem is OPM, when they ought to be owning that responsibility a fair bit themselves. I think DOD is a great example. They do a fabulous job in imagining what they need in terms of their work force planning, their talent acquisition, and their talent development.

That is a very interesting model. Side by side, you have close to 700,000 civilian employees. When I talk to the head recruiting General at the Army, I am like, why is it that you are not applying the same kind of principles to your civilian work force as you do to your military? He is like, ah, it is OPM's fault. When I looked at the General, I was like that cannot be. If that General cared enough about it, if he prioritized it, he would get things done differently, OPM or no OPM.

So partly my answer to you is that there are some very concrete things that OPM can and ought to do. It needs to imagine itself in a different role. It needs to be able to upgrade its own talent so it can provide that facilitation. But other agencies have to do likewise.

Then the final point I would make is this transparency information point. We don't know a lot of things we need to know. Delegate Norton asked the question about the 80-day hiring model. Truth be told, we don't know how long it takes to hire in the Government. One of the suggestions that we have made, and I think it is incorporated in the legislation in the Senate, is we simply map the hiring process for every agency. Every agency should map its hiring process and make that process public so that you actually understand what happens in the hiring.

I will tell you something interesting. We did a project which we called the extreme hiring makeover. We worked with three different agencies. We went in and that was our starting point. We mapped the hiring process. One agency had 110 steps. Forty-five people touched every single hire. As bad as that sounds, that is nothing compared to the fact that they didn't know. They did not know what their own hiring process was and that is why it became what it was.

Worse than all of the other two things I just said, is that they got the wrong person at the end of the process because they never had a conversation at the beginning between the program manager who needed to hire someone and the HR professional who was setting the requirements for the process. So they couldn't have gotten the right answer even after going through that Rube Goldberg contraption.

My point here is that we need better information, things like the Federal Human Capital Survey, are hugely important. We produce our best places to work rankings based on it. But it really only happens every other year because OPM only does it every other year. It ought to happen every year. We ought to have real time operational information. You ought to have that so that you can perform your oversight function and we can manage better. You can't manage what you don't measure, and we don't measure the right things in Government today.

Mr. BRANSFORD. It is exciting to hear Director Berry talk about his efforts to look and try to do something about the balkanization of the pay systems. That kind of leadership has not been apparent from OPM in the recent past.

I think OPM's role is one of leadership. To give you one example, what they did in the SES area is they took it and divided it into four discrete items so that the people who made policy decisions about the way the SES should be run had nothing to do with the

people who actually gave advice to agencies on a day to day basis. So they really didn't understand or know, other than in periodic meetings they might have, about the differences between the two.

Understanding the issues and problems with the Government; working with the agencies; having a direct connection with the people who develop policies and strategy; and then actually leading Federal agencies to reform, I think the agencies will fall in line. If they have a clear vision of what is expected and if they understand that they are very much expected to do these things, I think they will do them.

Mr. LYNCH. Ms. Niehaus.

Ms. NIEHAUS. I think that Max's idea of mapping the hiring process and making it public is a great one. OPM could then use that to possibly create a general wiring diagram to homogenize the different processes that various agencies are using. I know that even within DOD there is a large variety because of the centralization of personnel systems. Air Force has one central personnel system. Army and Navy have regionalized their main personnel offices. I think if there was one main diagram for agencies to follow, they would be able to be more consistent among each other.

I do agree about the pay system. I know we have nurses at our medical facility, which is one of the largest in the Air Force, working along side a VA clinic. The VA nurses in that clinic have much better pay than our nurses do as RNs. We do lose them to the VA, right next door on the same installation.

Mr. LYNCH. My VA hospitals—I have three in my district—are losing their people to the private hospitals. So it is sort of a domino effect.

Ms. NIEHAUS. We are in the San Francisco Bay area so we see a lot of that, too.

Mr. LYNCH. In your opening remarks, Mr. Stier, you talked about the possibility that we could have the Federal Government hiring up to 600,000 people in the next 4 to 5 years. I think that may be a little high but only because the economy has cut the retirement funds of all of our Federal employees by about 40 percent, at least their Thrift Savings Plans and those 401(k) type plans.

So I think some of our folks that were going to go out the door are probably rethinking that decision now. But in any event, even if it is on the low end of 400,000, you have still got a lot of people that are coming into public service very shortly. It makes it increasingly important that we plug the holes and try to make sense out of this thing before we have this surge in hiring so that we bring people in and we train them properly in this next wave of hiring. It is incredibly important that we get this done.

As you can tell, there are four other hearings going on at the same time. I am actually supposed to be on another one down the hall. Let me ask you, rather than following a strict question and answer format, are there issues that you think absolutely have to happen going forward here as we embark on this next wave of hiring? Are there a couple of points that you think absolutely must happen in order to give us any chance at all of success?

Mr. BRANSFORD. Mr. Chairman, I think as we move forward, it is important to have OPM exercise a leadership role. It is important to have the agencies take that seriously. I would recommend

and encourage the administration to utilize career senior executives to a greater extent than they have over the past 15 years. It provides the continuity and expertise in running Government programs that last over a long time. That makes a meaningful difference and that helps in the strategic development of programs. It is important to create a partnership between OPM and the agencies on the management of its human capital. A great tool is the Chief Human Capital Officers Council to do that.

But I think it is wonderful that this subcommittee is looking at this issue. I think it is important to keep a spotlight on it. I am encouraged by the remarks I heard this morning by OPM that as we move forward, there will be some serious attention to some very important issues. Thank you.

Ms. NIEHAUS. If we are going to grow our work force by 400,000 or 700,000 civilians, we need to look at our current managers. They are going to be the ones who are going to be training those people. They are going to have the responsibility for the new people. I think we need to focus on management training for them and make sure that the budgets are available so that training doesn't get cut.

I know at my installation, that was one of the first things that was cut. None of the military education was cut, but civilian management training went right out the window. So I think that needs to be a priority to make Civil Service more viable, to have the management training there, and to make it just as important as the military training.

Mr. LYNCH. Absolutely. I couldn't agree with you more. It is the first thing to go, to the point where it has been cut from every area from our management system. I think it was the Director of OPM actually this morning who pointed out that fact. We are devoid of any type of organized and systemic training protocol in Federal Government right now. We are suffering from that gap. Mr. Stier.

Mr. STIER. Absolutely. I think these are great suggestions and I would build off the point. We don't really know actually how much money and how much training is occurring. I believe that it is happening right now. The hiring, the output of talent is incurring today. So you are put in a position where you are flying that plane and retooling the engine at the same time. I think that the immediacy has to be understood. Partly what the priority ought to be is really information.

So to give you an example, the Department of Homeland Security lost three quarters of its career SES, I believe from 2003 to 2007. We can't tell you why. It is a damning number to lose three quarters of your career executives but we don't do exit interviews. We don't actually collect the information that we really need to understand the problems whether it is the amount of money we are spending on training, what happens, why do people leave, or what is the applicant experiences when they are applying to a job. We can tell you anecdotes and the anecdotes are fairly consistent.

But you don't collect information and in a way to make it understandable such that you can actually manage effectively in Government. That is one of the things I would be demanding on your side, the information that would permit you to understand whether your actions are the most high leveraged ones and have the most possibility.

So if you start peeling back the onion and you look at the information, you find a target rich environment. We put out a report a week and a half ago, which I gave to Director Berry, about student intern hiring. It is shocking. We don't actually know how many interns we have in the Government. But our best count by looking at the two programs SCEP and STEP, not talking about volunteers or third party internship programs, Government converts only 6 percent of them into full time employees. A decent benchmark in other organizations is 50 percent.

Why that discrepancy? Because we are not thinking about internships, student internships, as part of our talent pipeline. We aren't prioritizing it.

There are some very easy solutions we outline in that report that this committee could pick up. It would make a big difference if we paid attention to it. But again, it is information, understanding that there is a problem there because you have that data.

Mr. LYNCH. Well, in conclusion I just want to thank you each for coming before this committee and helping us with our work. I am sure that we are going to call upon you periodically for help in devising a solution to at least part of the problems that we face. Thank you very much.

Welcome. Let us see. It is the committee's policy that all witnesses are to be sworn. May I ask you to rise and raise your right hands?

[Witnesses sworn.]

Mr. LYNCH. Thank you. Let the record show that all of the witnesses answered in the affirmative.

I have noticed that the last couple of hearings we have had the employee representatives of the union heads testify last. That is not going to be the custom here, I assure you. I apologize for maybe making you wait so long. Nor will I continue the practice of having so many panels. I think we could probably consolidate some of these and make it less painful for all of you.

I do want to say thank you for your willingness to come before the committee and help us as you have done. There were other occasions when I was not the Chair, and I appreciate that work as well. Let me first begin by introducing our distinguished panel.

Colleen Kelley is the national president of the National Treasury Employees Union, the Nation's largest independent Federal sector union representing 31 separate Government agencies. As the union's top elected official, Ms. Kelley leads NTEU's effort to achieve the dignity and respect that Federal employees deserve.

Jacqueline Simon is the public policy director for the American Federation of Government Employees [AFGE]. AFGE watches over the rights of some 600,000 Federal and D.C. Government employees. An economist by training, Ms. Simon has worked to protect the interests of Federal employees at AFGE for 20 years.

Greg Junemann is president of the International Federation of Professional and Technical Engineers. In 2005, Mr. Junemann was elected to the AFL-CIO Executive Council. He serves as co-chair of two AFL-CIO committees, Organizing and Immigration, and also is a member of several AFL-CIO committees including Training and Education, International Affairs, Political Policy, State and Local Organizations, and Public Affairs.

To all, welcome. Why don't I give each of you 5 minutes to make opening remarks and then we will go forward with questioning. President Kelley.

STATEMENTS OF COLLEEN KELLEY, NATIONAL PRESIDENT, NATIONAL TREASURY EMPLOYEES UNION; JACQUELINE SIMON, PUBLIC POLICY DIRECTOR, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES; AND GREGORY JUNEMANN, PRESIDENT, INTERNATIONAL FEDERATION OF PROFESSIONAL AND TECHNICAL ENGINEERS

STATEMENT OF COLLEEN KELLEY

Ms. KELLEY. Thank you very much, Chairman Lynch. It is an honor to be here at this hearing and it is very good to hear so many agree that these are very exciting times in the Federal service and for Federal employees.

The extent to which our Government will be successful rests in large measure on the Federal employees who are charged with carrying out the critical missions of their agencies, again, something everyone today agrees on. During the last administration, the use of outside contractors skyrocketed while staffing in many agencies was severely reduced.

The IRS, for example, saw a 24 percent decrease in staffing levels over the past 12 years despite staggering increases in work load. The new Congress has stepped up to the plate and included additional resources in both the House and the Senate passed budget resolutions for fiscal year 2010 to address some of the most urgent staffing shortfalls at agencies like the IRS, the FDA, and the Social Security Administration.

NTEU believes that resources can be found to further rebuild decimated staffing levels by discontinuing the inefficient and ineffective contracting out policies of the last administration. A very large number of contracts let by the Federal Government in recent years have been plagued by cost overruns and inadequate performance. I am very pleased that the Obama administration is reviewing agency contracting. I am confident that savings can be found by bringing much of that work in-house.

Savings in productivity can also be increased when front line employees are asked for their input into agency decisionmaking. In October 1993, President Clinton issued an Executive order establishing labor-management partnerships in the Federal Government. That Executive order was rescinded by President Bush soon after he took Office. NTEU believes it is time to reinstate those partnerships in the Federal Government and to once again tap into the expertise of front line employees.

A tax on collective bargaining by the previous administration also unfairly left large groups of dedicated employees without basic workplace rights.

NTEU enthusiastically supports House of Representatives 1881 to provide collective bargaining rights and Civil Service protections to the employees of the Transportation Security Administration who have the lowest pay and the highest injury rate and the highest attrition rate in the Federal Government. I look forward to

working with this Congress and the Obama administration to secure these rights for TSA.

These challenging times require that the Federal Government is able to attract and retain the best. Many have talked about that today. Therefore, the benefits and pay must be competitive. FEHBP has good elements to it but it is not without serious problems. Despite constant premium increases in the last 8 years, the program has seen benefit and coverage cutbacks, higher co-payments, and the addition of new plans like high deductible health plans that undermine the integrity of the system.

NTEU supports greater Federal premium contributions by the Government and a review to see how costs can be reduced for the 8 million Federal enrollees. We also support extending the age for dependant coverage past age 22 as many States, including Massachusetts and Utah, have already done. We support allowing domestic partner coverage for Federal employees under FEHBP. We are in favor of House of Representatives 626 to provide parental paid leave for Federal employees for the birth or adoption of a child.

We also support pay parity. Federal employees are willing to do their part but they deserve pay parity with military personnel as has been the case for almost two decades. As Director Berry noted this morning, civilian Federal Employees face a 23 percent pay gap with the private sector. The law that was supposed to close that gap, FEPCA, has never been fully implemented.

As agencies look to rebuild their work forces, we should strive to make the hiring process more user friendly and faster, again, something everyone agreed on today. But we need to fix only what is broken while maintaining the Federal merit principles. The Federal Career Intern Program is one example of a hiring alternative that is failing and needs to be ended. This has nothing to do with the intern programs that have been talked about earlier. This is actually a hiring mechanism being used inappropriately by too many agencies. NTEU stands ready to work with this committee, with Congress, and with the administration to improve the hiring process.

Finally, let me salute this subcommittee for its role in the House passage of House of Representative 1804 and House of Representatives 1256. The package allows counting unused sick leave toward the FERS retirement calculation and correcting the CSRS problem for part time service. It also makes important Thrift Savings improvements including automatic enrollment and a Roth contribution fund for those who choose it. NTEU strongly supports this bill and will work to ensure its enactment.

The challenges facing our Government are great and historically important. But the Federal work force is a strong, resilient, and capable one that wants to fully participate again as a partner in solving the many challenges ahead for our country. NTEU looks forward to working with all of you to make this happen. I thank you very much for the opportunity to be here today. I will answer any questions you have. Thank you.

[The prepared statement of Ms. Kelley follows:]



Testimony of

Colleen M. Kelley

**National President
National Treasury Employees Union**

Before the

**Subcommittee on the Federal Workforce, Postal
Service, and the District of Columbia**

Committee on Oversight and Government Reform

United States House of Representatives

**“Public Service in the 21st Century:
An Examination of the State of the Federal Workforce”**

April 22, 2009

Chairman Lynch, Ranking Member Chaffetz, and members of the Subcommittee, I appreciate the opportunity to appear before this distinguished subcommittee. I would like to congratulate both of you in your new capacities as chair and ranking member of the subcommittee that has the important mission of overseeing the federal government's workforce.

These are exciting times in federal service, times that will engage our leaders in public service to recognize and use what is best about government to make it responsive to our country's needs. During these times, I am confident that the talents and expertise of front line employees, many of whom have been too often overlooked, will be tapped to help resolve complicated problems and achieve our country's goals. As president of the National Treasury Employees Union (NTEU) representing more than 150,000 federal employees in over 31 different agencies and departments throughout the government, I look forward to working with both of you to make the federal government successful in its important mission.

A good deal has happened since I last testified before the Federal Workforce Subcommittee. We have a new president and new OPM leadership who see government as part of the solution to the country's challenges, rather than the problem. The challenges facing us are complicated and broad ranging—reviving our floundering economy and financial institutions, strengthening the security of our homeland, moving our country on the path to energy independence, resolving our federal budget crisis, and restoring the faith of the American people in our government.

The extent to which our government will be successful rests in large measure with our federal agencies and the federal employees charged with carrying out those agency missions. In the final analysis, a great country is the sum of the actions of its people—and in few, if any, endeavors, does that hold more truth than in the work of the employees of its government.

I was proud that NTEU's award winning public service campaign "Federal Employees...They Work for U.S." was well received throughout the country. We were proud to air radio spots in 65 stations, in 50 markets nearly 17,000 times, and TV spots that resulted in 74 million impressions. These ads reminded the public of the important work federal employees do in an array of agencies in communities throughout the nation.

For the public and its many varied interests to be served effectively and efficiently, there must be a federal workforce made up of dedicated and skilled women and men for whom such service truly is a calling. The change in administrations clearly provides a window not only for improvements in the way government conducts itself—and thus serves the public—but in the ways it attracts and retains those who perform the people's work.

Agency Funding and Staffing

In the past administration, too often federal agencies were hamstrung, understaffed, underfunded and led by political appointees who were ambivalent about their missions. By engaging the federal workforce and refocusing on agency missions, the new administration can take a different path and tackle our nation's problems while restoring vitality to our federal government.

America's skilled and experienced federal employees, like all Americans, want the effective, efficient delivery of government services every single day. They have the expertise to deliver on that goal but improved service to the American public requires agencies to have the proper resources.

Unfortunately, as Professor Paul Light of NYU's School of Public Affairs recently pointed out in discussing OPM's 2008 bi-annual survey of 210,000 federal employees taken during the previous administration, the federal workforce is at risk. "Federal employees report persistent shortages of the basic resources they need to maintain the highest level of performance. Barely half say they get the training they need to do their jobs, and even fewer say they are satisfied with the information they get from management on what's going on in their organization." (*Washington Post*, January 14, 2009)

The last administration recommended devastating cuts to agency budgets. While the use of outside contractors skyrocketed, staffing in many agencies, including the IRS, DHS, and FDA has not even kept up with inflation or has declined in recent years. The IRS, for example, saw a 24% overall decrease in staffing levels during the past 12 years, despite staggering increases in workload. Consolidation of immigration, customs and agriculture inspection functions at CBP, referred to as One Face at the Border, caused logistical and institutional weaknesses resulting in a loss of expertise in critical homeland security priorities. And long waits at our ports of entry are clear evidence that more resources are needed. The FDA remains particularly understaffed and underfunded, thereby endangering the health and safety of consumers. And the backlog of Social Security appeals cases has also been a growing problem, one that is directly related to low staffing levels and limited resources.

Fortunately, this new Congress stepped up to the plate and included additional resources in both the House and Senate passed budget resolutions for Fiscal Year 2010 to help address some of the agency shortfalls. The IRS is slated to receive additional enforcement funds which, according to the administration, could save more than \$13 billion between 2010–2014. The budgets also assume funding for the Social Security Administration (SSA) to address the backlog of thousands of disability claims through its Continuing Disability Reviews (CDRs) program. The resolutions rejected the outgoing SEC Chairman's budget that called for a third year of staffing reductions at the agency responsible for preventing financial securities fraud. Instead, the House and Senate supported our call for increased funding for this important agency. And both measures include an important commitment to funding pay parity which I will discuss later in this testimony.

While the final budget conference report still needs to pass, NTEU is encouraged by these positive strides forward. NTEU will work with the administration and appropriators to achieve proper funding levels for specific agencies, but we urge you as overseers, to set the tone by giving our agencies and federal employees the tools they need to do their jobs.

I would be remiss if I did not back up and mention one major cause of the depleted agency budgets. The last administration saw a reliance on outside contractors as the norm. This belief led to rampant contracting out, even inherently governmental duties such as the IRS tax collection program. That program fiasco paid debt collectors a commission for work that agency

personnel could do more cheaply and efficiently. Fortunately, with the assistance of our congressional friends and the new administration, NTEU was able to put a stop to the IRS's private tax collection program. However, we still need to repeal the underlying authorization to assure the program never resurfaces, and I urge all of you to cosponsor H.R. 796, Rep. John Lewis's bill to do so.

NTEU does not oppose all government contracts. However, employee groups must be given a fair shot at competing for work and participating on a level playing field. This is in both the employees' and the government's financial interests and it is the right thing to do. I applaud the Congress's recent action in including provisions FY '09 Omnibus Appropriations bill containing a one-year government-wide moratorium on new public-private job competitions for federal work. The language specifically prohibits the use of funds to begin or announce new public-private competitions pursuant to OMB Circular A-76, so that the new administration has the opportunity to review and develop Federal workforce policies.

Retention and Recruitment of Federal Employees

Flexibilities and Pay Parity

In addition to staffing our agencies with enough resources and personnel so they can meet our nation's goals, we need to retain our valued public servants. I have testified many times before Congress on the numerous flexibilities available to federal agencies to keep its valued employees. These flexibilities can be used for both retention and recruitment purposes and they remain underutilized. Agencies can provide recruitment bonuses to employees in difficult to fill positions. They can provide relocation assistance. They can pay a retention bonus to retain an employee they deem essential. There is a student loan repayment program. In special circumstances, you can match previous private sector annual leave. Telework is an underutilized option. Flextime schedules are available. With greater use of these flexibilities, I believe we can attract more workers and keep our good ones. I understand that in many cases, agency budgets have been slashed so significantly that there is no money for these flexibilities. Maybe we need to consider designating funds for these accounts so that they can be used.

On the retention side, it is no secret that one way to keep valued employees, is to compensate them fairly. Mr. Chairman, as you know, the Federal Employees Pay Comparability Act (FEPCA), enacted in 1990 to close the gap between federal and private sector pay, has never been fully implemented, leaving a 23 percent disparity between federal employees and their private sector counterparts.

In these difficult economic times, federal civil servants are willing to do their part, but they do deserve parity in pay with their brothers and sisters in the military as has been the case for almost two decades. I know you, Mr. Chairman, and many distinguished members of this subcommittee are well aware and have been longtime supporters of the bipartisan principle of pay parity between federal civilian employees and the military. Pay parity, or equal levels of pay percentage increases for both the federal civilian workforce and military personnel has been a tenet of federal pay policy.

NTEU has long argued that both groups work together and often side-by-side in defending our borders, protecting our homeland, keeping our government systems running, protecting our food safety, collecting our revenue, and safeguarding public health, and both groups deserve an equal pay raise level. NTEU was disappointed in the administration's recommendation of only a 2 percent pay increase for federal civil servants, less than the recommendation for military personnel of 2.9 percent and I have spoken with our friends on both sides of the aisle, and the administration, about this. NTEU believes pay parity is a precedent too important to ignore and will work on a bipartisan basis with Congress and the Administration to reinstate the longstanding principle. If we want to retain talented employees, we need to abide by this compensation principle.

Collective Bargaining

I cannot emphasize enough, the importance of collective bargaining in the workplace. Collective bargaining gives employees a voice in the work they have chosen to do, and a stake in the mission of the organization. That is good for both the employee and employer. And what better way to improve morale, than to bargain for conditions that affect an employee every day he or she gets up and goes to work?

Just this month, with NTEU's support, Rep. Nita Lowey (D-NY), Chairman Bennie Thompson (D-MS), and Rep. Sheila Jackson-Lee (D-TX) introduced H.R. 1881, legislation to provide collective bargaining rights and civil service protections to the employees of the Transportation Security Administration (TSA). Eliminating the present unfair system faced by TSA employees will give this crucial security workforce the stability it needs. And it will provide an avenue to help strengthen and improve the TSA workplace.

Under the law establishing the agency, the TSA Administrator was given the power to set all basic employment rights, including compensation and performance standards. That experiment has been a disaster. It has resulted in an agency that continually ranks at the bottom in morale, and has the highest attrition rate and the highest injury rate in the federal government. Our union officers have been demoted or moved to less-traveled areas for trying to get disputes resolved. People are injured on the job and told to stay home or even told to find a different place to work. TSOs are forced to take annual leave when they clearly are eligible for Family and Medical Leave Act leave. Jobs are not posted; they are filled by TSOs friendly to management. TSOs routinely are at the airport 11 to 14 hours a day, but get paid for 8. Staffing levels at some airports are so low that TSOs are working extra shifts, not getting breaks, and working on their days off. The Transportation Security Officers, who put themselves on the line every day, at every airport, deserve better than what they've endured so far.

TSA's pay for performance system, known as PASS, has been so disastrous that employees do not know what is expected of them. The training and certification program, performance appraisal system, and health and safety programs all lack accountability and therefore lack credibility with employees.

When I met with the three House authors of H.R. 1881, early in the year, I pointed out the many benefits of collective bargaining legislation. For example, capricious and arbitrary

management and the denial of the most basic workplace rights of our dedicated Transportation Security Officer (TSO) workforce has undermined the original goal of providing screeners with adequate pay, benefits and training. Providing collective bargaining rights to TSA employees is crucial to retaining these public servants who protect our homeland on a daily basis, yet as I mentioned, have the highest attrition rate. I am urging the new administration to provide civil service protections administratively. I also urge all of you to cosponsor H.R. 1881, and together, we can all turn this agency around.

In addition to TSA, we need to permanently end the failed DHS human resource management experiment (formerly called MaxHR) that allowed DHS to limit collective bargaining rights for DHS employees. NTEU worked with Congress to eliminate annual funding for this failed system, and now NTEU will support legislation in the 111th Congress to repeal Chapter 97 of Title 5 this year.

And we cannot forget collective bargaining rights for the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF). On November 26th, 2008 nearly 1,000 NTEU-represented employees were stripped of their right to collectively bargain by an executive order issued by former President Bush. The former administration claimed that ATF employees could not continue to have collective bargaining rights due to national security concerns. For some thirty years, the provisions of the labor-management statute had been applied to ATF in a manner consistent with national security requirements and considerations, with no lapse in the ability of federal employees to enforce laws and carry out the missions of the United States. This action must be overturned. The treatment of public servants with dignity and respect through collective bargaining must be maintained as a viable retention opportunity.

Mr. Chairman, a quick look at the business section of any daily will tell you that the federal financial regulatory (FIRREA) agencies have significant and important work on their hands. These agencies need the authority and staff required to do their job. Alone among all the other financial regulatory agencies NTEU represents, the employees of the Office of the Comptroller of the Currency (OCC) are not able to bargain over pay and benefits. The result has been problems with recruitment and retention, particularly of the most qualified employees. Legislation is needed to correct this exception among the FIRREA agencies and NTEU would be interested in working with the Congress on this, hopefully in a bipartisan way.

Labor Management Partnership Councils

Another critical personnel enhancement is the restoration of labor management partnership. On October 1, 1993, President Clinton issued Executive Order 12871, establishing labor-management partnerships in the federal government. That executive order was rescinded by President Bush soon after he assumed office. NTEU believes it is time to re-establish labor-management partnerships in the federal government.

When labor-management partnerships were in effect during the 1990s, there was a climate of recognition that the sometimes adversarial labor-management relationships in federal agencies could be transformed into problem solving relationships. Partnerships were made up of managers, employees, and employees' representatives who had insights into designing and implementing the processes necessary to more efficiently achieve agencies' missions. Partnership councils functioned in federal agencies throughout the country and in cooperation with a National Partnership Council, on which I served. The purpose of the partnerships was to identify problems and craft solutions to better serve the taxpayer, not to provide for co-

management. Often, issues within federal agencies were resolved before they became major obstacles or points of contention in the labor-management arena. Through partnerships came a recognition that employees and their union representatives added value to the decision making process.

In a December 2000 report to Congress, the Office of Personnel Management (OPM) found that partnerships between labor and management "have helped cut costs, enhance productivity, and improve customer service at agencies across Government." It is time to bring the creative ideas of management and labor together again in government.

Giving employees a seat at the table is a sure way to keep them invested in and contributing to the missions and goals of the agencies.

Federal Employee Health Benefits Program (FEHBP)

In the coming years, federal agencies will be hiring many new workers. Fifty-eight percent of supervisory and 48 percent of non-supervisory workers will be eligible to retire by the end of fiscal year 2010, according to a 2004 report by OPM. In order to compete with the private sector, and attract and retain the best workers, federal benefits must be competitive.

Federal employees know they are fortunate in, for example, having a choice of health plans and the ability to switch plans yearly. But while the Federal Employees Health Benefits Plan (FEHBP) has good elements, it is not without serious problems. If we want to retain our dedicated public servants and compete with the private sector in recruiting new hires, we need to take a realistic look at FEHBP as well as the whole range of benefits that could be offered to new employees. Restoring quality and forward looking human resource packages *now* may be a sensible investment so that we may be able to attract the kind of talent we need *in the future*.

I am hearing from federal workers across the country that their health insurance premiums are too high. This year FEHBP premiums increased between 7 and 13 percent. In 2008, premiums rose between 2.1 percent and 8.5 percent not counting the reserves OPM tapped to keep premium increases down. Thanks to many of you on this subcommittee, Blue Cross/Blue Shield withdrew its original plan last year to charge consumers up to \$7500 per surgical procedure for using an out-of-network physician.

Despite constant premium increases in the last eight years, the program has seen benefit and coverage cutbacks, higher co-payments and the addition of new plans, like HSAs and HDHPs, that undermine the integrity of the system. NTEU supports a comprehensive review of FEHBP to see how costs can be held down for the 8 million enrolled federal employees, annuitants and their families.

NTEU also supports increasing the federal share of the premium cost to 80 percent, up from the current weighted average of 72 percent. Most large companies and state and local governments cover 80 percent of their employees' premiums. And we support a study of whether costs can be held down by directly negotiating for drugs instead of through insurance carriers as is currently done, and the use of the subsidy available under the Medicare Prescription

Drug Act.

Age 22 and FEHBP

Under current law child dependents are cut off from FEHBP participation when they turn 22. Many of these individuals are fully dependent upon their parents. They are often students in four or five year college programs and find themselves without the ability to find or pay for insurance on their own. According to the Commonwealth Fund, young adults are the fastest-growing age group among the uninsured. The Commonwealth Fund found that 22 year olds face waiting periods, temporary positions, and lower wage jobs as they enter the job market. Health care is not available to them at a price they can afford. Many states, including Massachusetts, New Jersey, Maine, Illinois, Minnesota, Maryland, Utah, and over 20 more have enacted new legislation requiring private sector companies to extend coverage beyond age 22.

NTEU believes the FEHBP risk pool could actually be helped by the infusion of young and generally healthy dependents and we urge the subcommittee to lift the age 22 cap under FEHBP and treat federal employees the same as the private sector in so many states.

Domestic Partners Legislation

Improving health care means also allowing all federal employees to provide for their families. NTEU strongly supports legislation to allow federal employees to include their same sex domestic partners under the FEHBP family plan insurance. Federal employees have waited too long for this and a bill is likely to be introduced soon by Representative Tammy Baldwin (D-WI). We urge the subcommittee to act this year on the domestic partners legislation.

Paid Parental Leave

According to a March 2008 report by the Joint Economic Committee Majority Staff, nearly all Fortune 100 firms offer working parents some paid time off when they have a new child. Furthermore, in a global economy, the federal government must compete not only with the American private sector, but with foreign countries as well. Yet, our nation's paid parental leave policies are lagging: we are the only industrialized nation that does not guarantee paid leave upon the birth or adoption of a child. A paid parental leave policy will also save the government money by reducing turnover and replacement costs, which is estimated to be 25 percent of the worker's salary.

Currently, federal workers do not have any guarantee of paid leave for the birth or adoption of a child. Some have accrued paid sick or vacation time that they may be able to use while on FMLA leave. However others, especially younger workers who haven't accrued sick or vacation time, have no choice but to take unpaid leave.

H. R. 626 recently introduced by Rep. Carolyn Maloney (D-NY) provides federal workers with four weeks of full pay to use while they are on Family and Medical Leave Act (FMLA) leave for the birth or adoption of a child. The bill also allows federal workers to use up to eight weeks of accrued paid sick time to care for their new child and gives the Office of

Personnel Management (OPM) authority to increase the amount of paid parental leave from four to eight weeks once further studies are conducted. Congress should waste no time in passing this bill, which will help our federal government recruit and retain dedicated and talented workers, enable working parents to care for and bond with newborns and newly-adopted children, and show that the federal government truly values families.

H.R. 1804

I would like to thank you, Mr. Chairman, and members of the subcommittee who helped advance H.R. 1804, which just passed the House on April 1st and includes a number of key provisions for retaining and attracting quality public servants. As you know, this bill, whose provisions are coupled with H.R. 1256, allows counting unused sick leave towards the FERS retirement calculation; makes important Thrift Savings Plan (TSP) improvements, including the addition of a Roth contribution fund for those who choose it; and, fixes the retirement calculation glitch for certain CSRS covered retirees who choose to go part-time during their service. All of these provisions are critically important to supporting our dedicated civilian employees, and recruiting future talent with a good benefits and retirement package. NTEU will work diligently on this important legislation in the Senate to see the measure enacted into law. But let me salute this subcommittee for seeing a legislative opportunity and achieving House passage expeditiously.

Hiring for the Future

With awesome responsibilities facing our government, an aging workforce, many of whom may choose to retire in the next decade, and a new attitude toward the role of our public servants, there is an understandable need to make the hiring process more user friendly and faster. In a July, 2008 bulletin, the Merit Systems Protection Board (MSPB) cited a study predicting that throughout the next 5 years one-third of the Federal Government's full-time permanent workforce will leave the Government—the majority through retirement. (*Issues of Merit, MSPB July 2008*) While we do not know whether that prediction will materialize, and workers who are eligible to retire, will actually do so, NTEU believes we should nevertheless have a plan in place to bring qualified talent to government.

We need to fix what is broken in hiring, *and do so only within the context of the very important competitive service, while maintaining the federal merit principles.* To do otherwise, would be to throw out the baby with the bathwater.

The precedent of competitive examining for government jobs goes back two decades and its history is one that promotes fairness, transparency and equal opportunity. I regret to say that in the last administration, the use of special hiring authorities to circumvent the normal competitive process was rampant. MSPB found in a recent report, that “fewer than one-third of new hires in FY 2005 came from Competitive Examining—the traditional hiring authority open to all U.S. Citizens.” (*Federal Appointment Authorities, MSPB, June 2008*)

One of the tools outside of the normal competitive process that agencies increasingly rely

on is the Federal Career Intern Program (FCIP). Far from being a limited special-focus hiring tool, aimed at providing structured, two-year training and development “internships”, FCIP is now the option of choice. CBP uses FCIP almost exclusively in its hiring. The IRS now fills positions such as Revenue Officer and Revenue Agent using FCIP, and the FDIC has begun filling most entry-level positions using FCIP. In addition, the MSPB has shown that widespread use of the FCIP can narrow the applicant pool and create the perception of “unfair, arbitrary, or inequitable treatment”.

There are many problems with this approach and NTEU has challenged FCIP in two different lawsuits. We believe that FCIP rules give agencies excessively broad discretion to depart from the carefully designed and statutorily mandated competitive examination and selection requirements for the federal civil service. Vacancy announcements do not have to be posted, veterans preference rights are diminished, and agencies have discretion to make selection decisions without following rating and ranking processes or merit promotion plans. They also create a de facto two- or three-year probationary period, instead of the standard one-year period for entry level positions in the competitive service. As a result, many agencies have adopted the FCIP as the hiring method of choice, often at the expense of fair and open competition.

NTEU believes there are problems in federal hiring and those problems do need to be fixed. However, changes need to be targeted so other fiascos are not created, like FCIP. Everyone has heard a horror story about a person trying to get a job in the government. If you can actually navigate the USAJOBS web site, which is not very user friendly – it uses terms of art that cannot be easily understood and are not defined, like Career-Conditional and Excepted Service, and it sometimes kicks you out in the middle of a search – you could wait for months and sometimes up to a year to hear from the agency to which you applied. Even if you do get called in for an interview, the backlog for background investigations can add another year to your wait for employment and there are many jobs that now require a background investigation. Many people get discouraged and find other work while waiting.

There are some obvious problems in hiring. Some of them may require legislative remedies, and others can be handled through OPM. NTEU stands ready to work with Congress and the administration on these.

I think that OPM can take a leadership role with the other agencies in providing the kind of resources that will really help agencies improve their hiring and retention efforts. We need to have a depository of good ideas for agencies to use. And I look forward to working with Director Berry on this.

Finally, Chairman Daniel Akaka (D-HI) and Senator George Voinovich (R-OH) recently introduced a bill to simplify federal hiring, S. 736. This bill is intended to be a starting point for a larger discussion on improving hiring in government, and I told them, and I will tell the subcommittee today, I am willing to work with Congress on this. However, hiring changes must be done within the context of the competitive service, while maintaining the federal merit principles. This is paramount to NTEU.

Conclusion

The challenges facing our government are large and historically important. But it is truly a new day for us all. The federal workforce has been through a lot in the last eight years suffering depleted resources and staffing. But it is a strong, resilient and capable one that wants to fully participate again as a partner in solving the many challenges ahead of our country.

We need a comprehensive plan and the resources to get back to the place where we attract the “best and the brightest” this country has to offer. The federal government’s missions will be complicated in the years ahead. Let’s try to create a workforce that will best help us achieve them.

Mr. LYNCH. Thank you.
Ms. Simon for 5 minutes, please?

STATEMENT OF JACQUELINE SIMON

Ms. SIMON. Mr. Chairman, thank you for the opportunity to testify today. My statement focuses on Federal hiring.

It is important to remember that despite notions to the contrary, the private sector's hiring methods are neither instantaneous nor trouble free. In addition, while the Federal Government has some problems in hiring, it is not the bumbling caricature it is so often portrayed to be. Moreover, the problems with Federal hiring are not caused by adherence to the merit system principles or Veterans Preference.

Hiring the next generation of Federal employees is a serious undertaking. Those charged with this task have a legal and social responsibility to conduct hiring in the most open and fair manner possible. The plain fact is that openness and fairness take time.

Federal agencies must honor Veterans Preference. Internal candidates who are selected into career ladder positions must be given the opportunities they have been promised. Background checks and security clearances have to be conducted. Education and prior employment must be verified. Working for a Federal agency is not the same as working for a private firm and it takes time to make sure an applicant meets the standards and requirements our society expects the Federal Government to uphold.

But there is no doubt that the application process could be streamlined without sacrificing these high standards. Many prospective employees point to the lengthy sections of applications that require them to describe in great detail their knowledge, skills, and abilities [KSAs]. We have also seen the demoralizing effect on current employees who must produce these lengthy KSAs when they are applying for internal promotions. Elimination of the KSAs is worthy of consideration but at a minimum, we think that only those who pass an initial level of scrutiny should be required to fill out KSAs.

Another problem with Federal hiring is that even when applicants meet the qualifications that are required and posted on the vacancy announcement, it is all too common for agencies to conceal additional accreditation requirements which are even more critical to the position. These hidden accreditation requirements prevent applicants from qualifying for further consideration for a job, which is particularly infuriating when they learn about them after the fact and after they have spent hours filling out KSAs.

While it is critical that OPM focus extensively on correcting the problems with Federal hiring, there are many proposals that should be off the table. The previous administration had three answers to the challenge of Federal hiring: rehire annuitants without competition, hire directly without competition, and hire contractors without competition. In the meantime, they were consolidating and privatizing human resource functions across the Government, undermining the ability of agencies to utilize the normal competitive merit system hiring processes with any speed or efficiency.

One of the many complaints we have heard is that Federal hiring is too slow. One important explanation for the slowness, apart from

the requirement for being thorough that I described above, is that between the indiscriminate downsizing of the 1990's and the privatization by the Bush administration, agency personnel offices have been decimated. There are simply too few personnel to handle the duties related to hiring in an expeditious way. The single most important and effective step in speeding up hiring would be to reestablish onsite personnel offices adequately staffed with Federal employees.

Although much emphasis is placed upon external candidates for Federal jobs, the retention of current employees should also be a priority because they often make the best candidates for Federal job openings. We hear from our members a recurring theme: Agencies prefer to bring in outside candidates at a grade just one level higher than the top grade for the incumbent work force.

For example, at an agency that has computer programmers ranging from Grades 5 through 12, most of whom have worked in these positions for years, the agency will bring in a new programmer at Grade 13 because it is easier to fill a Grade 13 than to backfill a Grade 5. The result is that opportunities for career development for internal candidates are cutoff. They are left to train the newcomers who now hold the position to which they had aspired. This practice has a devastating impact on morale. The Government should instead create and maintain meaningful merit promotion programs for the employees it has already invested in.

In summary, AFGGE supports four main policies that would greatly facilitate and expedite the recruitment and retention of the next generation of Federal employees. No. 1 is to restore through insourcing adequate numbers of Federal human resources professionals to provide the support necessary for a hiring process that adheres to Veterans Preference and the merit system principles.

No. 2 is to reform and streamline Federal job applications and processes with particular focus on alternatives to the controversial knowledge, skills, and abilities portion of the process. No. 3 is to train agencies to focus as much attention on hiring from within their current ranks as is placed on attracting external candidates. No. 4 is to take steps to close the pay gap between Federal and non-Federal pay for both General Schedule and Federal Wage system employees.

This concludes my statement. I will be happy to answer any questions.

[The prepared statement of Mr. Gage follows:]



AFGE
Congressional
Testimony

STATEMENT OF

JOHN GAGE
NATIONAL PRESIDENT

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES
AFL-CIO

BEFORE THE

SUBCOMMITTEE ON FEDERAL WORKFORCE, POSTAL SERVICE AND
THE DISTRICT OF COLUMBIA

HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

ON

PUBLIC SERVICE IN THE 21ST CENTURY: AN EXAMINATION OF THE
STATE OF THE FEDERAL WORKFORCE

APRIL 22, 2009

American Federation of Government Employees, AFL-CIO
80 F Street, NW, Washington, D.C. 20001 * (202) 737-8700 * www.afge.org



Mr. Chairman and Subcommittee Members: Thank you for the opportunity to testify on the issue of public service in the 21st century, particularly regarding the need for the government to overcome obstacles to the hiring of the next generation of federal employees. My name is John Gage and I am the National President of the American Federation of Government Employees, AFL-CIO (AFGE). Our union represents more than 600,000 federal employees across the country and around the world, and our members work in almost every agency of the federal government.

AFGE supports several policies that we believe would do much to facilitate and expedite the recruitment and retention of the next generation of federal employees:

1. Restore through insourcing adequate numbers of federal human resources professionals to provide the administrative support necessary for a hiring process that adheres to veterans' preference and the merit system principles.
2. Reform and streamline federal job applications and processes; in particular, focus on alternatives to the controversial "knowledge, skills, and abilities" portion of the application process.
3. Train agencies to focus as much attention on hiring from within their current ranks as is placed on attracting external candidates.
4. Take steps to close the pay gap between federal and non-federal pay for both General Schedule and Federal Wage System employees.

One of the myths that has haunted discussions of hiring over the past decade has been that in contrast to the federal government, hiring in the private sector is virtually instantaneous and trouble-free. To listen to proponents of direct hiring, the mighty private sector descends upon college campuses, conducts rapid and enjoyable interviews of the multitudes of highly qualified and young people who are eager to join them, and hires them on the spot. These "best and brightest" start their fabulous private sector careers the next morning, and they all live happily ever after. Meanwhile, the federal agency representatives can barely find their way to campus, burdened as they are by the heavy load of red tape they carry around, and scare off most prospective hires with their boring-sounding jobs and thick application materials. Then they offend the courageous few who express an initial interest by forcing them to fill out numerous forms listing their qualifications and then tell them they will have to wait, sometimes months, while the information they provide is validated, and while candidates who might have a higher status by virtue of their military service to our country edge them out of the competition.

Neither of these caricatures is accurate, of course, but they do reflect what many seem to believe is a vast gulf in hiring methods between the private sector,

which we're told to emulate, and past practice in the federal sector, which is condemned as a matter of course. AFGE strongly supports hiring policies that expedite and facilitate recruitment of talented new employees; after all, they are our future members. However, we believe that the problems with federal hiring are in no way a result of a scrupulous adherence to the merit system and veterans' preference. As such, we will continue to oppose proposals that evade these standards, no matter how compelling the arguments for expediency may sound.

We recognize that application processes can be streamlined without sacrificing the high standards that the merit system imposes on federal agencies. Many prospective employees point to the lengthy sections of employment applications that require them to describe in great detail their "knowledge, skills, and abilities (KSAs)." We have also seen the demoralizing effect on current employees who must produce these lengthy KSAs when they are applying for internal promotions. It has been suggested that only those who pass an initial level of scrutiny be invited to fill out those forms. If that procedural reform were adopted, those asked to reveal their "knowledge, skills, and abilities" would at least know that they had successfully navigated the first hurdle in their quest for federal employment, and may perhaps be somewhat less resentful of the task. In any case, there is reason to believe that improvements in the applications job candidates are required to fill out would increase both the quality and quantity of applicants.

But another problem with federal hiring is that even when applicants meet the qualifications that are required and posted on the vacancy announcement, it is all too common for agencies to conceal additional accreditation requirements which are even more critical to the position. These hidden accreditation requirements prevent applicants from qualifying for further consideration for the job, which is particularly infuriating when they learn about them after the fact, and after they have spent hours filling out a KSA.

While it is critical that the Office of Personnel Management focus extensively on efforts to correct the problems with federal hiring, there are many proposals that should be off the table. The previous administration had three answers to the challenge of federal hiring: rehire annuitants without competition, hire directly without competition, and hire contractors without competition. In the meantime, they were consolidating and privatizing human resources functions across the government, undermining the ability of agencies to utilize the normal competitive merit system hiring process with any semblance of speed or efficiency. These policies either evade or worsen the federal government's hiring prospects.

We also believe strongly that contracting out to the private sector for "hiring services" is another Bush era approach that should be rejected. Recall the debacle at the Transportation Security Administration (TSA) when it

contracted with NCS Pearson to hire airport screeners, and auditors ended up challenging \$300 million of the \$741 million that Pearson charged for its services. In a 2005 report on contracting abuses in various federal agencies issued by Representative Henry Waxman, then-Chairman of the House Committee on Government Reform, there was a thorough description of the audit that showed that the private contractor billed the government for \$48 per hour for temporary workers it paid \$20 per hour, allowed subcontractors to take out \$5,000 at a time in petty cash without requiring any supporting documentation, spent more than \$377,000 on unsubstantiated long distance phone calls, spent more than \$500,000 on tents that didn't hold up in a rainstorm, and charged \$4.4 million for "no show" fees for job candidates who never appeared to take their tests. The coup de grace was a Pearson subcontractor who paid herself \$5.4 million for nine months "work," along with a \$270,000 pension.¹

The decision to contract out for hiring would have been just as wrong if the Bush Administration had not been following its customary practice of handing private contractors blank checks (President Obama's recent policy announcements on federal contracting indicate that he will work to end the practice of indulging contractors' egregious pricing practices). But the more important point is that no contractor should ever have been hired at any price for this work because the core function of selecting the people who will make up the federal workforce should only be performed by federal employees who know the agency's mission, and who can assess job candidates' ability to carry out that mission.

Hiring the next generation of federal employees is a serious undertaking. Those charged with the task have both a legal and social responsibility to conduct federal hiring in the most open, fair, and competitive way possible, and the plain fact is that openness, fairness, and competition take time. Federal agencies have a legal and moral responsibility to honor veterans' preference. Internal candidates who were selected into career ladder positions must be given the opportunities they have been promised. Background checks, and in some cases, security clearances, have to be conducted. Information regarding education and prior employment must be verified. Working for a federal agency is not the same as working at a private firm, and it takes time to make sure an applicant meets the standards and requirements our society expects the federal government to uphold.

Federal Hiring and Federal Human Resources Personnel

One of the many complaints one hears about federal hiring is that it is slow. One explanation for the slowness, apart from the requirement for being thorough I have described above is the fact that in the indiscriminate downsizing

¹ Contracting Abuses Under the Bush Administration, Rep. Henry A. Waxman, Ranking Minority Member, Committee on Government Reform, U.S. House of Representatives, September 20, 2005, page 2.

of the 1990s, and the massive privatization conducted by the Bush Administration, agency personnel offices were decimated. There are far too few personnel to handle the duties related to hiring in an expeditious way. We believe that the single most important and effective step in speeding up the hiring process would be to re-establish adequately staffed on-site personnel offices.

The rhetoric surrounding the issue of federal hiring is reminiscent of the rhetoric that was used to justify the acquisition reform of the early 1990's. The government's pre-reform procurement regulations were derided as being unnecessarily complex. Acquisition rules, especially those that required open competition and verification of the ability of contractors to perform the government work they sought, were described as overly bureaucratic, sluggish, inefficient, and out of step with "best practices" in private industry. It was claimed that it took too long for agencies to complete simple transactions or hire contractors for routine services.

The "acquisition reform" that resulted from these complaints made it very fast and easy to hire contractors. The much maligned "red tape" that had earlier required compliance with rules regarding everything from open competition to veterans' and small business preferences, to cost constraint, to quality verification were tossed aside in the name of efficiency and modernism. The legacy of that deregulated, "efficient" system, as we have learned at great expense to our treasury and the integrity of federal programs is scandal, cost overruns, sole-source contracts, corruption, and litigation. Yes, since acquisition reform, it has been easier to hire a contractor than a federal employee, but that ease has come at a very high price.

The analogies between acquisition reform and the campaign for hiring reform are more than just apparent. The downsizing of the early 1990's effected the elimination of tens of thousands of federal positions that had been assigned to enforce acquisition laws and regulations. Once those positions were eliminated and federal agencies had few employees left who were able to oversee the contracting process or force compliance, the "efficiency" of what was left of the acquisition workforce soared. No more red tape – contractors could be hired in a flash, and no time-consuming competitions or scrutiny could slow anybody down.

The Bush Administration set the stage for a similar "hiring reform" through its Lines of Business Initiative that centralized and privatized almost all federal human resources functions. All federal agencies were required to outsource their human resources functions to "centers of excellence" selected and certified by the Office of Personnel Management (OPM). Even those that were nominally located within federal agencies were mostly contracted out. The rationale was that "back office functions" like human resources were not core to any agency's mission, and should be handled by third parties that excelled at the function.

Our union recently had an experience with one such “center of excellence” that amply illustrates the problems with this approach, even though the problem was not one related to hiring. AFGE discovered that federal blue collar workers at the Federal Correctional Institute in McKean County, Pennsylvania had been placed in the wrong wage area; they were being paid Pittsburgh, Pennsylvania rates when, according to regulation, they should have been paid the prevailing rates of Buffalo, New York. The administrative process for making the change was undertaken, a new regulation was promulgated, and instructions were sent to the Department of Justice (DoJ) from OPM. But DoJ had outsourced its HR function to the Department of Agriculture’s National Finance Center in Louisiana. When the changed wages did not appear in workers’ paychecks on schedule, the keystone cops episode began. Management at the prison at first pled ignorance of the change and then said they didn’t even know who or where to call to find out what was going on. Management officials in the Bureau of Prisons (BoP) likewise did not know who or where to call to find out what was going on. Management officials in the DoJ’s Department of Justice did not know who or where to call to find out what was going on. OPM tried to help, but likewise did not know whom to contact at the National Finance Center, or how to find out. The “back office function” of human resources was a thousand miles away, entirely unreachable, unaccountable, and unknowable. I do not think the new wage rates have been implemented even now, more than two months after what was supposed to be the effective date.

We can tell that story because it involved workers represented by our union who were in a position to push to have an administrative issue addressed. And in the course of our efforts to force the agency to apply the new regulation, we learned the operational “cost” of the agency’s having outsourced its human resources function to an entity that was as remote physically as it was operationally. Applicants and hiring officials rely just as heavily on “back office” human resources functions as do those with pay administration issues.² And if our experience teaches us anything, it is that there is very little support available in the area of human resources. At best, it is bureaucratic, inaccessible, unresponsive, and extremely, painfully slow. At worst, it is as if it isn’t even there. Expedited hiring will inevitably require a re-organization and insourcing of human resources functions throughout the federal government.

Another story, Mr. Chairman, that I hear repeatedly in my travels across the country is that agencies prefer to bring in outside candidates at a grade just one level higher than the top grade for the incumbent workforce. For example, in an agency that has computer programmers ranging from grades 5-12, most of

² www.empowhr.gov The National Finance Center’s web page notes that its services range from “hire to retire” and include “personnel action processing, payroll transaction processing, time and attendance processing, benefits processing, administration of bonus and monetary awards programs, leave administration, garnishment processing, policy interpretation, and reporting...competency management, position management, job analysis and sourcing, *candidate evaluation and selection*, employee performance management, and employee development needs assessments...”(emphasis added)

whom have worked in those positions for years, that agency will bring in a new computer programmer from the outside at a grade 13 because it is easier for them to fill a grade 13 position than to backfill the grade 5 entry position. The result is that opportunities for career development for internal candidates are cut off. They are left to train the newcomers who now hold the position to which they had aspired. This practice has a devastating impact on morale.

Rehiring Annuitants is Not the Answer

Another Bush Administration initiative that has resurfaced in this Congress is a proposal to respond to recruitment and retention challenges by authorizing all agencies to rehire annuitants on a part-time basis. Rehiring annuitants might seem at first glance to be a good interim solution to the challenges of the moment. Bringing back federal annuitants who have already ably performed the jobs that need to be filled seems like a logical and cost effective idea. Since they are annuitants, agencies save money by not having to pay for health insurance, the accrual of retirement credits, matches to the Thrift Savings Plan, or any other benefits. There are no training costs, since the employees are already trained and experienced. The employees are known entities, and would not be invited back if they had not proven themselves to be reliable and competent.

Unfortunately, the proposal is seriously flawed. First, it encourages agencies to put off for tomorrow what they need to be doing today. Procrastination about succession planning may be understandable, but it should not be encouraged or incentivized. Eventually, new employees must be hired and trained. There is no good reason why agencies should not plan to have retiring employees assigned to help train their replacements and prepare for the transition to the next generation before they become annuitants.

Another problem with the annuitant solution is its selection process. The rehired annuitants would be beneficiaries of very lucrative dual compensation waivers. The legislative proposals for rehiring annuitants give managers complete discretion to decide which annuitants will be brought back. There is no competitive process proposed, and none is used where dual compensation waivers currently exist. In this context, there is every reason to believe that favoritism and prejudice will govern the selection of annuitants to be rehired. The "hiring" in this context will inevitably violate merit system principles, veterans' preference, and fairness. It is a recipe for cronyism, and as such, it will serve neither agencies' nor taxpayers' interests.

Providing dual compensation waivers in order to rehire annuitants in emergency or extraordinary situations is already commonplace, and we have no objection to this practice. The Office of Personnel Management has an extremely efficient process for approving agency requests for authority to waive dual compensation restrictions in cases where there are positions that have proven exceptionally difficult to fill or where an agency needs the particular

expertise of an annuitant for a project or an assignment. The Department of Homeland Security (DHS) has utilized this process successfully in the past for its Citizenship and Immigration Services division; turnaround time between the agency request and OPM's response has been as fast as two weeks. OPM officials have reported that they always approve agency applications that demonstrate a need to hire an annuitant and provide a dual compensation waiver. Thus, there is no need to expand the rehiring of annuitants into a government-wide program to address the retirement of the baby boom generation.

The members of AFGE have had a uniformly negative response to the prospect of government-wide authority for rehiring annuitants because they understand how it will function to block off opportunities for lateral moves and career advancement. In agencies where rehiring annuitants with dual compensation waivers is common (such as the Department of Defense), active employees feel as though the practice routinely deprives them of opportunity for advancement. Workers who have had their eye on a position may have waited for years for an incumbent to retire, during which time they might have worked to accumulate the skills and the degree necessary to compete for the job. Imagine the disappointment when the retiree returns to the workplace the day after his retirement as a part-time rehired annuitant? The employee knows that the agency can hire two half-time annuitants and save on the cost of benefits rather than open a full-time position to competition, and that is just what happens.

The day of reckoning for hiring the next generation federal workforce cannot be put off indefinitely. Although there will always be annuitants eager to return to part-time work as long as they don't have to sacrifice any of their annuity by doing so, this should not be Congress' answer to the hiring problems facing federal agencies. More than three million Americans have lost their jobs in the last five months (and more than five million lost since December 2007, according to the Bureau of Labor Statistics); many are likely to be interested in federal employment and many would undoubtedly have much to contribute to federal agencies and programs.

Policies to Attract Workers to Federal Employment

Last year, Defense Secretary Robert M. Gates changed the Department's rules regarding answers to "Question 21" in the Questionnaire for National Security Positions, which asks candidates whether they have sought care for mental illness at any time over the past seven years. The new rules allow an applicant to say "no" to that question as long as the care has not been ordered by a court and was "strictly related to adjustments from service in a military combat environment."³ This change is intended not only to encourage military veterans to seek care for various "psychological" wounds of war, but also to encourage them to seek federal civilian employment in the Defense Department and

³ "Military Stressing Veterans' Counseling," by Ann Scott Tyson, *The Washington Post*, May 2, 2008.

elsewhere in the federal government. AFGE applauds this change, as we do not believe that seeking medical care for post-traumatic stress disorder, depression, anxiety, or other conditions should disqualify anyone from federal employment.

The federal government has sent mixed messages over the past several years that may have consequences for hiring in the indefinite future. On the one hand, there has been evidence of a sincere desire to hire a new generation of employees to replace the retiring baby-boomers, the most important of which was the passage of the Federal Workplace Flexibilities Act of 2006. This law enabled agencies to entice both internal job candidates, and candidates who were not yet federal employees, with large bonuses equal to as much as 100% of salary for recruitment, retention, and relocation and promises of help with student loan repayment. But not only has there been no funding so that those flexibilities could be used, the Bush Administration's war with its own workforce on issues ranging from pay to outsourcing to union recognition to politicizing what should be absolutely apolitical government work to refusing to engage in constructive negotiations with employee representatives did considerable damage.

Of all the issues in that long list where the past Administration was at odds with its workforce, its pay policies were the most self-defeating with respect to the government's hiring goals. Politicized pay for performance schemes and below market salaries have hurt both recruitment and retention. For the General Schedule (GS) and the Federal Wage System (FWS), successive administrations have refused to follow the law with regard to market comparability even during periods when the budget was in surplus and the economy was at full employment. And in the past three years, the size of the measured pay gap between federal and non-federal salaries has actually grown according to the Federal Salary Council and the President's Pay Agent. The reason for its growth is in part because full comparability raises have not been implemented, and also because the Salary Council has adopted a more detailed and accurate measure of the gap, one that includes far more actual job matches between the private and federal sectors. The new measurement includes jobs at various supervisory levels, and far more professional and technical jobs. Thus it provides a truer, richer and a more relevant picture of how much federal salaries lag behind those in the private sector. The pay gap cannot be ignored in any discussion over the obstacles to federal hiring.

Although much emphasis is placed upon external candidates for federal jobs, the retention of current employees should also be a priority. Current employees often make the best candidates for federal job openings. The federal government's policies should encourage the employees in whom it has already invested to look for career development possibilities within the government rather than outside it. The hostile federal workforce policies of the Bush Administration had their most deleterious impact on this group. Far too many federal employees reacted to the harshness of the Administration's contracting out and union-busting agenda by leaving as soon as they gained enough experience or skill to

move to a similar or higher position outside – not inside—the federal government. I always encouraged them to stay and fight to make things better, and most did, but the bitterness is a legacy of the Bush Administration that will be felt for years, especially in the area of hiring. I am optimistic that the support for public service shown by both the Obama Administration and the new Congress will help turn this around, but there is much work to be done in this area.

Every time I see or hear an advertisement on radio or television for the military, I wonder why federal agencies are not permitted to do the same thing for civilian federal employment. The commercials for the Army, Navy, and Marines are so compelling, so professionally produced and placed on the air at times when they are likely to have the greatest impact. I have no doubt that these advertisements have contributed greatly to the military's ability to recruit even in a time of war. In contrast, federal agencies are limited to using relatively inexpensive media and placing their on-air advertisements at inauspicious times, with predictable results.

One common theme to almost all of the obstacles to hiring that I have discussed is money. Hiring adequate numbers of federal employees to handle job applications expeditiously costs money. Improving and streamlining the application process itself, with more upfront interviewing, costs money. Funding recruitment and retention bonuses, and student loan repayment programs costs money. Paying federal employees salaries that are comparable to those paid in the private sector costs money. Training current employees so that they will have the skills necessary to move up to the next job being vacated by a retiring federal employee costs money. Producing good advertisements and showing them on television or radio when people are watching and listening costs money.

Fortunately, ending the relentless push to outsource and privatize federal jobs saves money – lots of money. Insourcing human resources jobs saves money. Eschewing hostility toward unions and engaging in constructive negotiations with us saves money. Perhaps these three things alone will save enough to help fund many of the policies that would facilitate hiring.

That concludes my statement. I will be happy to respond to any questions.

Mr. LYNCH. Thank you. President Junemann, please?

STATEMENT OF GREGORY JUNEMANN

Mr. JUNEMANN. Thank you, Mr. Chairman. I would like to thank you, Chairman Lynch and the members of the subcommittee for addressing this very important topic.

Since my preamble has been, I think, covered quite well and adequately, I will skip right to the meat of my remarks. When I found I was scheduled to testify here today, we reached out to all of our Federal area locals and asked for their input on what they thought this committee should address. So I will get right to that.

Repairing the damage of the Civil Service work force and preserving it into the 21st century will not happen without significant effort across the legislative and executive branches of Government. We look forward to seeing this subcommittee play a major role in that effort. On behalf of the Federal workers that IFPTE represents, we respectfully submit the following proposals for your consideration.

This committee should work to repeal finally and fully the disruptive and punitive National Security Personnel System. My entire union sees this bill as nothing more than an assault on the dedicated civilian defense work force.

Second, scrutinize and reform the contracting out of Federal work. While IFPTE, which in addition to representing tens of thousands of Federal workers also represents tens of thousands of workers in the private sector, it is not opposed to privatization when it makes sense and is done in a fair, proper, and prudent manner that benefits the Nation. Current Federal contracting out policies are heavily skewed in favor of privatization and need to be overhauled. Re-Federalization should be considered for those Bush administration outsourcing efforts that have failed to meet promised savings and/or quality metrics.

Third, mandate increased management training. IFPTE supports the passage of the Federal Supervisor Training Act of 2009 that has been sponsored by Senator Akaka.

Fourth, reinstate the Federal management partnership. I applaud the remarks earlier from Director Berry. IFPTE sees tremendous value in partnerships and urges their rebirth with the inclusion of language that establishes method, means, and technology as bargaining obligations.

Fifth, extend Civil Service protections within the executive branch to the legislative branch. In other words, Congress has to remember its own employees. IFPTE asks the subcommittee and the full committee to work with the House Administration Committee to ensure that workers of the legislative branch enjoy the same benefits as their brethren within the executive branch.

Sixth, act to preserve America's leadership in aerospace, science, and technology. This is done in two ways. First, call for appropriations that increase in-house research and development funding for Federal research institutions including funding for strategic hiring. Second, adopt legislation capping the use of term positions and prohibiting the use of accounting methods that seek full cost recovery of Civil Service salary.

Finally, take additional actions, as I am outlining here, which include reducing the increasing burden of health premiums on Federal workers. We applaud the House for giving Federal employees under FERS the ability to use their unused sick leave and providing the same employee benefits afforded to opposite sex married Federal workers to domestic partners and to same sex married couples. Repeal the Windfall Elimination Provision in Government pension offsets. Increase and enhance pension and annual leave benefits for administrative law judges. Finally, raise the cap on GS-15 salaries.

We would like to thank you again for allowing us to participate and testify before the committee today. I would answer any questions you might have.

[The prepared statement of Mr. Junemann follows:]



INTERNATIONAL FEDERATION OF
PROFESSIONAL AND TECHNICAL ENGINEERS,
(IFPTE), AFL-CIO & CLC

**Testimony of
Gregory J. Junemann,
President**

**International Federation of Professional &
Technical Engineers
(IFPTE), AFL-CIO & CLC**

Prepared For:

**House Subcommittees on the Federal Workforce, Postal
Service and District of Columbia**

Hearing:
*“Public Service in the 21st Century: An Examination of the
State of the Federal Workforce”*

**Wednesday, April 22, 2009 - 10:00 a.m.
2154 Rayburn House Office Building**

**Testimony of Gregory J. Junemann, President
International Federation of Professional and Technical Engineers, AFL-CIO, CLC**

Good Morning. I am Gregory Junemann, President of the International Federation of Professional and Technical Engineers. I would like to thank Subcommittee Chairman Lynch, Ranking Member Chaffetz, and members of the Subcommittee for today's invitation. IFPTE commends Chairman Lynch in particular for recognizing the need for today's hearing. The issues that will be discussed here today are critical to examining where our federal workforce has been over the past several years, where we are today and why, but most importantly, looking forward to where we will be tomorrow.

IFPTE represents over 80,000 highly skilled professional and technical workers in the private, federal, and public sectors throughout the United States and Canada. With respect to our federal membership, IFPTE represents employees at such agencies as the Department of Defense (DoD), the Department of Interior (DoI), the Department of Energy (DoE), the National Aeronautics and Space Administration (NASA), the National Oceanographic and Atmospheric Administration (NOAA), the Environmental Protection Agency (EPA), the Government Accountability Office (GAO), the Congressional Research Service (CRS), the Pension Benefit Guarantee Corporation (PBGC), the Executive Office of Immigration Review, and Administrative Law Judges at the Social Security Administration. Although the employees we represent come from a wide range of Agencies, possess a wide range of expertise, and perform a wide range of important functions, they face common challenges. Ever since President Reagan villified government as "the problem", the civil service has borne the brunt of this slander and has been scapegoated for many of the country's ills. However, the hostility towards government service only came to full fruition under the Bush Administration, which opportunistically took advantage of the 9-11 attacks to further its anti-civil-service agenda. Whether it be the unlawful elimination of collective-bargaining rights through the National Security Personnel System (NSPS) at DoD, or the attempt to do the same at NASA through a proposed unconstrained "demonstration personnel system", or the privatization of inherently governmental functions at the Army Corps of Engineers, or the fostering of cronyism through faux pay-for-performance systems, or the suppression of federal research by assigning researchers to vulnerable "term" positions, drastically cutting R&D funding, and even blocking of the publication of inconvenient findings, federal workers have been systematically harassed and undermined. The consequence has been that critical government capabilities have been eroded and, more importantly, the independent scientific and technical information upon which our democracy depends has been manipulated and distorted for political ends.

When I learned that I was invited to testify at today's hearing, I asked our legislative department to reach out to all of our federal Locals seeking input. I am pleased to report to you that I received a resounding response from most of the IFPTE Locals, which, while not surprising, is reflective of the intense interest federal employees have in ensuring that the Congress is aware of their concerns. As you all know, federal employees take their responsibility of serving the American public very seriously, and follow your work here in Congress very closely. So, this testimony today is not as much about my personal views on the federal workforce as it is reflective of the views of the rank-and-file federal employees represented by IFPTE.

So, what is the state of our federal workforce? To put it bluntly, the civil service is in crisis; over the past eight years, this critical institution, created to isolate the federal workforce from political influence and corruption, was subjected to relentless attack by political ideologues within the last Administration who sought to pervert this independence, to politicize government research, and to harness civil-service functions for political purposes, and/or to divert public resources to powerful private interests. For example, at both DHS and DoD, the public and the Congress were told that federal employee rights were inconsistent with national security. Union rights, veterans preference, EEOC protections, whistleblower protections, and pay were then eroded through the imposition of the NSPS. In other examples, NASA aviation safety and climate scientists were muzzled or publicly chastized by their Administrator, when their research findings were inconsistent with Bush Administration policies. However, despite these and many other examples of mistreatment, America's public servants are resilient. Our nation's Civil Servants are as dedicated as they have ever been, and are eager to continue dutifully and diligently serving the American taxpayer. After years of abuse and neglect, they are looking to the 111th Congress and the Obama Administration to begin a long overdue revitalization, starting with the firm acknowledgement that government service is a noble and patriotic calling, that America's civil servants play a vital role in preserving and protecting our democracy, and that public servants should receive the respect they deserve and the resources they need to get their important jobs done properly.

The following testimony provides a more detailed accounting of IFPTE's view of the state of the workforce at those agencies where IFPTE represents workers.

Pay-Banding vs. the General Schedule

Pay-banding is the most contentious issue among the federal workers represented by IFPTE. Over the better part of the last two decades, we have seen Administration after Administration claim that in order to attract, hire, and retain the best and brightest workers, the government should transition from the General Schedule (GS) to so-called pay-for-performance, or pay-banding systems. While IFPTE believes that this issue will continue to be a topic of healthy debate during the Obama Administration, we also warn that there is no silver bullet solution to attracting top quality candidates and that job security, challenging work, good health and retirement benefits for themselves and their families, and a hostile workplace environment are every bit as important as salary. Although pay is a critical component of job satisfaction, it is important to realize that most federal workers do not seek out federal employment for high pay, but rather for these other factors and for the opportunity to serve their country.

IFPTE is in a unique position when it comes to this topic. While the overwhelming majority of our members oppose pay banding, we do represent some who support it. For example, IFPTE Local 1921, where we represent more than 1,800 analysts employed by the GAO, is supportive of their specific pay-banding system. That system, though, was not without its own controversy. It took the extraordinary action by this Subcommittee during the last Congress, as well as a decision by the workers to unionize in order to preserve employee support of that pay-banding system. Congress, to its credit, mandated that any employee at GAO whose performance 'meets expectations' be guaranteed the annual across the board adjustment (also referred to as the COLA). Congress also authorized monies to ensure that the hundreds of GAO workers who

were unjustly denied the COLA were finally made whole. Also, because of the union the workers are now able to actually negotiate pay. Before unionization and before Congressional intervention, hundreds of workers at GAO, mostly minority workers, were denied their annual COLA because management unilaterally decided that they made too much money. So, while our members at GAO support pay-banding, it didn't come without extraordinary efforts by the workers through their union and by Congress to correct a major injustice.

Other workers represented by IFPTE, however, have had negative experiences with pay-banding, for example, those in DoD under the National Security Personnel System (NSPS). While IFPTE, in conjunction with the efforts of the United DoD Workers Coalition (UDWC), has been successful in protecting most of our membership from NSPS, we do represent workers who are under this pay system. So, along with several congressionally-mandated reports critical of NSPS, IFPTE has first-hand information from our members about the problems with NSPS. These IFPTE represented workers are employed by the Army Corps of Engineers Environmental and Munitions Center in Omaha, along with a few others employed by the Navy at the Pearl Harbor Naval Shipyard in Hawaii.

According to our members in Omaha, the Implementation of NSPS has been fraught with challenges from the beginning. After two years under NSPS, morale among these workers is at an all-time low. Inconsistent implementation of NSPS regulations, both within and between organizational units, constantly changing rules, and the fact that, under NSPS, employees are receiving the worst ratings of their careers has led to widespread disillusionment with the system. The ratings system lacks transparency and is shrouded in secrecy, and reconsideration requests are processed by the same people responsible for assigning the original rating.

It's not just bad for the rank and file. NSPS is just as bad, or worse, for management. It requires a significant investment of time for both the employee and supervisor. Supervisors must spend between 20-40 hours per employee to properly execute the performance plan. Supervisors with a large number of employees have little time to do anything else, which eventually leads to supervisors taking short cuts around the system in order to meet the other requirements of their own performance plan. The performance plan/evaluation system is simply not sustainable. In fact, earlier this month, Darryl Perkinson, the head of the Federal Managers Association testified before the House Armed Services Readiness Committee and recommended that the DoD scrap NSPS all together and convert back to the GS system. IFPTE agrees with Mr. Perkinson and believes that the Congress should act this year to finally close the books on NSPS.

The GS pay system, on the other hand, was designed to be a pay for performance system with appropriate safeguards to discourage cronyism. In the GS system, top performers can receive Quality Step Increases and can be accreted to the next GS grade as well as receive an annual award or bonus based on performance. The GS system also allows for all workers to receive the congressionally mandated COLA, so federal workers salaries can at least keep up with the rise in living costs. That's compared to workers under NSPS, who only receive 60% of the COLA.

Keeping in mind the theme of this hearing, "the State of the Federal Workforce," IFPTE believes that in order to build morale, preserve safety, attract and retain the best and brightest, all while providing superior services to the taxpayer, pay systems like NSPS should be immediately

discarded. Not because it is a pay-banding system, but because it is a pay system that is littered with landmines. Once we ensure that ill-conceived pay systems like NSPS are a thing of the past, only then should we start to consider looking at how and why pay-banding systems at places like GAO have garnered employee buy-in, and start to work together to see if such a system could work throughout the larger federal government.

Below are other pay related matters that IFPTE asks the Subcommittee to consider:

- The Impact of the Foreign Exemption for both temporary and permanent assignments: When a federal employee is sent overseas on *temporary assignment*, their rate of compensation will be cut for all hours of overtime worked. In other words, the workers are exempt from the FLSA. This problem compounds for federal employees who are sent overseas on a permanent basis. They not only lose their FLSA overtime, but their locality pay as well. One IFPTE Local 1 member lost over \$15,000 by accepting a one year tour to Bahrain (\$10,000 in locality pay and approximately \$5,000 in reduced overtime compensation). Until recently, federal employers that send employees overseas frequently have not enforced the foreign exemption for temporary duty. The employers were fully aware the provision would not be perceived as fair and would affect their ability to staff overseas functions. Congress should look at approving legislation to provide locality pay and FLSA overtime protections for non-exempt temporary and permanent federal employees working abroad.
- Non-Foreign Area COLA – Adopt S. 507 and H.R. 1226, sponsored by Senator Daniel Akaka and Congressman Neil Abercrombie to ensure pay and retirement equity for federal employees in Alaska, Hawaii, and the U.S. territories.
- Adopt the *Federal Employees Paid Parental Leave Act*. IFPTE thanks this Subcommittee and full Committee for passing this bill and urges Congress to swiftly move it to final passage. It will provide 4 out of 12 weeks of full pay to federal employees for parental leave.

Contracting Out of Federal Work

Whenever federal work is put up for competition with the private sector worker morale suffers greatly. Frequently by the end of the study, there are not enough civil servants left to do the job because many have found employment elsewhere in an area that is not under study. This exodus of employees results in a catch-22 where the employees left suffer a harder blow to morale and have even greater job-related stress because they are left to perform the duties of the employees who found other employment. This means that they can no longer execute a Most Efficient Organization (MEO) developed by the activity and ends up driving the decision to convert to contractor performance. Adding insult to injury, once federal work is targeted for competition, even if the MEO wins, employees have to go through the whole nightmare again in five years. In other words, even in the situation where federal employees win their A-76 competition, employees and their agencies still suffer.

It is worth noting that most of the work that eventually ends up in the hands of contractors turns out to be more costly to the taxpayer and is not properly performed. This is exactly why the DoD IG recently recommended re-federalizing previously contracted-out work back into the DoD.

While IFPTE is not opposed to privatization when it makes sense and is done in a proper, fair and humane way that truly benefits the Agency and the taxpayer, we believe that the current contracting policies of the federal government are heavily skewed in favor of the private sector and need to be completely overhauled.

We list below other contracting out items that IFPTE asks the Subcommittee to consider taking action on:

- Army Corps of Engineers High Performing Organizations (HPO): Review and prevent the further use of HPOs by the Corps to strip workers of their union representation, and their employment status through HPO.
- The NASA Shared Services Center (NSSC): Review whether or not the NSSC has actually reduced cost and improved efficiency as promised for the administrative services it currently provides NASA and direct NASA to re-federalize those services that have not met the savings promised when the contract was won.

Management Training and Partnerships

Currently managers receive very little labor relations or employee relations training. In the labor relations (LR) arena, the training they receive is geared toward working against rather than with Unions. This results in some managers being "Sea Lawyers", each having their own view of what the statute intended.

IFPTE believes that the right kind of management training can make a huge difference in improving the workplace environment and efficiency of the federal workforce. How do we achieve this? A good first step would be for Congress to pass the *Federal Supervisor Training Act of 2009*, sponsored by Senator Akaka. Under the Akaka bill, managers would receive regular training about prohibited personnel practices, procedures for enforcing whistle-blower, collective bargaining and anti-discrimination laws, and better management and general leadership skills.

We also believe that federal labor-management partnerships should be reinstated. This was another casualty of the Bush Administration, which quickly overturned the Clinton partnership executive order. We at IFPTE see tremendous value in partnerships and urge their rebirth along the lines of the Clinton executive order, with the inclusion of more definitive language that "method, means, and technology" are bargaining obligations for management.

Fortunately, it is widely assumed that the Obama Administration will reinstate partnership at some point and IFPTE looks forward to that day.

Legislative Branch Employees

IFPTE also represents federal employees in such legislative branch agencies as GAO and the Library of Congress, where we represents workers at the Congressional Research Service (CRS). While there is a lot of good legislation currently being considered by Congress that will benefit a large number of federal employees, unfortunately, most of the proposed legislation only applies to workers in Executive Branch agencies and will not benefit workers at the Library of Congress, including CRS, the GAO, or other legislative branch agencies like the Government Printing Office (GPO). Legislation ranging from extending domestic partner benefits to counting sick leave toward FERS retirement, if passed, will not affect legislative branch employees.

We at IFPTE fully realize that the jurisdiction for the legislative branch human resources issues falls within the House Administration Committee. However, we ask that, as this important legislation moves its way through Congress, this Subcommittee, and full Committee, work with the House Administration Committee to ensure that the workers of the legislative branch enjoy the same benefits as their brethren in the Executive Branch.

Preserving America's leadership in aerospace

America's currently unquestioned leadership in both aeronautics and space exploration is threatened by at least three factors: 1) a demographic crisis caused by the sustained failure to hire the next generation of technical employees, 2) hostile personnel and accounting practices that undermine civil-service protections and the independence of NASA's expert technical advise, and 3) drastic cuts to NASA's in-house R&D budgets. America is currently facing a challenge to its national security and international economic competitiveness far as serious as Sputnik; we must act promptly to prevent a looming gap between America's technical capabilities and those of our competitors.

NASA's demographic problem

The key problem with NASA's civil-service workforce is that strategic hiring has been neglected for nearly two decades. During the Clinton Administration, "Reinventing Government" drove a major downsizing of NASA's core technical CS workforce; during the G.W. Bush Administration, the "President's Management Agenda" and NASA's full-cost recovery of CS salary handed all workforce control to Program managers, who tailored all hiring decisions to short-term needs. They primarily hired "term" employees, who could then be discarded when milestones were met, rather than investing in the recruitment and training of a dedicated, highly skilled and experienced, long-term workforce (as was done in the past). The consequences for NASA's long-term health are dire; NASA must reverse course in President Obama's first term or key intellectual capabilities will be lost and not replaced.

Between 1993 and 2009, despite the fact that NASA's overall budget and responsibilities increased, NASA lost 6,787 civil-servant employees under the age of 40, who were never replaced (see purple oval for missing cohort). Without a course correction, the demographic distribution will become even more skewed with the proportion of NASA employees who are 50-59 increasing to nearly half the entire CS workforce by the 2014.

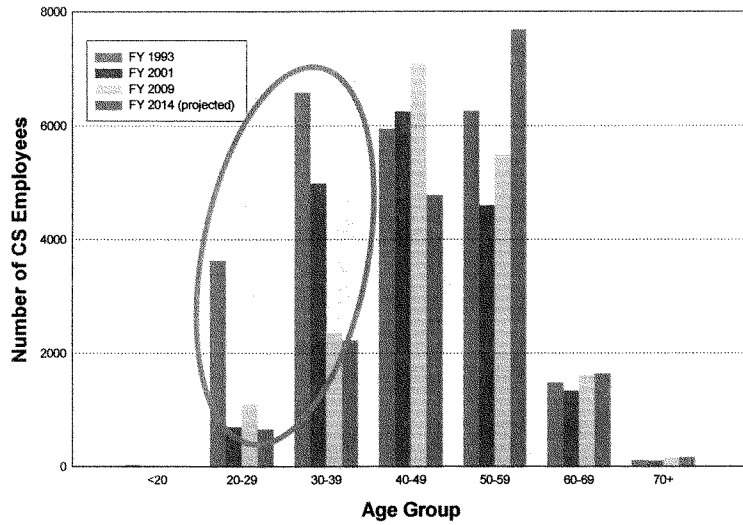


Figure 1. NASA's slow march off the demographic cliff. (Actual numbers from wicn.nssc.nasa.gov/generic.html; projected numbers estimated by IFPTE)

During the Apollo era successes, NASA employed 36,000 Full-Time Permanent (FTP) civil servants. While IFPTE is not advocating for doubling the current workforce to return to that level, we are merely concerned that the downsizing has gone way too far and is scheduled to continue (by attrition alone) unless the Congress and the Obama Administration intervenes immediately.

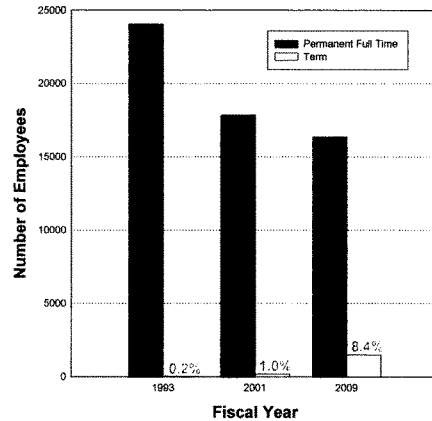
Harmful personnel (term hiring) and accounting (full-cost recovery of salary) practices

Figure 2. NASA's shrinking Full-Time Permanent (FTP) workforce. (wicn.nssc.nasa.gov/generic.html)

NASA's overall FTP workforce has been shrunk by 32% over the last two Administrations (Fig. 2, black bars). However, NASA's civil-servant workforce employed under a term contract has increased nearly 8-fold under President Bush (Fig. 2, compare white bars for 2001 and 2009). Furthermore, between FY2000 and FY2006, the number of outside hires into permanent science and engineering positions decreased more than 9-fold. In all, NASA's reliance on term positions has increased more than 40-fold from the 1993 baseline (see percentage in red). Over the last six years, NASA has used term hiring indiscriminately for nearly all new hires and even secretly established a quota of 13% of the total workforce as its target level (in direct violation of the spirit of the law and assurances provided to IFPTE by NASA management). The Bush Administration's intention was clear; if NASA could not lay-off its CS employees and replace them with contractors, it would instead morph civil-servant positions into pseudo-contractor positions.

Although legally prevented from eliminating NASA civil-service jobs by bipartisan Congressional action, in 2004, NASA implemented full-cost recovery of CS salary, which effectively allows NASA to pretend that it does not need to pay its technical employees. This hostile accounting practice has disenfranchised NASA's civil servants by subjecting them to a demeaning annual ritual of "musical chairs" whereby many rank-and-file employees, through no fault of their own, are deemed "uncovered" and paid through last-minute humiliating procedures while management salaries are all "covered". This practice not only violates the intent of title 5 (which guarantees salaries to all civil servants), it wastes millions of dollars in avoidable administrative costs due to the needless tracking and manipulation of salary accounts.

Dramatic shrinkage of NASA's R&D budgets

According to the GAO, NASA's aeronautics R&D budget decreased by more than half between 1994 and 2007. The aeronautics budget has continued to decline since then by double-digit percentages, ending with President Bush's last proposed budget of ~\$450 million. The adverse impact of this dramatic decline in aeronautics funding on NASA's aeronautics capabilities was further exacerbated by Associate Administrator Lisa Porter aggressive outsourcing quotas whereby she mandated that much of the remaining R&D funds be provided to academia, leaving civil-servant aeronautics researchers demoralized and underutilized.

NASA's space exploration technology development funding decreased from \$898.9 million in the final FY05 Operating Plan to \$326.6 million in FY07, and decreased further to \$219.2 million in the FY09 Omnibus Spending Bill.

NASA's life and microgravity science has been seriously damaged, even though it is probably the single most serious challenge for long-duration human exploration. The Office of Biological and Physical Research oversaw life and microgravity science with \$924.6 million in actual expenditures in FY05. The life and microgravity R&D budget was decreased drastically to \$181.2 million by FY07 and increased only slightly to \$196.7 million (barely keeping up with inflation) in the FY09 Omnibus Spending Bill.

These and other R&D programs are the life's blood of NASA's most creative scientists and engineers and are on the critical path for future human and unmanned space exploration and for America's future advances in civil aviation. In particular, we must learn how to enable humans to live safely and efficiently on distant worlds, and in doing so allow humankind to live more safely and efficiently on Earth. We must also reduce the fuel consumption, noise, and emissions of a new generation of air vehicles, while also increasing the capacity and efficiency (and maintaining the safety) of our Airspace System. NASA's technical contributions in these areas will deliver innovative earth-based technologies that will improve our economic competitiveness, help us achieve energy independence, and reduce our environmental impacts.

IFPTE urges the sub-committee to consider:

- Adopting legislation prohibiting NASA, or any other federal Agency, from using full-cost recovery of civil-servant salary in its budgetary accounting;
- Adopting legislation mandating that no more than 10% of new hires within any federal Agency in any fiscal year be hired into "term" positions and that no more than 5% of the total civil-service workforce at any federal Agency consist of "term" positions; and
- Calling for Appropriators to provide NASA, and America's other critical federal laboratories, with increased funding for longer-term innovative R&D programs, including new funds to enable a vigorous strategic hiring program to recruit the best and the brightest new talent, in order to maintain America's future leadership in aerospace, science, and technology R&D and inspire young Americans to pursue an education and then a career in STEM-related areas.

Other critical issues affecting federal workers:

- Alleviate the burden of health premium payments by Federal Workers: In the last Congress this was sponsored by House Leader Hoyer, to raise the percentage of federal employee health premiums covered by the government from 72 percent to 80 percent (premiums will rise an average of 9 percent in 2009).
- Sick Leave: Support house passed legislation, H.R. 1804, to give federal employees under the Federal Employees Retirement System (FERS) credit for unused sick leave in their pension calculations. Federal workers under the Civil Service Retirement System (CSRS), most of whom were hired prior to 1984, already enjoy this benefit.
- Domestic Partner Benefits: Adopt legislation similar to S. 2521 introduced in the 110th Congress, sponsored by Senators Lieberman and Smith, to extend the same retirement benefits, long-term care, health care benefits, family and medical leave, and all other accommodations afforded to federal workers in traditional marriages to those in domestic partnerships or same-sex marriages.
- Windfall Elimination Provision and Government Pension Offset: Support HR 235, sponsored by Rep. Berman, to repeal or reform both the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO). These provisions unfairly deprive public and federal retirees of Social Security benefits earned by them through non-government employment or earned by their spouses.
- ALJ Pensions: Adopt bipartisan legislation to allow for enhanced pension benefits for federal Administrative Law Judges (ALJs). Currently ALJs are forced to work well into their senior years in order to receive a pension benefit equal to that of most federal workers.
- The cap on GS-15 salary: Adopt legislation to raise the arbitrary cap on GS salary that is currently preventing some of our most talented senior scientists, engineers, and other civil servants from receiving meaningful promotions or the full measure of their annual cost-of-living adjustments.
- Enhance Annual Leave for Federal Judges: Adopt legislation identical to S. 3665 during the 110th Congress, sponsored by Senators Akaka and Pryor to "modify the rate of accrual of annual leave for administrative law judges, contract appeals board members, and immigration judges."

Mr. LYNCH. Thank you very much. I appreciate your patience in waiting for others to testify. I would like to get right to a couple of issues that I have been thinking about for some time.

I know that, President Kelley, in 1998 Congress authorized various personnel flexibilities related to staffing, performance, and pay for IRS employees. I know you represent those folks. How have the flexibilities impacted the situation at the IRS? What have been the outcomes? Have you seen it abused or under-used? What has been the actual experience on the ground at the IRS? Would you recommend any regulatory modifications to that whole exercise?

Ms. KELLEY. Actually, at the IRS they have used very few of the flexibilities. It usually comes down to the fact that they decide not to allocate the funding for it. When you look at specific issues such as recruiting and retention bonuses, they have used those for managers or for SES employees but not for front line employees. Student loan repayments, we have been working hard to try to have them acknowledge that would help in the recruiting and retention and they just have not either had the money or been willing to invest the money in that for the work force.

So as with most agencies, they have a lot of flexibilities that they already have the authority to use but they are not using them. That was always one of NTEU's frustrations when agencies would come forward and ask for more flexibilities as if they don't already have enough. They have plenty and they just don't use them.

Mr. LYNCH. Ms. Simon, I know that we have a lot of folks coming back from Afghanistan and Iraq after multiple tours. We have a well intended Veterans Benefit and Veterans Preference mandate out there. I have been to Iraq I think 11 or 12 times now and Afghanistan probably half a dozen times and I am, without exception, totally impressed at the young people and some of the not so young people that we have in uniform doing a great job for us. These folks are very well trained, very well educated, highly intelligent, and highly motivated. How do we get more of them to apply and succeed in coming into the Federal Government and helping us with the civilian side of our Government? How do we do that? I sense that there is some obstruction there as well.

Ms. SIMON. Well, it is interesting to hear you say that. We estimate at AFGE that something close to half of our membership at any given time are veterans. We are not a veterans service organization but we are very, very strong advocates of retaining Veterans Preference in hiring. I don't think it is too much to say that the majority of proposals that have been put before us—not just this year but certainly in the last 8 years—were thinly veiled attempts to evade Veterans Preference, particularly direct hiring.

People will whisper, they will give lip service to the importance of Veterans Preference but then whisper later, I can't hire anybody because I can only hire veterans. I think that the attitude that you just expressed isn't as widespread as it ought to be in the agencies. We certainly know that veterans make excellent Federal employees.

We have all made vague reference at some point today to, and I mean this panel, to the devastating impact the last 8 years have had on the Federal work force in terms of morale and even reputation. We had an administration that was at war with its own work

force. Retiring Federal employees were replaced as often as possible with contractors.

So I think that word is getting out that the Federal Government is back in the business of hiring and the hostility has ceased. Federal agencies are once again welcoming people to apply with the expectation that they will be hired and treated fairly. So we are really just getting started here in trying to undo some of the damage that has been done in the last 8 years.

It was delightful listening to the previous panels and talking about the Federal work force in such a positive way. I think that, combined with the unfortunate fact that the private sector is reeling, the Federal Government hiring should be in a pretty good position.

Mr. LYNCH. Are there refinements or modifications in the current Veterans Preference model that might make it easier or make us more successful in attracting some of our servicemen and women into coming back?

Ms. SIMON. The thing that we hear over and over again, which you have probably heard over and over again, is the difficulty people have in a lot of occupations filling out these lengthy KSA forms. There are a lot of Federal jobs that really don't require the ability to write these long essays. That is why we are very supportive of efforts to try to streamline this application process and get away from the emphasis on written KSAs.

Mr. LYNCH. I heard very earlier today Director Berry who said, basically, that we have gone to a system where potential candidates for Federal employment have to go to an agency to help them reinterpret their work history in a way that applies to the Federal hiring process data, the KSA filings and all of that. You would think that a person of competent intelligence could fill out a form to describe their own work history in an effort to get a Federal job, but that is clearly not the case. I think it is illustrative of the problem that we are facing.

Ms. SIMON. When he was talking about that, it reminded me of something that you will probably hear a lot more about, which is the sort of biggest complaint that our members at the Social Security Administration have. In the last 8 years, their jobs went from helping members of the public apply for the benefits to which they were entitled to being sort of gate keepers of those benefits.

In response, a sort of a cottage industry of firms were created to help people apply for Social Security benefits. The fact is that there are so few personnel officers who could actually pick up the phone and answer an applicant's question about how do I actually do this. There is no reason that we can't have HR staff who could actually help applicants through the process.

If you see our written statement, the Bush administration had this Lines of Business Initiative with HR that virtually required every Federal agency to outsource to a so-called center of excellence for HR functions. As a result, there is really nobody left, in agencies. Certainly there is nobody who can help an applicant fill out the form.

Mr. LYNCH. I would be remiss if I did not say thank you to each of you. I know that AFGE and NTEU and your own group, President Junemann, have been very aggressive in getting Veterans into

Federal employment. We appreciate that. At AFGE, I think the percentage was 40 percent or something in that area. That is extremely high. That is a great tribute to your organization and your willingness to reach out and make sure that these folks who have put on the uniform of this country have an opportunity to come home and go to work in a decent job.

Ms. SIMON. I just have thought of one more thing. Some of these proposals for direct hiring or expedited hiring have wanted to try to make various other forms of experience equivalent to Veterans Preference in the hiring process, up to and including having spent 4 years on a college campus getting a degree.

I don't know if you have seen those proposals but we have reacted very negatively to any effort to say, OK, well 4 years in college earning a bachelor's degree is equivalent to having done a tour of duty in Iraq or Afghanistan. Those kinds of proposals have been offered with a straight face. We just really have a very negative reaction to trying to equate any kind of educational experience to military service.

Mr. LYNCH. Yes. I would have a similar reaction to any attempt such as that, sure.

Ms. KELLEY. If I could just add, Chairman Lynch, about this whole issue of Veterans Preference in the hiring process? One of the things that I am hoping that Director Berry will look at is the potpourri list of hiring processes that agencies are using.

One of the ones that we specifically cited in NTEU's testimony and I mentioned briefly is called the Federal Career Intern Program. It has nothing to do with an intern program. It was legislation that allowed agencies to use this hiring process literally for interns, for short term assignments, to kind of get to see their skills and maybe see where they fit best in the Federal Government. Well, that FCIP program does not take into account Veterans Preference. It totally ignores Veterans Preference. It does not even mandate that it be considered.

Today, Customs and Border Protection is using it to hire every front line CBP Officer and they have 22,000 of them in the agency. So they are using it to hire every CBPO. The IRS is using it to hire every revenue agent and revenue officer. The FDIC is using it to hire examiners. So the program is being totally misused.

NTEU's lawsuit asserts that it is not a merit principle hiring system specifically because of totally ignoring of the Veterans Preference issue. So whether this gets shut down by our lawsuit or by Director Berry with the new OPM taking a new look at this, I hope it will be shut down soon. Tens of thousands of employees are being hired under this program every year and totally misusing what the legislative intent of it was.

Mr. JUNEMANN. Mr. Chairman, could I—

Mr. LYNCH. Absolutely. Mr. Junemann, I have some questions for you as well but you can jump in here.

I am surprised at that because you would think that for Customs and Border Patrol, with all the hiring that is going on because of the situation on the Mexican border and other areas, who better to hire than folks coming back with military backgrounds, our veterans. That is a perfect applicant pool. I would think they would

have all the relevant skills and disciplines that would pertain to that job.

If you wanted to followup on that Mr. Junemann? I also have some questions for you but go ahead.

Mr. JUNEMANN. I need to say something on this because I have a son who is a three time veteran of Iraq. He is, I dare say, an ex-Marine. He would shoot me; he is a former Marine. Anyway, he is a three time veteran of the Iraq war. He also did a brief stint in Afghanistan. He told me—and again maybe this is anecdotal, but he said this was not only for himself but he found this among his fellow Marines—there is very little, let us call it marketing, being done by the Federal Government while people are in the military. So if you are asking how do we get them in, get them before they leave would be my answer.

As a matter of fact, what he says is there is very little attention paid to soldiers who are trying to get out because you are sort of competing with yourself in that the military is so understaffed. It would be difficult for the same Federal Government to say please stay in, please re-up, give us 4 more years and at the same time say, hey, there are career opportunities for you when you leave on the civilian side.

So I think what is happening is before they are ever leaving, their commanders are sort of hanging onto their ankles with both hands asking them not to leave. When they finally are convinced that they are going to leave, then it is just a very short, brief and not very effective mechanism toward post-military careers.

I think what needs to be done is there needs to be marketing. If we really want these people, don't wait until they are done and then say, oh, we have Veterans Preference now that you are unemployed. What I think needs to be done is as they are nearing the end, put a career in Federal Government service there and say, here is another avenue you might want to go into. We will embrace you in that.

Mr. LYNCH. Right. I think that is a great point and one I think is lost on most people. There is a concerted effort, and has been since 2003, to get our young and experienced men and women in uniform to re-up. And as you point out, if you are trying to do that, get them to reenlist, it would be counter-intuitive for you to also provide information and encouragement on taking another job in the Federal Government that would take those folks out of uniform. So there is a conflict there that we have to figure out.

Interestingly I have spent enough time in Iraq and Afghanistan to know that when these soldiers are getting toward the end of their tour, they are online quite a bit. I know the ones in my district contact me about their prospects of going to work when they get home. They are nervous about that. There is a certain anxiety. They have been doing that for such a long time in uniform and now they are stepping out. It is a big move for them.

It just seems to me there ought to be an outreach on our part given the need that we now see in the Federal Government for new employees in various areas of activity and responsibility. We should be reaching out to these folks affirmatively ourselves rather than just asking them to kind of figure their way into Federal employ-

ment. So I think it is a great point you raise and one that I will certainly discuss with Director Berry.

One of the questions I had for you, President Junemann, is that a lot of your folks are technically oriented. You have engineers and scientists that work for you. It must present a unique set of problems for you in terms of the competition from private industry for those who have an acumen in the sciences and engineering. How has it worked out? How are those problems that we have talked about earlier today—the hiring process, both initial hires and those who might be needed in a lateral hiring mode affected the folks that you represent?

Mr. JUNEMANN. Well, go back a little bit to 2002 after September 11th. A lot of our members, especially within the private sector, a lot of my members are involved in weapons systems as well as aircraft and aviation, at Boeing, General Electric, Westinghouse, and Lockheed Martin, a lot of them are experiencing a reduction in force. A lot of them are going through layoffs. So I actually contacted OPM and talked to Kay Coles James and said, OK look, if after September 11th the old rules don't apply, let us not apply them.

I mean, let's look at this thing a little differently. If we have a lot of these employees who have already passed a lot of the security clearances working in the private sector, and if you need employees and are still hiring, let us go where the bass are biting. Let us do hiring hauls where these people are suddenly finding themselves close to being unemployed. It sounded really good but we still ran into that same 8, 9, or 10 months that it takes the Federal Government to hire an engineer. Even when they had security clearances, they still had to go through the same thing again.

There is not really great competition among my members that somebody wants to go, for instance, from Puget Sound Naval Shipyard to go and work for Boeing because the people at Puget Sound really like what they are doing. They are committed to working and making their little piece of the Navy that much more efficient and effective. It works similarly with NASA.

More of the problem, comes into, as was mentioned earlier, setting forth career paths. Because of all of the problems that we have talked about here, including the non-pay for performance and non-recognition for performance, they don't see a career path in the Federal sector that they should. That is what I have seen; that is what I have heard back from them.

Mr. LYNCH. Let me ask you, President Kelley. We had a similar situation in Andover, north of my district in Massachusetts. I have I think 1,700 accountants, auditors, and lawyers, folks with heavy backgrounds in financial services. Then we have the oversight necessity of this TARP program, the Troubled Asset Relief Program, and then also TALF, the Term Asset-Backed Loan Facility. There has been a tremendous need for hiring those very people. They are laying off 1,700 IRS employees with the requisite skills in Andover and they are hiring a few thousand to do that type of work within these new Government programs.

But I am having a hard time getting people to talk to each other. There are folks over here you are laying off and meanwhile you are hiring new people and training them at tremendous cost. Not to

mention that a lot of the folks at the IRS facility in Andover are already cleared for security clearances and have already been doing this work. We have vetted them. Some of them are 20 year employees. Now we are spending a whole lot of money vetting and doing clearances on new hires, worried about whether or not they can be trusted with the responsibilities that they are being given.

How do we get folks to talk to each other? It would seem like a simple thing like with the Puget Sound example. I actually had a unit from the Puget Sound in my district as well doing some engineering work. So I have seen all this happen. How do we get around that? How do we force people to talk to each other?

Ms. KELLEY. Well, I have been trying to get information that you might have about what the qualifications are for these TARP jobs to do exactly what you are suggesting, to match them up with Andover. So maybe you and I could talk and also get Director Berry in this conversation. Because you are absolutely right. Those employees on September 30th up at Andover at the service center will be no longer Federal employees. And there is this work that needs to be done.

But what you described in this situation, I have seen as an ongoing disconnect between agencies. This is one of the things I am hoping that the new OPM will be able to change about the way business has been done.

One of the reasons I think agencies don't follow OPM's direction, or they see them as recommendations rather than directives, are because they don't see anything coming from OPM that they think will help them. I was thinking about what do agencies tell me that they do with or to the OPM. They go to OPM to ask for permission for something they need to ask permission for. They go to OPM to ask for a waiver to not have to do something that they are supposed to be doing. Other than that, that is pretty much what they go to OPM for. I suspect that is because they don't want OPM in their business unless they think they can help in some way.

I am hoping and I do believe that with Director Berry there we are going to see a lot of changes in that arena. If they can offer something that the agencies say, hey, that would really be helpful instead of me reinventing the wheel and having 33 hiring practices in 33 different agencies, if OPM can really pull something together that would be seen as helpful to the agencies, then I think things will change.

I also think and believe that OPM will, when they look at this hiring process or whatever it is that the agencies can benefit from, be in that conversation.

I have already had that conversation with Director Berry. I think the unions have an awful lot to offer on all of these issues. Will we agree on everything? Of course not. But let us get all the ideas on the table, get the best ones, align ourselves behind them, and get in there and help make some change happen. I think we have that potential.

Mr. LYNCH. There are a couple of schools of thought on this whole idea about reform. I know there are gaps and inequities, inconsistencies in the current system right now that drive you folks nuts in your jobs every day trying to get fairness for the people you

represent. I also know there are some structural changes that the management end of this operation would like to get.

I guess there are two schools of thought. One is that you try to get some grand bargain, if you want to call it that, an omnibus type of piece of legislation that tries to cure all the ills that we see in the current system and adopt rather progressive reforms at the same time. Then we move forward together. There is another school of thought, perhaps more pragmatic and born of experience, that since it is so hard to get change in this system, if you wait to try to get that type of grand bargain, you will never get anything done. So you might as well cherry pick the things that you can get done.

Do any of you have any ideas about what might be the better approach here given your experience?

Mr. JUNEMANN. I mentioned the National Security Personnel System really needs to be scrapped. But there was something that was very possible that could have happened out of that. When that was passed by Congress, the unions that were affected got together and 36 unions formed a coalition, the United Defense Worker Coalition. Some were in the AFL-CIO, some were changed with the winds, some were never affiliated with anybody, but it was the largest coalition of unions in the history of the American labor movement.

We sat side by side and management came in because we were supposed to go through this whole process of identifying problems and resolving them. The opportunity was glorious. It really was. The problem was that the management representatives that came in really weren't serious about it. They had an initial proposal that they wanted to put forward. Congress said no, you need to meet and confer with the unions so they went through that whole thing. It took us about 9 months, maybe a year's worth of meetings. When we were all done, they said, OK, here is our final proposal. It was a comma changed to a semicolon, pretty much the same as what they initially wanted to do.

We really missed a golden opportunity there to say, OK, here are some problems inherent in our system. I mean, just do some interest-based bargaining. It would have taken a longer amount of time but. When they came to us and said here is what we see as a problem, for instance, with FLRA we said, well, we have that problem, too. Things take too long; how do we go about fixing it? I think we could do that again.

But if it is going to be simply ramming through who has the power this week and that is going to end up being the solution, we are not going to get there. There were a lot of people—at least I can tell you with all the unions—and I didn't agree with everything that they had to say and they all didn't agree with me but I think we could have ended up somewhere. When I talk to some of the career people in management, I think that they felt the same thing, that if we can get sort of the temporary elected heads out of here, we could really probably make something that works a lot better for the Federal work force and for the American people.

So I think that could be done. I think the first scenario could be done. It will take us a while but I think if we are committed to do it, we can make a better system.

Mr. LYNCH. OK, let us give it a shot. Ms. Simon.

Ms. SIMON. This is not the answer anybody wants to hear, but as my colleagues have mentioned, Federal agencies have a lot of authorities and flexibilities. You hear at all these hearings about, oh, we need to be able to do this, we need to be able to do that. There is a list as long as your arm of flexibilities that are authorized in law but are never funded. Likewise, we talk about the fact that there is still a pay gap of around 25 percent nationwide on average between Federal and non-Federal pay.

The answer to all of the problems that we talk about here is more funding for the flexibilities and the authorizations and the pay system and the performance system and the opportunity to reward high performance. All of those things currently exist in the form of authorities, but they are not funded so they are not utilized. So, obviously the answer to the pay gap is funding our market comparability pay system. The answer to hiring enough people to do all the kinds of things that we need to have a more efficient and effective Government is to fund it. That is the grand bargain.

Ms. KELLEY. If I could just add, Chairman Lynch, I think we all know the stars are aligned a little different today than they were 6 months ago. Just when I think about this hearing, for the last 8 years, the testimony from the first panel at any hearing would have been totally opposite the panel that we are sitting on today. We knew that when we came in. We knew what to expect and we knew what we would hear. There were no stars aligned. There was no support for the Federal work force.

That is different today so I think it is worth a shot. I think, is it a guaranteed win? No, but the tone from the White House, the tone from all of the political appointees, the heads of the agencies, the message from Congress from the House and the Senate, I mean, we are in a very different place. So I think we need to acknowledge what didn't work before. But I do think we have opportunities now that we didn't have before. NTEU is sure willing to roll up our sleeves and give it a shot.

Mr. LYNCH. OK, that is good to hear. I am somewhat of a pessimist but I could be convinced. I have to say, you folks have been banging heads against the wall for a lot longer than I have. And if you think there is a chance of this happening, then I am with it. I am fully committed. I just wanted to make sure we were not on a fool's errand in terms of trying to get this thing to work. If you think that there is an opportunity to make this work, then I certainly support that.

I know that the Director, Mr. Berry, is the one who has basically put it out there. I don't think he is talking about funding flexibilities within the current system. I believe what he was actually articulating is he wants to change the system itself, something more fundamental. I know that he wants you at the table to get your thoughts because of your experience in this.

Having seen how it has changed from administration to administration, it is dyslexic sometimes. One group comes in and they have this approach and then the next group comes in and they have a totally different approach. That can be maddening, I am sure. But we have to deal with the here and now. We have basically 4 years

ahead of us where we can get a consistent policy out of the White House and out of the executive branch. So we can work with that.

Ms. KELLEY. Well, there are a lot of moving parts to this. I mean, if we made a list of everything we have all identified today that we would like to change going forward, maybe the place to start is with the hiring process. Start the conversation with everybody in the conversation who should be there and let us see what we can do. That is an immanent crisis we have all identified.

Mr. LYNCH. That would seem like a logical place to start. It would certainly impact what we talked about with whether it is 400,000 or 500,000 employees coming to the system, that would affect that next wave. It would seem like a logical place to start.

In closing, I just want to say that I have given the previous panels an opportunity to amplify anything that they think is important for the committee to hear and to go on the record. So I would like to give you each an opportunity if there are things. You have articulated yourselves very well, by the way. But if there are things that I have missed or that you have not put forward in your testimony yet, I just would like to give you an opportunity. President Kelley.

Ms. KELLEY. Actually, the things I was going to say in response to that question that I knew you would ask us, I have already just put out there. Thank you.

Mr. LYNCH. Thank you. Ms. Simon.

Ms. SIMON. Likewise, I don't want to stand between anybody else and their lunch.

Mr. LYNCH. God bless you.

Ms. SIMON. So I think we had ample opportunity. Thank you.

Mr. LYNCH. President Junemann.

Mr. JUNEMANN. I am no fool. I think it has all been said and it has been said quite well. Thank you so much for the opportunity.

Mr. LYNCH. Thank you for your willingness to help the committee with its work. Thank you. Have a good day, now.

[Whereupon, at 1:40 p.m., the subcommittee was adjourned.]

[Additional information for the hearing record follows:]



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On behalf of the Project Management Institute (PMI), it is our privilege to submit comments for the record as part of the hearing, "Public Service in the 21st Century: An Examination of the State of the Federal Workforce." We are grateful to Chairman Lynch and Ranking Member Chaffetz for scheduling this hearing and bringing the human capital needs of the federal workforce to light.

PMI is a non-profit professional organization that advocates for its members and credential holders trained as project managers throughout the world. We currently have nearly 500,000 members and credential holders in 175 countries including over 8,000 in Massachusetts and 1,550 in Utah. We are recognized as a global leader in project management; our credentials and standards are recognized and requested throughout the world by industry and governments.

Project management is a defined professional skill set, which effectively, "initiates, plans, executes, controls, and closes" objectives. In addition, program management uses these skills and others to manage groups of distinct efforts under a specified program. Finally, portfolio management looks at the strategies of the organization and determines what are the best projects and programs to ensure success of the organization's goals. Together, we refer to these three disciplines as project management.

We believe this hearing could not be timelier. The expected retirements of the baby-boomer generation will put a significant strain on the existing workforce and their institutional knowledge and skills must transfer to a new generation of employees. In addition, President Obama has promised to cut programs that are not performing and is expecting results from those programs where strategic investments have been made. A workforce sufficiently trained in project and program management provides an opportunity to achieve those goals, allowing the government to do more with the resources it has.

Therefore, human resource policies should make project and program management skills a major focus for hiring and training in the federal government. The efficiency and effectiveness of government programs will improve if project management skills are deemed necessary to successfully accomplish the work of government. To do this we believe the Office of Personnel Management should provide project managers with their own unique career path within the federal government. A career path would include a formal job classification and benchmarks for becoming an agency project, program and portfolio manager.

Creating a project manager career path will help the federal government in four specific ways. First, project management by its nature creates transparency and accountability. Second, project management helps organizations save money and gives leaders better decision-making information about programs and projects that should be continued. Third, project management is the discipline of *execution*: of moving from strategy to reliable performance through systematic planning, review



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and feedback, delivering consistent results within the time and budget constraints prevalent in government. Fourth, government can also benefit by increased competitiveness in the recruitment and retention of qualified project and program managers. Those who are trained as project managers will be incentivized to remain in government knowing their skills are valued and they are given opportunities for growth.

There is ample precedent for believing that the government must focus on recruiting and retaining project and program managers. Fortune 500 companies and the most successful organizations around the globe have learned that employing project management techniques and creating a culture focused on project management is vital to achieving business success. Recent research reports show that half of all projects fail due to no or poor project management. In addition an OMB survey entitled the "CIO Council Information Technology Workforce Capability Assessment," found respondents did not believe their project management skills were sufficient or being improved. Project management education was identified as the top need by those who manage projects extensively and the second most important need by those managing projects moderately. In addition, the GAO partially removed the Department of Energy from the High Risk list due in large part to their focus on improving project management.

Congress required project management competencies for all acquisitions personnel in government in PL 108-136, the Service Acquisition Reform Act, and through FAC-P/PM. The purpose of the FAC-P/PM is to establish general training and experience requirements for program and project managers in civilian agencies and to focus on essential competencies that are needed by these positions. The Federal Acquisitions Institute aligned many of the requirements of FAC-P/PM to PMI's credentials. We believe this effort by Congress was appropriate and should be modified and expanded throughout government.

Certified project managers bring real skills to the federal government. Individuals with the Project Management Professional (PMP®) or Program Management Professional (PgMP®) credential have been given an accreditation which demonstrates their knowledge and ability to schedule projects, manage risk, manage costs, conduct earned value evaluations, manage human capital, and communicate with stakeholders. These are critical skills to getting the right job done correctly, in less time and with lower costs.

We look forward to working with the subcommittee and the Obama Administration to implement our proposal for improving project management throughout government. We can assist in establishing a framework for the career path, networking with experienced project managers, or finding the needed project management training. In addition, PMI can provide and identify the basic best practices our members and credential holders have proven the ability to execute.



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The American people want good results from their government. We believe increased use of project, program and portfolio management will make those results possible.

Again, we thank Chairman Lynch and the Subcommittee on the Federal Workforce, Postal Service and District of Columbia for the opportunity to submit this statement.

**Questions from the Subcommittee on Federal Workforce, Postal Service, and the
District of Columbia
House Committee on Oversight and Government Reform
April 22, 2009, Hearing on the State of the Federal Workforce**

Questions from Chairman Lynch

- 1) **Within the last ten years, dozens of OPM publications (such as *Work Years and Personnel Costs*, *Demographic Profile of the Federal Workforce*, *Biennial Report of Employment by Geographic Area*, *Occupations of Federal White-Collar and Blue-collar Workers*) which provide vital information on the workforce have been allowed to lapse. Will you commit to ensuring that OPM once again updates these reports?**

I am committed to ensuring reports and workforce data that the U.S. Office of Personnel Management (OPM) produces are current, accurate, and accessible. My staff is working to complete and post any overdue reports. We expect to have the latest *Work Years and Personnel Costs* and *Demographic Profile of the Federal Workforce* reports posted to our website within two months. Two of the reports in question were discontinued several years ago (*Occupations of Federal White-Collar and Blue-Collar Workers*, last published in 2000; and *Biennial Report of Employment by Geographic Area*, last published in 2003) because OPM made the data available on-line via FedScope (<http://www.fedscope.opm.gov>). OPM's FedScope website receives over a million hits per month and provides ten years worth of employment, accession, separation, trend, and diversity data. We also are continually reviewing reports to modify, streamline, or discontinue reports and support data.gov initiatives.

- 2) **What specific plans do you have as Director of the Chief Human Capital Officers Council (CHCOC)?**

Since becoming the Director of OPM, I have held two Chief Human Capital Officers Council (CHCOC) meetings. The first was to address the Government's response to the H1N1 flu and to discuss with the Council the agencies' role in the health and safety of Federal employees. The second meeting was a full CHCOC meeting and my first opportunity to meet all of the Council members. We had an open and frank discussion about priorities and my desire to work collaboratively with the Council.

I reviewed two overarching goals for the Administration: title 5 reform and health care. Additionally, I spoke of three key priorities for OPM: veterans hiring, improvements in recruitment/hiring and a focus on worklife/workplace issues. It is my plan to re-define the Council's sub-committee structure to reflect

these priorities. The CHCOC is forming ‘wolf pack’ teams to begin work and make recommendations on these issues.

The CHCOC is critically important to the human resource community and I will work closely with them to accomplish our mutual goals.

- 3) **Many individuals point to the federal government’s lack of harnessing successful internships into permanent positions. What kind of government-wide program do you feel should be in place in regards to linking internships with job recruitment?**

The Government has a very good track record of converting interns who are hired with the goal of matching the skills of interns to specific positions. We reviewed the rate of conversions to permanent positions of a cohort of students hired under the Student Career Experience Program and found that our conversion rate was approximately 60 percent. The inaccurate numbers in the press may not have recognized that students under this program remain interns as long as they are in school, and thus they cannot convert until after they graduate.

Currently, there are a number of Governmentwide internship programs that are being used successfully by Federal agencies to recruit new talent into the permanent Federal workforce. For example, through the Presidential Management Fellowship (PMF) Program, agencies are able to recruit individuals who have a clear interest in, and commitment to, developing and managing public policies and programs. By drawing graduate students from diverse social and cultural backgrounds, the PMF Program provides a continuing source of trained men and women to meet the future challenges of public service.

The Federal Career Intern Program is another Governmentwide program that agencies use to recruit individuals with diverse professional experiences, academic training, and competencies, and prepare them for careers in analyzing and implementing public policies and programs.

In addition to these two programs, there are many other Governmentwide internship/training programs for students, veterans, and those interested in the Senior Executive Service. Also, some Federal agencies (e.g., the Department of Defense) have internship programs designed specifically to recruit talented individuals into their own workforces based on their unique mission needs.

- 4) **What training do you have planned for the federal workforce to keep federal programs running on time and on budget?**

OPM offers training to the Federal workforce through our two Management Development Centers (MDCs) and the Federal Executive Institute (FEI). The MDCs deliver many training programs. One example is a seminar in Project Management Principles. At its foundation, this program teaches how to construct

a framework for efficient project completion, including the use of appropriate project management tools to improve project planning and execution.

The MDCs also conduct three 2-week programs that address Federal budgetary policies and processes, Federal regulatory policy, and budget and performance integration. These programs closely examine how to improve financial performance and increase organizational efficiency.

Most of the FEI's programs for Federal executives are based on a results-driven perspective, which certainly encompasses running programs on time and on budget. Approximately 800 participants in the Leadership for a Democratic Society seminar alone are exposed to these concepts each year.

On May 17, 2006, OPM issued final regulations requiring agencies to report accurate data for completed training events to OPM's data warehouse (<http://www.opm.gov/cfr/fedregis/2006/71-051006-28547-a.pdf>). While agencies are required to report training data to OPM on a continuous basis, the information reported is often incomplete. Since December 31, 2007, agencies have been working to improve their data collection efforts to capture the 28 mandatory training data elements specified in the *Guide for Collection and Management of Training Information*.

The Office of Management and Budget (OMB) set milestones for agencies in Fiscal Year 2008 which specified each agency needed to send data on all training events for all components of their agencies. The milestones helped provide agencies with reporting targets. In Fiscal Year 2008, OPM reported agencies that did not meet the milestones as "red" to OMB in quarterly E-GOV reports. At this point, all agencies are "technically compliant" and able to send their data to OPM. However, some agencies continue to have problems in the continual submission of data.

Agencies struggle for two reasons--one is related to implementation of their Learning Management System (LMS) issues, and the other challenge for most agencies was the regulatory requirement for reporting accurate costs. Less than 10 percent of the over five million records have training costs. In addition, less than 10 percent of the training records sent this fiscal year includes training costs.

OPM currently meets with agencies to help them interpret and understand the regulation in 5 CFR 410.701, and assists in teasing out data transmission issues related to their LMS. OPM also has hosted interagency meetings and forums to further assist agencies in meeting the requirement. Progress is made on a continual basis.

5) Are there any specific credentials or accreditations that the federal

government should be seeking out as it looks to hire and promote federal employees to the ranks of the Senior Executive Service (SES) and to General Schedule 14 and 15 positions?

In general, appointments and promotions to General Schedule (GS)-14 and 15 positions do not require special credentials or accreditations. The Governmentwide qualification standards for those levels of work are based on the competencies required to do the job. OPM has determined that Federal positions, in general, at the GS-14 and 15 levels should not require specific credentials or accreditations because the competencies can be attained and demonstrated in a variety of ways.

This is also true of the Senior Executive Service (SES). Rather than specific credentials or accreditations, all SES jobs require the possession of broad leadership skills which can be acquired and demonstrated in many different ways.

There are, of course, certain professional jobs that require licensure (e.g., nurses). Without the license, an individual would not be allowed to perform the job requirements.

Questions from Delegate Holmes Norton

The data requested by Congresswoman Holmes Norton from OPM is as follows:

- 1) **Data from 1985 to present on numbers of federal civilian employees by race, including broken down by each race (not the general 'minority' categorization), and sex for each grade and for the SES.**

Because of the large volume of the data, we are providing the requested information for 1985, 1990, 1995, 2000, 2005, and 2008 in an attachment.

- 2) **Data showing how the current economic situation has affected projected and actual retirements. Additional data is requested concerning the post-federal employment of annuitants, to include the number of annuitants who return to work, and to what specific occupations they have returned. Also, requested is the total number of current federal annuitants that have become federal contractors. If OPM does not have such post-employment data, the Delegate asks the agency to undertake a sampling in the Washington, DC metro area.**

OPM's most current workforce data from agencies is from December 2008. Therefore it may not show a true assessment of what impact the current economic situation may have on Federal employee retirements. Further, OPM's projection methodology is probability-based and does not model economic factors.

However, as demonstrated in the table below, actual retirements decreased from 2007 to 2008 and have affected overall projection numbers. Actual retirements in 2007 and 2008 were lower than projected, and actual retirements for the first quarter of FY 2009 are nearly 2,000 lower than the same quarter for the previous year. Projection data indicate that any noticeable swell in retirements has been pushed slightly into the future from previous projections.

Actual and Projected Retirements
Of non-Seasonal Full Time Permanent Federal Civilian Employees

	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12
FY Actuals	59,565	57,723	59,613	56,405				
2007			60,741	61,702	62,019	61,748	60,950	59,547
Projections								
2008				60,570	61,231	61,291	60,814	59,727
Projections								
2009					59,927	60,574	60,724	60,203
Projections								

With regard to reemployed annuitants, as of December 2008 there were 7,021 reemployed annuitants in the Federal workforce. Of those, 1,046 were employed in the Washington, DC, Core Based Statistical Area. The most populous occupations in which they were employed were:

Miscellaneous Admin and Program	950
Blue-Collar	490
General Inspection, Investigating, and Compliance	484
Human Resources Management	376
Civil Engineering	284
Management and Program Analysis	231

OPM has no workforce data on Federal contractors.

Questions from Representative Cummings

In 2008, GAO's office of Opportunity and Inclusiveness did an analysis of performance appraisal data and this indicated that there were significant differences in appraisal averages for African American and Caucasian analysts. GAO then contracted with an outside management consultant to assess the factors that influenced these differences. In April of 2008, GAO's consultant issued its African American Performance Assessment Study. The report's findings showed evidence of distinct differences in ratings between African Americans analysts and Caucasian analysts in general, by competency, pay band, team, location, and regardless of the race of the rater. In addition, the report found that African

American and Caucasian analysts tended to experience the workplace differently almost immediately after their arrival at GAO, due to factors such as the value of informal feedback, participation in informal networks, and other aspects of workplace experience. The report also included 25 recommendations (including reassessing the appraisal system and creating standards for appraisal reviews etc) that GAO has committed to implement.

The study of the situation at GAO is only a snap shot of the experience of one agency over a four-year period involving just two races: African Americans and Caucasians. Recently, the Agriculture Secretary Tom Vilsack said he plans to hire an outside consulting firm to work with USDA offices nationwide to make sure that procedures are fair to minorities and women.

To your knowledge—

1) Are there similar situations at other federal agencies?

OPM encourages all Federal agencies as part of their annual Human Capital Management Reports to review the results of their appraisal programs from various perspectives to ensure the programs are implemented and operated as designed and intended. We are not aware of any problems regarding the comparison of ratings and RNO data (race/national origin) arising from these reviews.

2) Are there similar problems with the pay-for-performance rating system?

Performance appraisal in the Federal Government is a decentralized program to allow agencies to develop systems that meet their needs and their organizational cultures. Therefore, while certain concepts and basic guidelines apply Governmentwide, different agencies use many variations, both those using pay-for-performance systems and those that do not.

Are additional follow-up studies needed?

We encourage agencies to review their systems' data to identify any anomalies and address any underlying problems. Due to the vast diversity of jobs in the Federal Government, attempting to do this type of analysis on a Governmentwide basis is unlikely to produce valid results.

And how does OPM plan to ensure a fair and equal work environment for all?

Recognizing that fair and equal does not necessarily mean the same, OPM has developed systems, standards, and metrics (SSMs) as required by 5 U.S.C. 1103 for agencies to use in designing and implementing their human resources programs. OPM reviews the application of these SSMs through agency self-

assessments provided annually in the Human Capital Management Reports and periodically through OPM oversight reviews. Any problems identified are addressed through consultation with the agencies by OPM's Human Capital Officers. OPM prescribes corrective actions for any violations found.

Attachment

Attachment

Numbers of Federal civilian employees by race and sex for each grade and for the SES
(1985, 1990, 1995, 2000, 2005, and 2008)

SEPTEMBER 1985					
PAY PLAN AND GRADE	RACE AND NATIONAL ORIGIN	GENDER CATEGORY			
		N/A	FEMALE	MALE	ALL
GS-GRADE UNSPECIFIED	UNSPECIFIED/BLANK	0	6	1	7
	AMERICAN INDIAN/ALASKAN NATIVE	0	298	91	389
	ASIAN/PACIFIC ISLANDER	0	3	0	3
	BLACK	0	11	4	15
	HISPANIC	0	5	4	9
	WHITE	0	60	40	100
	All	0	383	140	523
GS-00	BLACK	0	2	1	3
	HISPANIC	0	1	0	1
	WHITE	0	0	2	2
	All	0	3	3	6
GS-01	UNSPECIFIED/BLANK	2	69	24	95
	AMERICAN INDIAN/ALASKAN NATIVE	0	39	54	93
	ASIAN/PACIFIC ISLANDER	0	62	55	117
	BLACK	0	785	271	1,056
	HISPANIC	0	226	121	347
	WHITE	0	1,292	527	1,819
All	2	2,473	1,052	3,527	
GS-02	UNSPECIFIED/BLANK	14	118	59	191
	AMERICAN INDIAN/ALASKAN NATIVE	0	272	159	431
	ASIAN/PACIFIC ISLANDER	0	287	128	415
	BLACK	0	4,378	1,274	5,652
	HISPANIC	0	856	344	1,200
	WHITE	0	7,527	2,958	10,485
All	14	13,438	4,922	18,374	
GS-03	UNSPECIFIED/BLANK	13	614	331	958
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,818	610	2,428
	ASIAN/PACIFIC ISLANDER	0	1,845	666	2,511
	BLACK	0	18,918	5,547	24,465
	HISPANIC	0	3,935	1,645	5,580
	WHITE	0	43,654	12,729	56,383
All	13	70,784	21,528	92,325	
GS-04	UNSPECIFIED/BLANK	33	877	383	1,293
	AMERICAN INDIAN/ALASKAN NATIVE	0	3,605	946	4,551
	ASIAN/PACIFIC ISLANDER	0	2,928	1,176	4,104
	BLACK	2	33,737	9,616	43,355
HISPANIC	0	6,919	2,947	9,866	

RESPONSES TO QUESTIONS FOR THE RECORD
FROM THE SUBCOMMITTEE
ON THE FEDERAL WORKFORCE, POSTAL SERVICE,
AND THE DISTRICT OF COLUMBIA

2

		SEPTEMBER 1985			
PAY PLAN AND GRADE	RACE AND NATIONAL ORIGIN	GENDER CATEGORY			
		N/A	FEMALE	MALE	ALL
	WHITE	0	89,900	26,906	116,806
	All	35	137,966	41,974	179,975
GS-05	UNSPECIFIED/BLANK	24	517	308	849
	AMERICAN INDIAN/ALASKAN NATIVE	0	3,010	978	3,988
	ASIAN/PACIFIC ISLANDER	0	3,665	1,839	5,504
	BLACK	1	33,609	11,652	45,262
	HISPANIC	0	6,705	4,407	11,112
	WHITE	0	104,182	41,831	146,013
	All	25	151,688	61,015	212,728
GS-06	UNSPECIFIED/BLANK	3	106	67	176
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,090	613	1,703
	ASIAN/PACIFIC ISLANDER	0	1,490	565	2,055
	BLACK	1	17,084	4,599	21,684
	HISPANIC	0	2,635	1,658	4,293
	WHITE	1	49,393	16,674	66,068
	All	5	71,798	24,176	95,979
GS-07	UNSPECIFIED/BLANK	7	156	123	286
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,054	841	1,895
	ASIAN/PACIFIC ISLANDER	0	1,827	1,663	3,490
	BLACK	0	18,683	7,604	26,287
	HISPANIC	0	3,522	3,810	7,332
	WHITE	1	60,379	47,286	107,666
	All	8	85,621	61,327	146,956
GS-08	UNSPECIFIED/BLANK	2	15	15	32
	AMERICAN INDIAN/ALASKAN NATIVE	0	115	182	297
	ASIAN/PACIFIC ISLANDER	0	213	288	501
	BLACK	1	4,706	1,779	6,486
	HISPANIC	0	399	659	1,058
	WHITE	0	10,893	10,616	21,509
	All	3	16,341	13,539	29,883
GS-09	UNSPECIFIED/BLANK	10	166	134	310
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,112	1,137	2,249
	ASIAN/PACIFIC ISLANDER	0	1,854	2,362	4,216
	BLACK	0	10,918	8,259	19,177
	HISPANIC	0	2,397	5,164	7,561
	WHITE	0	46,567	72,793	119,360
	All	10	63,014	89,849	152,873
GS-10	UNSPECIFIED/BLANK	0	13	15	28
	AMERICAN INDIAN/ALASKAN NATIVE	0	126	117	243
	ASIAN/PACIFIC ISLANDER	0	300	247	547
	BLACK	0	2,624	1,154	3,778
	HISPANIC	0	805	762	1,567
	WHITE	0	9,927	14,186	24,113
	All	0	13,795	16,481	30,276
GS-11	UNSPECIFIED/BLANK	9	69	123	201

RESPONSES TO QUESTIONS FOR THE RECORD
FROM THE SUBCOMMITTEE
ON THE FEDERAL WORKFORCE, POSTAL SERVICE,
AND THE DISTRICT OF COLUMBIA

3

		SEPTEMBER 1985			
PAY PLAN AND GRADE	RACE AND NATIONAL ORIGIN	GENDER CATEGORY			
		N/A	FEMALE	MALE	ALL
	AMERICAN INDIAN/ALASKAN NATIVE	0	746	1,353	2,099
	ASIAN/PACIFIC ISLANDER	0	1,458	3,574	5,032
	BLACK	0	9,195	8,456	17,651
	HISPANIC	0	1,818	5,233	7,051
	WHITE	0	39,036	106,436	145,472
	All	9	52,322	125,175	177,506
GS-12	UNSPECIFIED/BLANK	3	21	102	126
	AMERICAN INDIAN/ALASKAN NATIVE	0	378	1,113	1,491
	ASIAN/PACIFIC ISLANDER	0	871	4,314	5,185
	BLACK	0	6,901	8,176	15,077
	HISPANIC	0	968	4,440	5,408
	WHITE	0	28,384	126,520	154,904
	All	3	37,523	144,665	182,191
GS-13	UNSPECIFIED/BLANK	5	14	47	66
	AMERICAN INDIAN/ALASKAN NATIVE	0	122	646	768
	ASIAN/PACIFIC ISLANDER	0	404	2,344	2,748
	BLACK	0	2,744	4,690	7,434
	HISPANIC	0	375	2,304	2,679
	WHITE	0	13,258	90,300	103,558
	All	5	16,917	100,331	117,253
GS-14	UNSPECIFIED/BLANK	1	3	50	54
	AMERICAN INDIAN/ALASKAN NATIVE	0	45	356	401
	ASIAN/PACIFIC ISLANDER	0	135	1,063	1,198
	BLACK	0	752	2,357	3,109
	HISPANIC	0	118	922	1,040
	WHITE	0	5,398	51,139	56,537
	All	1	6,451	55,887	62,339
GS-15	UNSPECIFIED/BLANK	1	2	28	31
	AMERICAN INDIAN/ALASKAN NATIVE	0	7	139	146
	ASIAN/PACIFIC ISLANDER	0	61	350	411
	BLACK	0	258	985	1,243
	HISPANIC	0	52	400	452
	WHITE	0	2,261	26,690	28,951
	All	1	2,641	28,592	31,234
GS-16	UNSPECIFIED/BLANK	1	0	1	2
	AMERICAN INDIAN/ALASKAN NATIVE	0	0	1	1
	ASIAN/PACIFIC ISLANDER	0	0	5	5
	BLACK	0	2	18	20
	HISPANIC	0	0	8	8
	WHITE	0	31	552	583
	All	1	33	585	619
GS-17	ASIAN/PACIFIC ISLANDER	0	0	1	1
	BLACK	0	2	4	6
	HISPANIC	0	0	1	1
	WHITE	0	7	73	80

RESPONSES TO QUESTIONS FOR THE RECORD
FROM THE SUBCOMMITTEE
ON THE FEDERAL WORKFORCE, POSTAL SERVICE,
AND THE DISTRICT OF COLUMBIA

4

		SEPTEMBER 1985			
PAY PLAN AND GRADE	RACE AND NATIONAL ORIGIN	GENDER CATEGORY			
		N/A	FEMALE	MALE	ALL
	All	0	9	79	88
GS-18	BLACK	0	1	5	6
	HISPANIC	0	1	1	2
	WHITE	0	9	47	56
	All	0	11	53	64
SES PAY PLAN	UNSPECIFIED/BLANK	0	3	13	16
	AMERICAN INDIAN/ALASKAN NATIVE	0	0	29	29
	ASIAN/PACIFIC ISLANDER	0	5	54	59
	BLACK	0	49	253	302
	HISPANIC	0	10	59	69
	WHITE	0	447	5,788	6,235
	All	0	514	6,196	6,710
OTHER PAY PLANS	UNSPECIFIED/BLANK	1,300	2,533	4,096	7,929
	AMERICAN INDIAN/ALASKAN NATIVE	0	2,109	7,619	9,728
	ASIAN/PACIFIC ISLANDER	0	5,587	18,323	23,910
	BLACK	3	34,002	73,618	107,623
	HISPANIC	1	6,591	31,269	37,861
	WHITE	5	77,391	325,476	402,872
	All	1,309	128,213	460,401	589,923
SEPTEMBER 1985 TOTAL		1,444	871,938	1,257,970	2,131,352

RESPONSES TO QUESTIONS FOR THE RECORD
FROM THE SUBCOMMITTEE
ON THE FEDERAL WORKFORCE, POSTAL SERVICE,
AND THE DISTRICT OF COLUMBIA

5

SEPTEMBER 1990					
PAY PLAN AND GRADE	RACE AND NATIONAL ORIGIN	GENDER CATEGORY			
		N/A	FEMALE	MALE	ALL
GS-GRADE UNSPECIFIED	ASIAN/PACIFIC ISLANDER	0	0	1	1
	BLACK	0	1	1	2
	HISPANIC	0	1	0	1
	WHITE	0	3	1	4
	All	0	5	3	8
GS-01	UNSPECIFIED/BLANK	0	6	1	7
	AMERICAN INDIAN/ALASKAN NATIVE	0	56	11	67
	ASIAN/PACIFIC ISLANDER	0	64	26	90
	BLACK	0	566	215	781
	HISPANIC	0	166	72	238
	WHITE	0	927	376	1,303
GS-02	All	0	1,785	701	2,486
	UNSPECIFIED/BLANK	0	6	2	8
	AMERICAN INDIAN/ALASKAN NATIVE	0	254	172	426
	ASIAN/PACIFIC ISLANDER	0	151	71	222
	BLACK	0	2,104	653	2,757
	HISPANIC	0	584	192	776
	WHITE	0	3,157	1,523	4,680
All	0	6,256	2,613	8,869	
GS-03	UNSPECIFIED/BLANK	0	47	10	57
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,537	769	2,306
	ASIAN/PACIFIC ISLANDER	0	1,633	544	2,177
	BLACK	0	11,920	3,615	15,535
	HISPANIC	0	2,630	1,185	3,815
	WHITE	0	21,736	8,646	30,382
	All	0	39,503	14,769	54,272
GS-04	UNSPECIFIED/BLANK	0	210	48	258
	AMERICAN INDIAN/ALASKAN NATIVE	0	3,621	1,265	4,886
	ASIAN/PACIFIC ISLANDER	0	3,235	1,174	4,409
	BLACK	0	32,948	8,447	41,395
	HISPANIC	0	6,720	2,864	9,584
	WHITE	0	69,544	22,388	91,932
	All	0	116,278	36,186	152,464
GS-05	UNSPECIFIED/BLANK	0	141	58	199
	AMERICAN INDIAN/ALASKAN NATIVE	0	3,691	1,248	4,939
	ASIAN/PACIFIC ISLANDER	0	4,520	2,083	6,603
	BLACK	0	38,214	10,290	48,504
	HISPANIC	0	8,401	3,911	12,312
	WHITE	2	96,342	35,977	132,321
GS-06	All	2	151,309	53,567	204,878
	UNSPECIFIED/BLANK	0	44	21	65
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,496	558	2,054

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SEPTEMBER 1990					
PAY PLAN AND GRADE	RACE AND NATIONAL ORIGIN	GENDER CATEGORY			
	ASIAN/PACIFIC ISLANDER	0	2,144	825	2,969
	BLACK	0	21,210	5,124	26,334
	HISPANIC	0	3,946	1,769	5,715
	WHITE	0	53,090	16,807	69,897
	All	0	81,930	25,104	107,034
GS-07	UNSPECIFIED/BLANK	0	92	55	147
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,437	1,062	2,499
	ASIAN/PACIFIC ISLANDER	0	2,477	1,961	4,438
	BLACK	0	23,594	7,691	31,285
	HISPANIC	0	4,841	3,833	8,674
	WHITE	0	64,926	41,811	106,737
	All	0	97,367	56,413	153,780
GS-08	UNSPECIFIED/BLANK	0	10	5	15
	AMERICAN INDIAN/ALASKAN NATIVE	0	222	249	471
	ASIAN/PACIFIC ISLANDER	0	292	319	611
	BLACK	0	6,009	2,124	8,133
	HISPANIC	0	639	749	1,388
	WHITE	0	12,568	9,993	22,561
	All	0	19,740	13,439	33,179
GS-09	UNSPECIFIED/BLANK	0	70	60	130
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,430	1,189	2,619
	ASIAN/PACIFIC ISLANDER	0	2,496	2,909	5,405
	BLACK	0	13,929	8,551	22,480
	HISPANIC	0	3,531	6,198	9,729
	WHITE	0	53,600	68,479	122,079
	All	0	75,056	87,386	162,442
GS-10	UNSPECIFIED/BLANK	0	12	5	17
	AMERICAN INDIAN/ALASKAN NATIVE	0	151	148	299
	ASIAN/PACIFIC ISLANDER	0	379	258	637
	BLACK	0	2,949	1,198	4,147
	HISPANIC	0	1,021	814	1,835
	WHITE	0	11,349	12,332	23,681
	All	0	15,861	14,755	30,616
GS-11	UNSPECIFIED/BLANK	0	59	64	123
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,166	1,559	2,725
	ASIAN/PACIFIC ISLANDER	0	2,659	4,711	7,370
	BLACK	0	12,883	10,031	22,914
	HISPANIC	0	3,177	6,630	9,807
	WHITE	0	53,597	105,586	159,183
	All	0	73,541	128,581	202,122
GS-12	UNSPECIFIED/BLANK	1	35	58	94
	AMERICAN INDIAN/ALASKAN NATIVE	0	639	1,368	2,007
	ASIAN/PACIFIC ISLANDER	0	1,857	5,785	7,642
	BLACK	0	10,870	9,964	20,834
	HISPANIC	0	2,050	6,084	8,134
	WHITE	1	44,659	131,908	176,568

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SEPTEMBER 1990					
PAY PLAN AND GRADE	RACE AND NATIONAL ORIGIN	GENDER CATEGORY			
	All	2	60,110	155,167	215,279
GS-13	UNSPECIFIED/BLANK	0	15	44	59
	AMERICAN INDIAN/ALASKAN NATIVE	0	269	836	1,105
	ASIAN/PACIFIC ISLANDER	0	850	3,359	4,209
	BLACK	0	5,117	5,956	11,073
	HISPANIC	0	816	3,318	4,134
	WHITE	0	24,119	99,468	123,587
GS-14	All	0	31,186	112,981	144,167
	UNSPECIFIED/BLANK	0	7	19	26
	AMERICAN INDIAN/ALASKAN NATIVE	0	100	485	585
	ASIAN/PACIFIC ISLANDER	0	273	1,478	1,751
	BLACK	0	1,547	2,858	4,405
	HISPANIC	0	266	1,426	1,692
	WHITE	0	10,281	59,018	69,299
GS-15	All	0	12,474	65,284	77,758
	UNSPECIFIED/BLANK	0	2	12	14
	AMERICAN INDIAN/ALASKAN NATIVE	0	26	178	204
	ASIAN/PACIFIC ISLANDER	0	106	544	650
	BLACK	0	409	1,151	1,560
	HISPANIC	0	88	566	654
	WHITE	1	3,970	30,162	34,133
GS-16	All	1	4,601	32,613	37,215
	ASIAN/PACIFIC ISLANDER	0	1	3	4
	BLACK	0	4	14	18
	HISPANIC	0	2	2	4
	WHITE	0	42	478	520
GS-17	All	0	49	497	546
	BLACK	0	1	1	2
	WHITE	0	10	50	60
GS-18	All	0	11	51	62
	BLACK	0	2	3	5
	HISPANIC	0	1	0	1
	WHITE	0	5	33	38
SES PAY PLAN	All	0	8	36	44
	UNSPECIFIED/BLANK	0	2	2	4
	AMERICAN INDIAN/ALASKAN NATIVE	0	4	52	56
	ASIAN/PACIFIC ISLANDER	0	8	60	68
	BLACK	0	78	303	381
	HISPANIC	0	26	91	117
OTHER PAY PLANS	WHITE	0	756	6,376	7,132
	All	0	874	6,884	7,758
	UNSPECIFIED/BLANK	0	372	494	866
	AMERICAN INDIAN/ALASKAN NATIVE	0	3,832	8,187	12,019
	ASIAN/PACIFIC ISLANDER	0	7,503	19,951	27,454
	BLACK	0	35,598	64,257	99,855

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SEPTEMBER 1990					
PAY PLAN AND GRADE	RACE AND NATIONAL ORIGIN	GENDER CATEGORY			
		HISPANIC	0	8,341	29,091
	WHITE	0	92,401	304,329	396,730
	All	0	148,047	426,309	574,356
SEPTEMBER 1990 TOTAL		5	935,991	1,233,339	2,169,335

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SEPTEMBER 1995					
PAY PLAN AND GRADE	RACE AND NATIONAL ORIGIN	GENDER CATEGORY			
		N/A	FEMALE	MALE	ALL
GS-GRADE UNSPECIFIED	HISPANIC	0	0	1	1
	WHITE	0	1	4	5
	All	0	1	5	6
GS-01	UNSPECIFIED/BLANK	0	6	0	6
	AMERICAN INDIAN/ALASKAN NATIVE	0	44	23	67
	ASIAN/PACIFIC ISLANDER	0	61	50	111
	BLACK	0	760	251	1,011
	HISPANIC	0	423	192	615
	WHITE	0	908	442	1,350
GS-02	All	0	2,202	958	3,160
	UNSPECIFIED/BLANK	0	5	0	5
	AMERICAN INDIAN/ALASKAN NATIVE	0	150	114	264
	ASIAN/PACIFIC ISLANDER	0	154	99	253
	BLACK	0	1,420	508	1,928
	HISPANIC	0	417	186	603
GS-03	WHITE	0	1,998	1,252	3,250
	All	0	4,144	2,159	6,303
	UNSPECIFIED/BLANK	0	6	3	9
	AMERICAN INDIAN/ALASKAN NATIVE	0	941	528	1,469
	ASIAN/PACIFIC ISLANDER	0	1,329	566	1,895
	BLACK	0	6,760	2,499	9,259
GS-04	HISPANIC	0	1,770	912	2,682
	WHITE	0	12,165	6,576	18,741
	All	0	22,971	11,084	34,055
	UNSPECIFIED/BLANK	0	24	10	34
	AMERICAN INDIAN/ALASKAN NATIVE	0	2,942	937	3,879
	ASIAN/PACIFIC ISLANDER	0	2,619	1,214	3,833
GS-05	BLACK	0	21,946	7,043	28,989
	HISPANIC	0	4,666	2,340	7,006
	WHITE	0	38,865	16,606	55,471
	All	0	71,062	28,150	99,212
	UNSPECIFIED/BLANK	0	34	11	45
	AMERICAN INDIAN/ALASKAN NATIVE	0	3,806	1,219	5,025
GS-06	ASIAN/PACIFIC ISLANDER	0	4,130	1,957	6,087
	BLACK	0	31,902	9,398	41,300
	HISPANIC	0	7,697	4,064	11,761
	WHITE	1	69,843	28,330	98,174
	All	1	117,412	44,979	162,392
	UNSPECIFIED/BLANK	0	23	8	31
GS-06	AMERICAN INDIAN/ALASKAN NATIVE	0	1,805	684	2,489
	ASIAN/PACIFIC ISLANDER	0	2,414	924	3,338
	BLACK	0	21,715	5,346	27,061

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SEPTEMBER 1995					
PAY PLAN AND GRADE	RACE AND NATIONAL ORIGIN	GENDER CATEGORY			
	HISPANIC	0	4,411	2,047	6,458
	WHITE	0	49,253	17,254	66,507
	All	0	79,621	26,263	105,884
GS-07	UNSPECIFIED/BLANK	0	18	16	34
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,710	1,135	2,845
	ASIAN/PACIFIC ISLANDER	0	3,058	1,770	4,828
	BLACK	0	25,018	7,330	32,348
	HISPANIC	0	5,460	3,777	9,237
	WHITE	0	58,475	33,607	92,082
	All	0	93,739	47,635	141,374
GS-08	UNSPECIFIED/BLANK	0	3	2	5
	AMERICAN INDIAN/ALASKAN NATIVE	0	356	322	678
	ASIAN/PACIFIC ISLANDER	0	544	326	870
	BLACK	0	8,201	2,472	10,673
	HISPANIC	0	1,729	1,340	3,069
	WHITE	0	16,654	10,583	27,237
	All	0	27,487	15,045	42,532
GS-09	UNSPECIFIED/BLANK	0	13	10	23
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,666	1,219	2,885
	ASIAN/PACIFIC ISLANDER	0	2,493	2,374	4,867
	BLACK	0	14,909	7,755	22,664
	HISPANIC	0	3,742	5,823	9,565
	WHITE	0	47,893	51,859	99,752
	All	0	70,716	69,040	139,756
GS-10	UNSPECIFIED/BLANK	0	0	5	5
	AMERICAN INDIAN/ALASKAN NATIVE	0	142	143	285
	ASIAN/PACIFIC ISLANDER	0	247	279	526
	BLACK	0	1,557	887	2,444
	HISPANIC	0	319	414	733
	WHITE	0	4,831	7,329	12,160
	All	0	7,096	9,057	16,153
GS-11	UNSPECIFIED/BLANK	0	13	26	39
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,569	1,586	3,155
	ASIAN/PACIFIC ISLANDER	0	3,418	4,494	7,912
	BLACK	0	16,506	9,707	26,213
	HISPANIC	0	5,090	6,885	11,975
	WHITE	0	62,646	88,829	151,475
	All	0	89,242	111,527	200,769
GS-12	UNSPECIFIED/BLANK	0	16	23	39
	AMERICAN INDIAN/ALASKAN NATIVE	0	976	1,624	2,600
	ASIAN/PACIFIC ISLANDER	0	3,268	7,343	10,611
	BLACK	0	15,680	11,441	27,121
	HISPANIC	0	3,564	7,320	10,884
	WHITE	2	58,147	130,339	188,488
	All	2	81,651	158,090	239,743
GS-13	UNSPECIFIED/BLANK	0	6	19	25

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SEPTEMBER 1995					
PAY PLAN AND GRADE	RACE AND NATIONAL ORIGIN	GENDER CATEGORY			
	AMERICAN INDIAN/ALASKAN NATIVE	0	479	1,100	1,579
	ASIAN/PACIFIC ISLANDER	0	1,604	4,387	5,991
	BLACK	0	8,033	7,313	15,346
	HISPANIC	0	1,547	4,573	6,120
	WHITE	0	34,566	103,030	137,596
	All	0	46,235	120,422	166,657
GS-14	UNSPECIFIED/BLANK	0	2	3	5
	AMERICAN INDIAN/ALASKAN NATIVE	0	203	589	792
	ASIAN/PACIFIC ISLANDER	0	535	1,961	2,496
	BLACK	0	2,538	3,222	5,760
	HISPANIC	0	531	1,897	2,428
	WHITE	0	14,981	58,654	73,635
	All	0	18,790	66,326	85,116
GS-15	UNSPECIFIED/BLANK	0	0	3	3
	AMERICAN INDIAN/ALASKAN NATIVE	0	64	265	329
	ASIAN/PACIFIC ISLANDER	0	185	809	994
	BLACK	0	860	1,425	2,285
	HISPANIC	0	201	745	946
	WHITE	0	6,455	30,157	36,612
	All	0	7,765	33,404	41,169
GS-GRADE SL	BLACK	0	1	0	1
	WHITE	0	0	7	7
	All	0	1	7	8
SES PAY PLAN	UNSPECIFIED/BLANK	0	1	1	2
	AMERICAN INDIAN/ALASKAN NATIVE	0	13	42	55
	ASIAN/PACIFIC ISLANDER	0	29	77	106
	BLACK	0	158	392	550
	HISPANIC	0	48	132	180
	WHITE	0	1,148	5,484	6,632
	All	0	1,397	6,128	7,525
OTHER PAY PLANS	UNSPECIFIED/BLANK	0	67	162	229
	AMERICAN INDIAN/ALASKAN NATIVE	0	3,830	7,492	11,322
	ASIAN/PACIFIC ISLANDER	0	8,194	20,156	28,350
	BLACK	0	24,976	50,309	75,285
	HISPANIC	0	7,079	24,917	31,996
	WHITE	0	81,643	246,150	327,793
	All	0	125,789	349,186	474,975
	SEPTEMBER 1995 TOTAL	3	867,321	1,099,465	1,966,789

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SEPTEMBER 2000					
PAY PLAN AND GRADE	RACE AND NATIONAL ORIGIN	GENDER CATEGORY			
		N/A	FEMALE	MALE	ALL
GS-01	UNSPECIFIED/BLANK	0	3	4	7
	AMERICAN INDIAN/ALASKAN NATIVE	0	37	19	56
	ASIAN/PACIFIC ISLANDER	0	80	38	118
	BLACK	0	583	219	802
	HISPANIC	0	245	114	359
	WHITE	0	806	457	1,263
	All	0	1,754	851	2,605
GS-02	UNSPECIFIED/BLANK	0	5	2	7
	AMERICAN INDIAN/ALASKAN NATIVE	0	99	85	184
	ASIAN/PACIFIC ISLANDER	0	158	85	243
	BLACK	0	1,086	406	1,492
	HISPANIC	0	442	235	677
	WHITE	0	1,732	1,244	2,976
	All	0	3,522	2,057	5,579
GS-03	UNSPECIFIED/BLANK	0	15	3	18
	AMERICAN INDIAN/ALASKAN NATIVE	0	678	341	1,019
	ASIAN/PACIFIC ISLANDER	0	1,290	508	1,798
	BLACK	0	4,995	1,591	6,586
	HISPANIC	0	1,423	665	2,088
	WHITE	5	8,685	4,934	13,624
	All	5	17,086	8,042	25,133
GS-04	UNSPECIFIED/BLANK	0	66	25	91
	AMERICAN INDIAN/ALASKAN NATIVE	0	2,242	739	2,981
	ASIAN/PACIFIC ISLANDER	0	2,023	855	2,878
	BLACK	0	13,368	4,581	17,949
	HISPANIC	0	3,437	1,935	5,372
	WHITE	0	24,295	12,607	36,902
	All	0	45,431	20,742	66,173
GS-05	UNSPECIFIED/BLANK	0	65	40	105
	AMERICAN INDIAN/ALASKAN NATIVE	0	3,309	1,089	4,398
	ASIAN/PACIFIC ISLANDER	0	3,405	1,762	5,167
	BLACK	0	23,553	7,964	31,517
	HISPANIC	0	6,396	3,918	10,314
	WHITE	1	45,968	23,224	69,193
	All	1	82,696	37,997	120,694
GS-06	UNSPECIFIED/BLANK	0	38	19	57
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,847	627	2,474
	ASIAN/PACIFIC ISLANDER	0	2,274	1,090	3,364
	BLACK	0	17,598	5,201	22,799
	HISPANIC	0	3,994	2,294	6,288
	WHITE	0	36,746	15,942	52,688
	All	0	62,497	25,173	87,670

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SEPTEMBER 2000					
PAY PLAN AND GRADE	RACE AND NATIONAL ORIGIN	GENDER CATEGORY			
		N/A	FEMALE	MALE	ALL
GS-07	UNSPECIFIED/BLANK	0	64	47	111
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,823	1,025	2,848
	ASIAN/PACIFIC ISLANDER	0	3,142	1,692	4,834
	BLACK	0	23,105	7,301	30,406
	HISPANIC	0	5,988	4,463	10,451
	WHITE	1	51,360	30,412	81,773
	All	1	85,482	44,940	130,423
GS-08	UNSPECIFIED/BLANK	0	12	3	15
	AMERICAN INDIAN/ALASKAN NATIVE	0	467	417	884
	ASIAN/PACIFIC ISLANDER	0	745	455	1,200
	BLACK	0	10,339	3,091	13,430
	HISPANIC	0	2,522	1,680	4,202
	WHITE	1	17,554	11,602	29,157
	All	1	31,639	17,248	48,888
GS-09	UNSPECIFIED/BLANK	0	44	40	84
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,809	1,221	3,030
	ASIAN/PACIFIC ISLANDER	0	2,599	2,318	4,917
	BLACK	0	15,724	7,296	23,020
	HISPANIC	0	4,203	6,477	10,680
	WHITE	0	41,612	45,276	86,888
	All	0	65,991	62,628	128,619
GS-10	UNSPECIFIED/BLANK	0	9	3	12
	AMERICAN INDIAN/ALASKAN NATIVE	0	182	130	312
	ASIAN/PACIFIC ISLANDER	0	270	254	524
	BLACK	0	1,824	784	2,608
	HISPANIC	0	346	468	814
	WHITE	0	4,960	6,484	11,444
	All	0	7,591	8,123	15,714
GS-11	UNSPECIFIED/BLANK	0	66	70	136
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,705	1,439	3,144
	ASIAN/PACIFIC ISLANDER	0	3,452	3,663	7,115
	BLACK	0	17,136	9,062	26,198
	HISPANIC	0	5,732	7,296	13,028
	WHITE	1	57,648	71,667	129,316
	All	1	85,739	93,197	178,937
GS-12	UNSPECIFIED/BLANK	0	36	83	119
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,117	1,429	2,546
	ASIAN/PACIFIC ISLANDER	0	3,567	6,160	9,727
	BLACK	0	17,586	10,430	28,016
	HISPANIC	0	4,280	6,803	11,083
	WHITE	0	54,935	99,327	154,262
	All	0	81,521	124,232	205,753
GS-13	UNSPECIFIED/BLANK	0	43	57	100
	AMERICAN INDIAN/ALASKAN NATIVE	0	611	1,050	1,661

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SEPTEMBER 2000					
PAY PLAN AND GRADE	RACE AND NATIONAL ORIGIN	GENDER CATEGORY			
		N/A	FEMALE	MALE	ALL
	ASIAN/PACIFIC ISLANDER	0	2,338	4,712	7,050
	BLACK	0	11,396	7,920	19,316
	HISPANIC	0	2,298	4,961	7,259
	WHITE	0	40,195	90,188	130,383
	All	0	56,881	108,888	165,769
GS-14	UNSPECIFIED/BLANK	0	8	26	34
	AMERICAN INDIAN/ALASKAN NATIVE	0	285	519	804
	ASIAN/PACIFIC ISLANDER	0	934	2,081	3,015
	BLACK	0	3,911	3,200	7,111
	HISPANIC	0	815	1,926	2,741
	WHITE	0	17,349	43,755	61,104
	All	0	23,302	51,507	74,809
GS-15	UNSPECIFIED/BLANK	0	4	14	18
	AMERICAN INDIAN/ALASKAN NATIVE	0	102	242	344
	ASIAN/PACIFIC ISLANDER	0	327	897	1,224
	BLACK	0	1,393	1,506	2,899
	HISPANIC	0	338	832	1,170
	WHITE	0	8,651	25,692	34,343
	All	0	10,815	29,183	39,998
GS-GRADE SL	WHITE	0	0	3	3
	All	0	0	3	3
SES PAY PLAN	UNSPECIFIED/BLANK	0	0	4	4
	AMERICAN INDIAN/ALASKAN NATIVE	0	26	59	85
	ASIAN/PACIFIC ISLANDER	0	38	87	125
	BLACK	0	228	404	632
	HISPANIC	0	68	150	218
	WHITE	0	1,415	4,635	6,050
	All	0	1,775	5,339	7,114
OTHER PAY PLANS	UNSPECIFIED/BLANK	0	82	208	290
	AMERICAN INDIAN/ALASKAN NATIVE	0	3,874	7,323	11,197
	ASIAN/PACIFIC ISLANDER	0	8,422	17,458	25,880
	BLACK	0	23,941	42,327	66,268
	HISPANIC	0	7,347	21,392	28,739
	WHITE	7	85,900	240,397	326,304
	All	7	129,566	329,105	458,678
	SEPTEMBER 2000 TOTAL	16	793,288	969,255	1,762,559

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SEPTEMBER 2005					
PAY PLAN AND GRADE	RACE AND NATIONAL ORIGIN	GENDER CATEGORY			
		N/A	FEMALE	MALE	ALL
GS-01	UNSPECIFIED/BLANK	0	3	1	4
	AMERICAN INDIAN/ALASKAN NATIVE	0	20	16	36
	ASIAN/PACIFIC ISLANDER	0	160	94	254
	BLACK	0	501	219	720
	HISPANIC	0	164	99	263
	WHITE	0	741	495	1,236
	All	0	1,589	924	2,513
GS-02	AMERICAN INDIAN/ALASKAN NATIVE	0	96	47	143
	ASIAN/PACIFIC ISLANDER	0	127	69	196
	BLACK	0	683	287	970
	HISPANIC	0	348	177	525
	WHITE	0	1,453	1,079	2,532
	All	0	2,707	1,659	4,366
	GS-03	UNSPECIFIED/BLANK	0	10	3
AMERICAN INDIAN/ALASKAN NATIVE		0	529	256	785
ASIAN/PACIFIC ISLANDER		0	1,191	472	1,663
BLACK		0	3,298	1,106	4,404
HISPANIC		0	1,336	738	2,074
WHITE		0	6,609	4,716	11,325
All		0	12,973	7,291	20,264
GS-04	UNSPECIFIED/BLANK	0	19	5	24
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,893	677	2,570
	ASIAN/PACIFIC ISLANDER	0	1,808	780	2,588
	BLACK	0	9,971	3,559	13,530
	HISPANIC	1	2,950	1,895	4,846
	WHITE	0	18,860	12,063	30,923
	All	1	35,501	18,979	54,481
GS-05	UNSPECIFIED/BLANK	0	33	18	51
	AMERICAN INDIAN/ALASKAN NATIVE	0	3,205	1,019	4,224
	ASIAN/PACIFIC ISLANDER	0	3,059	1,635	4,694
	BLACK	0	19,277	7,541	26,818
	HISPANIC	0	5,234	3,747	8,981
	WHITE	0	35,842	21,494	57,336
	All	0	66,650	35,454	102,104
GS-06	UNSPECIFIED/BLANK	0	19	11	30
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,949	634	2,583
	ASIAN/PACIFIC ISLANDER	1	2,340	1,181	3,522
	BLACK	1	15,312	5,384	20,697
	HISPANIC	0	3,939	2,400	6,339
	WHITE	4	30,541	15,956	46,501
	All	6	54,100	25,566	79,672
GS-07	UNSPECIFIED/BLANK	0	41	35	76

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SEPTEMBER 2005					
PAY PLAN AND GRADE	RACE AND NATIONAL ORIGIN	GENDER CATEGORY			
		N/A	FEMALE	MALE	ALL
	AMERICAN INDIAN/ALASKAN NATIVE	0	2,086	1,113	3,199
	ASIAN/PACIFIC ISLANDER	1	3,400	2,296	5,697
	BLACK	1	22,513	8,341	30,855
	HISPANIC	1	6,676	5,096	11,773
	WHITE	5	49,296	36,497	85,798
	All	8	84,012	53,378	137,398
GS-08	UNSPECIFIED/BLANK	0	13	2	15
	AMERICAN INDIAN/ALASKAN NATIVE	0	600	468	1,068
	ASIAN/PACIFIC ISLANDER	0	1,049	682	1,731
	BLACK	0	11,124	3,682	14,806
	HISPANIC	0	3,487	2,330	5,817
	WHITE	0	17,874	13,697	31,571
	All	0	34,147	20,861	55,008
GS-09	UNSPECIFIED/BLANK	0	38	37	75
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,770	1,205	2,975
	ASIAN/PACIFIC ISLANDER	0	2,967	2,658	5,625
	BLACK	1	16,680	7,967	24,648
	HISPANIC	0	4,827	5,987	10,814
	WHITE	2	41,940	44,970	86,912
	All	3	68,222	62,824	131,049
GS-10	UNSPECIFIED/BLANK	0	9	10	19
	AMERICAN INDIAN/ALASKAN NATIVE	0	259	114	373
	ASIAN/PACIFIC ISLANDER	0	349	327	676
	BLACK	0	2,068	951	3,019
	HISPANIC	0	482	517	999
	WHITE	0	5,167	6,444	11,611
	All	0	8,334	8,363	16,697
GS-11	UNSPECIFIED/BLANK	0	31	33	64
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,876	1,517	3,393
	ASIAN/PACIFIC ISLANDER	0	4,443	4,564	9,007
	BLACK	0	18,126	10,007	28,133
	HISPANIC	1	7,483	12,231	19,715
	WHITE	1	56,328	75,048	131,377
	All	2	88,287	103,400	191,689
GS-12	UNSPECIFIED/BLANK	0	38	39	77
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,450	1,495	2,945
	ASIAN/PACIFIC ISLANDER	0	4,643	6,447	11,090
	BLACK	0	20,768	11,278	32,046
	HISPANIC	0	5,771	7,582	13,353
	WHITE	5	60,706	95,997	156,708
	All	5	93,376	122,838	216,219
GS-13	UNSPECIFIED/BLANK	0	32	62	94
	AMERICAN INDIAN/ALASKAN NATIVE	0	798	1,089	1,887
	ASIAN/PACIFIC ISLANDER	0	3,527	5,739	9,266

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SEPTEMBER 2005					
PAY PLAN AND GRADE	RACE AND NATIONAL ORIGIN	GENDER CATEGORY			
		N/A	FEMALE	MALE	ALL
	BLACK	0	15,269	9,541	24,810
	HISPANIC	0	3,452	6,383	9,835
	WHITE	0	47,516	95,371	142,887
	All	0	70,594	118,185	188,779
GS-14	UNSPECIFIED/BLANK	0	12	34	46
	AMERICAN INDIAN/ALASKAN NATIVE	0	377	575	952
	ASIAN/PACIFIC ISLANDER	0	1,554	2,970	4,524
	BLACK	0	6,088	4,193	10,281
	HISPANIC	0	1,286	2,518	3,804
	WHITE	0	22,017	46,989	69,006
	All	0	31,334	57,279	88,613
GS-15	UNSPECIFIED/BLANK	0	9	10	19
	AMERICAN INDIAN/ALASKAN NATIVE	0	155	291	446
	ASIAN/PACIFIC ISLANDER	0	597	1,241	1,838
	BLACK	0	1,885	1,765	3,650
	HISPANIC	0	495	1,086	1,581
	WHITE	0	11,270	27,492	38,762
	All	0	14,411	31,885	46,296
GS-GRADE SL	WHITE	0	0	2	2
	All	0	0	2	2
SES PAY PLAN	UNSPECIFIED/BLANK	0	0	2	2
	AMERICAN INDIAN/ALASKAN NATIVE	0	28	66	94
	ASIAN/PACIFIC ISLANDER	0	56	100	156
	BLACK	0	250	337	587
	HISPANIC	0	63	186	249
	WHITE	0	1,551	4,468	6,019
	All	0	1,948	5,159	7,107
OTHER PAY PLANS	UNSPECIFIED/BLANK	0	89	133	222
	AMERICAN INDIAN/ALASKAN NATIVE	0	4,300	7,182	11,482
	ASIAN/PACIFIC ISLANDER	1	11,760	21,544	33,305
	BLACK	1	30,216	46,912	77,129
	HISPANIC	1	10,876	26,742	37,619
	WHITE	20	98,607	260,308	358,935
	All	23	155,848	362,821	518,692
	SEPTEMBER 2005 TOTAL	48	824,033	1,036,868	1,860,949

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SEPTEMBER 2008					
PAY PLAN AND GRADE	RACE AND NATIONAL ORIGIN	GENDER CATEGORY			
		N/A	FEMALE	MALE	ALL
GS-01	AMERICAN INDIAN/ALASKAN NATIVE	0	41	20	61
	ASIAN/PACIFIC ISLANDER	0	185	113	298
	BLACK	0	628	298	926
	HISPANIC	0	130	138	268
	WHITE	0	893	718	1,611
	All	0	1,877	1,287	3,164
GS-02	UNSPECIFIED/BLANK	0	0	1	1
	AMERICAN INDIAN/ALASKAN NATIVE	0	100	41	141
	ASIAN/PACIFIC ISLANDER	0	179	111	290
	BLACK	0	890	425	1,315
	HISPANIC	0	286	140	426
	WHITE	0	1,407	1,206	2,613
All	0	2,862	1,924	4,786	
GS-03	UNSPECIFIED/BLANK	0	11	8	19
	AMERICAN INDIAN/ALASKAN NATIVE	0	457	195	652
	ASIAN/PACIFIC ISLANDER	0	983	452	1,435
	BLACK	0	2,610	1,004	3,614
	HISPANIC	0	885	563	1,448
	WHITE	0	5,215	4,730	9,945
All	0	10,161	6,952	17,113	
GS-04	UNSPECIFIED/BLANK	0	30	30	60
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,726	677	2,403
	ASIAN/PACIFIC ISLANDER	0	1,756	815	2,571
	BLACK	0	9,055	3,367	12,422
	HISPANIC	0	2,517	1,602	4,119
	WHITE	0	17,185	11,959	29,144
All	0	32,269	18,450	50,719	
GS-05	UNSPECIFIED/BLANK	0	46	28	74
	AMERICAN INDIAN/ALASKAN NATIVE	0	3,318	944	4,262
	ASIAN/PACIFIC ISLANDER	0	2,836	1,711	4,547
	BLACK	0	18,484	7,685	26,169
	HISPANIC	0	5,056	4,440	9,496
	WHITE	1	32,435	22,307	54,743
All	1	62,175	37,115	99,291	
GS-06	UNSPECIFIED/BLANK	0	20	11	31
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,984	633	2,617
	ASIAN/PACIFIC ISLANDER	0	2,178	1,155	3,333
	BLACK	0	14,875	5,579	20,454
	HISPANIC	0	3,705	2,531	6,236
	WHITE	1	28,134	15,566	43,701
All	1	50,896	25,475	76,372	
GS-07	UNSPECIFIED/BLANK	0	55	71	126

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PAY PLAN AND GRADE	RACE AND NATIONAL ORIGIN	GENDER CATEGORY			
		N/A	FEMALE	MALE	ALL
	AMERICAN INDIAN/ALASKAN NATIVE	0	2,207	1,156	3,363
	ASIAN/PACIFIC ISLANDER	0	3,123	2,446	5,569
	BLACK	0	20,552	8,761	29,313
	HISPANIC	0	6,443	6,672	13,115
	WHITE	3	42,289	37,673	79,965
	All	3	74,669	56,779	131,451
GS-08	UNSPECIFIED/BLANK	0	19	5	24
	AMERICAN INDIAN/ALASKAN NATIVE	0	638	448	1,086
	ASIAN/PACIFIC ISLANDER	0	1,088	730	1,818
	BLACK	0	10,311	3,531	13,842
	HISPANIC	0	3,575	2,336	5,911
	WHITE	0	16,399	13,078	29,477
	All	0	32,030	20,128	52,158
GS-09	UNSPECIFIED/BLANK	0	87	59	146
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,744	1,178	2,922
	ASIAN/PACIFIC ISLANDER	0	2,819	2,488	5,307
	BLACK	0	16,117	7,810	23,927
	HISPANIC	1	4,708	6,236	10,945
	WHITE	0	37,408	40,895	78,303
	All	1	62,883	58,666	121,550
GS-10	UNSPECIFIED/BLANK	0	2	2	4
	AMERICAN INDIAN/ALASKAN NATIVE	0	305	128	433
	ASIAN/PACIFIC ISLANDER	0	358	324	682
	BLACK	0	1,787	822	2,609
	HISPANIC	0	419	463	882
	WHITE	0	4,475	5,164	9,639
	All	0	7,346	6,903	14,249
GS-11	UNSPECIFIED/BLANK	0	43	67	110
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,954	1,484	3,438
	ASIAN/PACIFIC ISLANDER	0	4,253	4,457	8,710
	BLACK	0	17,676	9,656	27,332
	HISPANIC	0	7,367	12,389	19,756
	WHITE	1	50,545	66,125	116,671
	All	1	81,838	94,178	176,017
GS-12	UNSPECIFIED/BLANK	0	37	82	119
	AMERICAN INDIAN/ALASKAN NATIVE	0	1,472	1,409	2,881
	ASIAN/PACIFIC ISLANDER	0	4,805	5,625	10,430
	BLACK	0	19,842	10,425	30,267
	HISPANIC	0	5,961	7,495	13,456
	WHITE	1	53,291	78,483	131,775
	All	1	85,408	103,519	188,928
GS-13	UNSPECIFIED/BLANK	0	48	108	156
	AMERICAN INDIAN/ALASKAN NATIVE	0	825	1,016	1,841
	ASIAN/PACIFIC ISLANDER	0	3,889	5,253	9,142

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SEPTEMBER 2008					
PAY PLAN AND GRADE	RACE AND NATIONAL ORIGIN	GENDER CATEGORY			
		N/A	FEMALE	MALE	ALL
	BLACK	0	15,513	8,870	24,383
	HISPANIC	0	3,762	6,175	9,937
	WHITE	0	43,291	78,061	121,352
	All	0	67,328	99,483	166,811
GS-14	UNSPECIFIED/BLANK	0	22	44	66
	AMERICAN INDIAN/ALASKAN NATIVE	0	426	539	965
	ASIAN/PACIFIC ISLANDER	0	1,934	3,101	5,035
	BLACK	0	6,784	4,113	10,897
	HISPANIC	0	1,408	2,503	3,911
	WHITE	0	20,868	38,943	59,811
	All	0	31,442	49,243	80,685
GS-15	UNSPECIFIED/BLANK	0	7	22	29
	AMERICAN INDIAN/ALASKAN NATIVE	0	168	294	462
	ASIAN/PACIFIC ISLANDER	0	785	1,462	2,247
	BLACK	0	2,301	1,846	4,147
	HISPANIC	0	538	1,124	1,662
	WHITE	0	11,498	23,984	35,482
	All	0	15,297	28,732	44,029
GS-GRADE SL	WHITE	0	0	2	2
	All	0	0	2	2
SES PAY PLAN	UNSPECIFIED/BLANK	0	2	7	9
	AMERICAN INDIAN/ALASKAN NATIVE	0	32	63	95
	ASIAN/PACIFIC ISLANDER	0	74	113	187
	BLACK	0	265	367	632
	HISPANIC	0	69	214	283
	WHITE	0	1,801	4,729	6,530
	All	0	2,243	5,493	7,736
OTHER PAY PLANS	UNSPECIFIED/BLANK	0	164	269	433
	AMERICAN INDIAN/ALASKAN NATIVE	0	5,329	8,260	13,589
	ASIAN/PACIFIC ISLANDER	0	18,592	28,148	46,740
	BLACK	0	48,796	59,115	107,911
	HISPANIC	2	15,893	32,184	48,079
	WHITE	10	150,489	336,509	487,008
	All	12	239,263	464,485	703,760
SEPTEMBER 2008 TOTAL		20	859,987	1,078,814	1,938,821