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TOWARD A TELEWORK-FRIENDLY GOVERNMENT WORKPLACE: AN UPDATE ON PUBLIC AND PRIVATE APPROACHES TO TELECOMMUTING

HEARING

BEFORE THE

SUBCOMMITTEE ON TECHNOLOGY AND PROCUREMENT POLICY

OF THE

COMMITTEE ON GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

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CONTENTS

	Page
Hearing held on September 6, 2001	1
Statement of:	
Robertson, Bob, Director, Education, Workforce, and Income Security Issues, U.S. General Accounting Office; Teresa Jenkins, Director, Office of Workforce Relations, Office of Personnel Management; David Bibb, Deputy Associate Administrator, Office of Governmentwide Policy, U.S. General Services Administration; Harris N. Miller, president, Information Technology Association of America; Mark Straton, vice president, global marketing, Siemens Enterprise Networks; and Robert M. Milkovich, managing director, CarrAmerica	12
Letters, statements, etc., submitted for the record by:	
Bibb, David, Deputy Associate Administrator, Office of Governmentwide Policy, U.S. General Services Administration, prepared statement of	38
Davis, Hon. Thomas M., a Representative in Congress from the State of Virginia, prepared statement of	4
Jenkins, Teresa, Director, Office of Workforce Relations, Office of Personnel Management, prepared statement of	29
Milkovich, Robert M., managing director, CarrAmerica, prepared statement of	70
Miller, Harris N., president, Information Technology Association of America, prepared statement of	49
Robertson, Bob, Director, Education, Workforce, and Income Security Issues, U.S. General Accounting Office, prepared statement of	15
Straton, Mark, vice president, global marketing, Siemens Enterprise Networks, prepared statement of	61
Turner, Hon. Jim, a Representative in Congress from the State of Texas, prepared statement of	8

TOWARD A TELEWORK-FRIENDLY GOVERNMENT WORKPLACE: AN UPDATE ON PUBLIC AND PRIVATE APPROACHES TO TELECOMMUTING

THURSDAY, SEPTEMBER 6, 2001

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TECHNOLOGY AND PROCUREMENT POLICY,
COMMITTEE ON GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:35 a.m., in room 2154, Rayburn House Office Building, Hon. Thomas M. Davis (chairman of the subcommittee) presiding.

Present: Representatives Davis of Virginia and Turner.

Also present: Representatives Morella, Capito, Moran and Norton.

Staff present: Melissa Wojciak, staff director; David Marin, communications director; Amy Heerink, chief counsel; George Rogers, counsel; Victoria Proctor, professional staff member; James DeChene, clerk; Mark Stephenson, minority professional staff member; and Jean Gosa, minority assistant clerk.

Mr. DAVIS OF VIRGINIA. Good morning. Welcome to the subcommittee's second oversight hearing on Federal telecommuting. The telework initiative gives employees the flexibility to work outside the traditional workplace, generally at home or in telecenters. Today, we're going to evaluate the progress of the Federal Government agencies' efforts to promote the initiative. We will also review agencies' compliance with section 359 of Public Law 106–346, the fiscal year 2001 Department of Transportation appropriation bill.

I want to take a moment to thank Congresswoman Connie Morella, Congresswoman Shelley Moore Capito, Congressman Jim Moran, and Delegate Eleanor Holmes Norton for joining us this morning. Congressman Frank Wolf wanted to be here today, but he was called to the White House this morning.

As many of you know, Mr. Wolf has been a longtime supporter of telework and is responsible for the inclusion of section 359 in last year's transportation appropriations bill. This year he introduced H.R. 1012, the Telework Tax Initiative Act, which would provide a tax credit to eligible telecommuters.

Advances in computer and telecommunications technology have facilitated the rapid growth of telework in the private sector. While companies enjoy increased productivity, job satisfaction and employee morale as a result of telework programs, the Federal Gov-

ernment's success has been inconsistent. Over the past decade, there have been executive plans to encourage Federal telecommuting, but a more formalized plan with comprehensive guidelines was never introduced. Section 359 and the related conference report language strived to change that.

Section 359 directs Federal agencies to establish telework policies as a means to ease congestion and permit 25 percent of their eligible work force to telecommute by April 23, 2001. An additional 25 percent must be permitted to telecommute each year over the next 3 years. The conference report requires OPM to assess the effectiveness of the program and to report to Congress.

Our March 22nd hearing revealed that if telecommuting is used strategically, it can be an effective recruitment and retention tool in the Federal workplace. For example, an aggressive telecommuting policy may help the Federal Government address the shortage of information technology workers. As the Federal IT work force nears retirement eligibility, they may be enticed back to the Federal work force on flexible terms while taxpayers benefit from a knowledgeable and experienced work force. In fact, a December 2000 survey conducted by the Merit Systems Protection Board found a possible correlation between the availability of telecommuting and Federal employees' intention to leave Federal service.

The March hearing also helped identify some of the key barriers to Federal telecommuting, including the availability of computer and telecommunications equipment, managerial attitudes, funding and insufficient marketing and education about the concept. In fact, some Federal employees still report confusion about their agencies' policies, and some don't even know if teleworking is an option for them. Furthermore, Federal managers in particular are resistant to telework, because they are no longer in a position to monitor employees directly. Thus, managers need to shift their focus from process-oriented performance measurements to results.

But the Federal workplace culture will not change overnight. It's a long and gradual process. That's why I'm pleased that OPM and GSA have already made concerted efforts to promote telework and address these persistent concerns. In addition to training sessions for employees, managers and top-level officials, OPM partnered with GSA to create a one-stop telework Web site to educate the work force and provide a variety of resources about telework, including links to agency policies, sample telework agreements, telecenter information, OPM guidance and OPM's study highlighting agency success stories.

OPM's recent Interim Report on Telework in the Federal Government indicates that the barriers I mentioned still inhibit telework—they still inhibit telework. For the report, OPM surveyed Federal agencies about their telework policies. The data showed that the total percentages of teleworkers in the Federal work force has doubled to 3.1 percent since 1998, but it still remains very low. Agency narratives and followup discussions reveal that agencies are inconsistent in tracking their teleworkers, especially those who telecommute on a nonscheduled basis or less than 52 days per year.

Based on this information, OPM concluded that Federal teleworkers are likely undercounted. It's been a challenge for OPM to

compile accurate statistics about Federal telecommuters because there is no governmentwide standard for data collection. This is an important concern that I think has to be addressed since the report is intended to provide a baseline from which to assess the progress of Federal telework.

Today the subcommittee will ascertain what oversight measures OPM will use to ensure Federal agency compliance with section 359. We'll determine whether OPM provides adequate guidance to assist agencies in determining which positions are eligible for telecommuting. In addition, we'll look forward to hearing about further action OPM will take to clarify the initiative and provide employees with guidance to ensure successful telework experiences. We'll also determine if GSA is using section 359 as a marketing opportunity to expand its advertising efforts for and increase utilization of the telecenters. Since OPM's interim telecommuting report reveals that there is no official system in place to efficiently and reliably count teleworkers and compile related data, the subcommittee will review the current tracking system and any suggestions for governmentwide standardization.

The subcommittee will hear testimony from Robert E. Robertson, the Director of Education, Workforce and Income Security Issues, GAO; Teresa Jenkins, the Director of Office of Workforce Relations, OPM; David Bibb, Deputy Associate Administrator of Real Property within the Office of Governmentwide Policy, GSA; Harris Miller, president of the Information Technology Association of America; Mark Straton, the vice president of global marketing, Siemens Enterprise Networks; and Robert Milkovich, the managing director of CarrAmerica.

We anticipate having with us today members of the full committee who are not on the subcommittee, as well as Members who are not part of the full committee, but have a strong interest in this. I ask unanimous consent they be permitted to participate in today's hearing, and without objection, so ordered.

[The prepared statement of Hon. Thomas M. Davis follows:]

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TOWARD A TELEWORK-FRIENDLY GOVERNMENT WORKPLACE: AN UPDATE ON PUBLIC AND PRIVATE APPROACHES TO TELECOMMUTING

OPENING STATEMENT

September 6, 2001

9:30 a.m.

Room 2154, Rayburn House Office Building

Good morning and welcome to the Subcommittee's second oversight hearing on federal telecommuting. The telework initiative gives employees the flexibility to work outside the traditional workplace, generally at home or in telecenters. Today, we will evaluate the progress of Federal government agencies' efforts to promote the initiative. We will also review agencies' compliance with section 359 of P.L. 106-346, the Fiscal Year 2001 Department of Transportation Appropriations bill.

I would like to take a moment to thank Congresswoman Connie Morella, Congresswoman Shelley Moore Capito, and Congressman Frank Wolf for joining us this morning. As many of you know, Mr. Wolf is a long-time supporter of telework and is responsible for the inclusion of Section 359 in last year's Transportation Appropriations bill. This year he introduced H.R. 1012, the Telework Tax Incentive Act, which would provide a tax credit to eligible telecommuters.

Advances in computer and telecommunications technology have facilitated the rapid

growth of telework in the private sector. While companies enjoy increased productivity, job satisfaction, and employee morale as a result of telework programs, the Federal government's success has been inconsistent. Over the past decade there have been Executive plans to encourage federal telecommuting, but a more formalized plan with comprehensive guidelines was never introduced. Section 359 of P.L. 106-346 and the related Conference Report language strives to change that.

Section 359 directs federal agencies to establish telework policies as a means to ease traffic congestion and permit 25% of their eligible workforce to telecommute by April 23, 2001. An additional 25% must be permitted to telecommute each year over the next three years. The Conference Report requires OPM to assess the effectiveness of the program and report to Congress.

Our March 22, 2001, hearing revealed that if telecommuting is used strategically, it can be an effective recruitment and retention tool in the federal workplace. For instance, an aggressive telecommuting policy may help the federal government address the shortage of information technology (IT) workers. As the federal IT workforce nears retirement eligibility, they may be enticed back to federal work on flexible terms, while taxpayers benefit from a knowledgeable and experienced workforce. In fact, a December 2000 survey conducted by the Merit Systems Protection Board found a possible correlation between the availability of telecommuting and federal employees' intention to leave federal service.

The March hearing helped identify some of the key barriers to federal telecommuting, including the availability of computer and telecommunications equipment, managerial attitudes, funding, and insufficient marketing and education about the concept. **In fact, some federal employees still report confusion about their agencies' policies, and others do not even know if telework is an option. Furthermore, Federal managers in particular are resistant to telework because they are no longer in a position to monitor employees directly. Thus, managers need to shift their focus from process-oriented performance measurements to results.**

But the federal workplace culture will not change overnight; it will be a long and gradual process. That is why I am pleased that OPM and GSA have already made concerted efforts to promote telework and address these persistent concerns. In addition to training sessions for employees, managers, and top-level officials, OPM partnered with GSA to create a "one-stop" telework website to educate the workforce and provide a variety of resources about telework including links to agency policies, sample telework agreements, telecenter information, OPM guidance, and OPM's study highlighting agency success stories.

OPM's recent "Interim Report on Telework in the Federal Government" indicates that the barriers I mentioned still inhibit telework. For the report, OPM surveyed federal agencies about their telework policies. The data shows that the total percentage of teleworkers in the federal workforce has doubled to 3.1% since 1998, but still remains too low. Agency narratives and

follow-up discussions reveal that agencies are inconsistent in tracking their teleworkers, especially those who telecommute on a non-scheduled basis or less than 52 days per year. Based on this information, OPM concluded that federal teleworkers are likely undercounted. It has been a challenge for OPM to compile accurate statistics about federal telecommuters because there is no governmentwide standard for data collection. This is an important concern that must be addressed since the report is intended to provide a baseline from which to assess the progress of federal telework.

Today, the Subcommittee will ascertain what oversight measures OPM will use to ensure federal agency compliance with section 359. We will determine whether OPM provides adequate guidance to assist agencies in determining what positions are eligible for telecommuting. In addition, we look forward to hearing about further efforts OPM will pursue to clarify the initiative and provide employees with guidance to ensure successful telework experiences. We will also determine if GSA is using Section 359 as a marketing opportunity to expand its advertising efforts for and increase utilization of the telecenters. Since OPM's interim telecommuting report reveals that there is no official system in place to efficiently and reliably count teleworkers and compile related data, the Subcommittee will review the current tracking system and any suggestions for government-wide standardization.

The Subcommittee will hear testimony from Robert E. Robertson, Director of Education, Workforce, and Income Security Issues, GAO; Teresa Jenkins, Director of Office of Workforce Relations, OPM; David L. Bibb, Deputy Associate Administrator of Real Property within the Office of Government-wide Policy, GSA; Harris N. Miller, President, Information Technology Association of America; Mark Straton, Vice President of Global Marketing, Siemens Enterprise Networks; and Robert M. Milkovich, Managing Director, CarrAmerica.

Mr. DAVIS OF VIRGINIA. I would now yield to Congressman Turner for any opening statement.

Mr. TURNER. Thank you, Mr. Chairman. I commend you on having this second hearing on this important issue of telecommuting. We all know that the Federal Government faces a human capital crisis, and the Federal work force is indeed aging, and it requires us to be innovative in ways to not only attract and retain Federal workers, but to improve worker productivity, morale, and, as I said, retention and recruitment.

We know that advances in technology in recent years have made telecommuting a far more feasible and attractive choice for employees and employers alike. Today we're told that about 19 million people telecommute, and the number is increasing rapidly. Despite the fact that telecommuting has been an option for Federal employees over the last decade, as we'll hear today from the Office of Personnel Management, only about 45,000 employees, or 2.6 percent of our Federal work force, telecommute once a week, and almost half of those are in one agency. Even though there's been a marked increase in telecommuting, we're still clearly behind the private sector. As some of our witnesses today will testify, the private sector offers valuable insights to us in how to address the barriers faced by organizations attempting to promote telework among their employees.

As the chairman mentioned, Federal law requires agencies to develop a plan that allows 25 percent of the eligible Federal work force to telecommute. As of April 23, 2001, an additional 25 percent must be permitted to telecommute each year over the next 3 years.

Today we will explore the Federal Government's progress in developing telework-friendly policies and determine what the Congress and the agencies need to do to make telecommuting a viable option for Federal employees.

I welcome all of our witnesses today, and, again, I thank the chairman for his continued interest in this important subject.

Mr. DAVIS OF VIRGINIA. Thank you very much.

[The prepared statement of Hon. Jim Turner follows:]

Statement of the Honorable Jim Turner
Oversight Hearing: "Toward a Telework-Friendly Government Workplace: An Update on Public and Private Approaches to Telecommuting"
Subcommittee on Technology and Procurement Policy

September 6, 2001

Thank you, Mr. Chairman. This is our second hearing on the important issue of telecommuting and telework policies in the Federal government. I am glad the Subcommittee is devoting time to this issue because Congress faces a tremendous challenge in addressing a looming human capital crisis and making the federal government more competitive in the job market. The enhanced benefits that telecommuting could provide in terms of worker productivity, moral, retention, and recruitment make telework a critical area for the federal government to explore in solving our workforce problems.

Advances in technology, particularly information technology, in recent years have made telecommuting a far more feasible and attractive choice for employees and employers alike, allowing for a workforce that can work almost anywhere, at any time. Today, approximately 19 million people telecommute, and that number is increasing rapidly.

Despite the fact that telecommuting has been an option for federal employees over the last decade, as we will hear today from the Office of Personnel Management, only about 45,000 employees, or 2.6% of the workforce, telecommute once a week, and almost half of those are in one agency. Even though there has been a marked increase in telecommunting in the federal government, we are still clearly behind the private sector in this area. As some of our witnesses today will testify, the private sector may offer us some valuable insights into the barriers faced by organizations attempting to promote telework among their employees, and possible ways to overcome those barriers.

Federal law required agencies to develop a plan to allow 25% of the eligible federal workforce to telecommute as of April 23, 2001. An additional 25% must be permitted to telecommute each year over the next three years. Today we will explore the federal government's progress in developing telework-friendly policies and determine what Congress and the agencies need to do to make telecommuting a viable option for federal employees.

I welcome our witnesses and look forward to your testimony. Thank you Mr. Chairman.

Mr. DAVIS OF VIRGINIA. Mrs. Capito.

Mrs. CAPITO. Yes. Thank you. Good morning. I'd like to begin by thanking Chairman Davis for inviting me to offer an opening statement this morning. I enjoyed participating in the last hearing on telecommuting, and I'm happy that you've invited me back. Although I'm not a member of the subcommittee, I greatly appreciate the opportunity to share with you my views on the importance of telecommuting in today's world.

As you may know, the district which I represent plays home to the one and only telecenter in the State of West Virginia. The telecenter is located in the town of Ranson in Jefferson County, about an hour outside of Washington, DC, in an area known as the eastern Panhandle of West Virginia. Over the past several years, there's been a dramatic increase in the population in the eastern Panhandle of West Virginia. In fact, many Federal employees are relocating to West Virginia in search of a peaceful, family friendly environment. In the past, these individuals would face a difficult, congested daily commute through Hagerstown, MD, on 270 and ultimately onto 495. Today, however, thanks to advanced commuter technology, many of these individuals are capable of telecommuting from work stations only miles from their homes in Jefferson County at the telecenter.

Unfortunately, most Federal employees in West Virginia can't take advantage of this exciting opportunity. While interest in telecommuting is high among those Federal employees, gaining agency approval is an arduous, frustrating and bureaucratic process.

Despite the fact that telecommuting and other forms of working at a distance have been thoroughly proven and are already commonplace in the private sector, there remain those who are steadfastly opposed to this practice. Why? As the proverb tells us, all things seem difficult before they seem easy. Certain people are just slow to change their way of thinking.

In my opinion, it is time for all of us to embrace the practice of telecommuting. Clearly GSA needs to improve their effort to market the concept of telecommuting to agency management. Emphasis should be placed on the need to comply with the recent changes in the law requiring 25 percent telecommuting participation among Federal employees. Additionally, efforts to streamline the telecommuting approval process should be promoted, and the length of time from inquiry to implementation of telework should be decreased.

Employee interest in telecommuting should be met with enthusiasm, not skepticism, and whenever possible management should encourage employee participation in telework. It is time to stop resisting the changing structure of our work environment and start using the high-speed computing technology to its fullest potential.

On a positive note, since this committee's telecommuting hearing last March, the telecenter in my district has made great progress in promoting and marketing its services to local citizens. Under the capable management of Neil Jagedny, who's in attendance this morning, I'm certain that the Jefferson County telecenter will continue to make great strides. In fact, last June, GSA provided $130,000 in additional funding to assist the Jefferson County telecenter as it moves to become a self-sustaining entity.

But funding alone is not enough. We need more Federal agencies to actively promote and encourage employee participation in telecommuting programs. The Jefferson County telecenter can no longer afford to have dozens and dozens—and I think it's almost as many as 70—interested workers stuck in a confusing, lengthy and frustrating application and approval process. Those Federal employees who live in the eastern panhandle and have a legitimate reason to telecommute should be authorized quickly by their respective employers. It just makes sense. Almost every name on the waiting list represents a wasted opportunity.

Ladies and gentlemen, after years of discussion, now it's time for action, and I'm hopeful that we can demonstrate leadership necessary to realize the vast potential of telecommuting. And I look forward to listening to the testimony of today's witnesses. Thank you very much.

Mr. DAVIS OF VIRGINIA. Thank you very much.

Mrs. Morella.

Mrs. MORELLA. Thank you. Thank you, Mr. Chairman. I want to thank you for holding this followup hearing on teleworking in the Federal workplace. With 25 Federal agencies located in Montgomery County, MD, my district, this decision is of utmost importance to me and my constituents.

I also want to thank you for the courtesy of allowing me as a member of the full Government Reform Committee, but not of this subcommittee, to appear here today because of the interest that I have in this issue. I want to thank you also for your leadership on this issue, and I want to thank someone who is not here today again—that is Mr. Wolf—for all of his efforts to ensure the Federal Government's support of telework programs and incentives. I look forward to the day that the entire Federal work force will telework to the maximum extent possible.

Now, while there is no magic bullet that will solve all of our Nation's problems, teleworking becomes—it comes pretty close. As has been noted, for every 1 percent of the Washington metropolitan region work force that telecommutes, there is a 3 percent reduction in traffic delays.

And during the last hearing, we heard from several Federal agencies, including the Office of Personnel Management and General Services Administration. And from the panelists' presentations, a few questions were raised that I hope will be addressed during this hearing. First, how is the government encouraging telework for all qualified Federal employees? Second, how are the government agencies addressing obstacles that block teleworking implementation, such as security issues? In addition, what has been done to address these concerns? Finally, what can we do to facilitate a solution for telework programs within the Federal Government, and more specifically in Montgomery County, MD?

Today we are acting as architects of a new mobile work environment, and with the cooperation of the Office of Personnel Management and the General Services Administration, the Federal Government will once again be an example to the States and to the private sector.

So, again, I thank you, Mr. Chairman, for the opportunity to attend this hearing this morning. I certainly look forward to hearing from our witnesses.

Mr. DAVIS OF VIRGINIA. Well, thank you very much, Mrs. Morella.

We're going to now call our panel of witnesses to testify. Robert E. Robertson, the Director of Education, Workforce and Income Security Issues, GAO; Teresa Jenkins, the Director of Office of Workforce Relations, OPM; David L. Bibb, the Deputy Associate Administrator of Real Property within the Office of Governmentwide Policy at the GSA; Harris Miller, the president of the Information Technology Association of America; Mark Straton, the vice president of global marketing for Siemens Enterprise Networks; and Robert Milkovich, the managing director of CarrAmerica.

As you know, it's the policy of this committee that all witnesses be sworn before they testify, so if you'd rise with me and raise your right hands.

[Witnesses sworn.]

Mr. DAVIS OF VIRGINIA. Thank you very much.

We've had the testimony ahead of time. To afford sufficient time for witnesses, we'd like you to limit your comments to 5 minutes. There's a light down here in front. When it turns orange, you have 1 minute left. When it's red, your 5 minutes are up, and you want to move to summary. Your total written statement is going to be made part of the permanent record.

I'll begin with Mr. Robertson, and we'll move right down the line. Welcome, and thank you for being here.

STATEMENTS OF BOB ROBERTSON, DIRECTOR, EDUCATION, WORKFORCE, AND INCOME SECURITY ISSUES, U.S. GENERAL ACCOUNTING OFFICE; TERESA JENKINS, DIRECTOR, OFFICE OF WORKFORCE RELATIONS, OFFICE OF PERSONNEL MANAGEMENT; DAVID BIBB, DEPUTY ASSOCIATE ADMINISTRATOR, OFFICE OF GOVERNMENTWIDE POLICY, U.S. GENERAL SERVICES ADMINISTRATION; HARRIS N. MILLER, PRESIDENT, INFORMATION TECHNOLOGY ASSOCIATION OF AMERICA; MARK STRATON, VICE PRESIDENT, GLOBAL MARKETING, SIEMENS ENTERPRISE NETWORKS; AND ROBERT M. MILKOVICH, MANAGING DIRECTOR, CARRAMERICA

Mr. ROBERTSON. Thank you for inviting us to be part of these hearings. Good topic. Good issues. As you're aware, the work that we'll be discussing today had its origins with a request that we received from Mr. Armey last spring. He was essentially interested in identifying potential regulatory tax and liability barriers that concern private sector employers who are considering establishing telecommuting programs. And in July, we briefed Mr. Armey and several other Congressmen on the results of that work, and what we'll be doing this morning basically is summarizing that work and talking about its application to the public sector.

But before I go on to the summary, I'm going to have to admit that I'm going to have to use my glasses. Despite having increased the size of the type, I still can't see it. It's tough losing your eyesight.

In a nutshell, here's our bottom line. Perhaps the biggest challenge to establishing and expanding telecommuting programs in both the public and private sectors involve management's concerns regarding the effect of telecommuting on the operation of their particular organization. These concerns are not necessarily new. They relate to assessing whether an employer has the types of positions and employees that are suitable for telecommuting, protecting proprietary and sensitive data, and establishing cost-effective telecommuting programs. In short, I don't think I can overemphasize the fact that the extent to which telecommuting programs are established or expanded rest in large part on a manager's belief, after having looked at all of these concerns, that his or her organization's operations are going to fundamentally benefit by establishing a telecommuting program.

Now, apart from these management concerns, certain Federal and State laws and regulations, including those that are governing taxes, workplace safety, work force recordkeeping and liability for home workplace injuries, can also act as potential barriers to telecommuting for both the public and private sectors. Of all the barriers that are related to the laws and regulations, what we'd like to do today is focus your attention on the one that we believe is a key emerging challenge. That involves the applicability of State tax laws to interstate telecommuting arrangements. Here the basic question for the private sector involves possible increased State tax liabilities for the employer and employee when an employee telecommutes from a State other than the one in which the employer is located. Similarly, from a public sector viewpoint, interstate telecommuting arrangements could open up the possibility of some States double-taxing the income of Federal telecommuters.

Overall, the application of State tax laws to telecommuting arrangements, as well as the application of other laws and regulations that were enacted before our transition to a more technological and information-based economy, is evolving, and the ultimate impact of these laws and relations remains somewhat unclear at this time.

Let me just conclude with some observations on the implications of these barriers for the future of telecommuting. To begin with, we need to acknowledge that telecommuting offers a new set of opportunities that could benefit employers, employees, and society as a whole. These have been mentioned earlier in the hearings.

However, whether these opportunities are realized will depend on resolving fundamental questions about how telecommuting effects an employer's ability to manage employees and other resources. As we noted earlier, some of those questions deal with the suitability of telecommuting as a work arrangement, as well as questions about data security and overall costs. Knowing the extent to which these questions apply to Federal agencies would provide important information for making decisions about telecommuting by Federal workers. This was referred to earlier by Representative Morella, trying to get a handle on just how extensively these obstacles apply to the Federal agencies.

Realizing the full potential of telecommuting also requires that we look beyond internal management questions and concerns to the laws that govern an organization's operating environment. Some of

these laws were put in place before we could imagine a world in which employees lived in one State, but, through technology, worked in another distant State. As a result, these laws may unintentionally discourage telecommuting. Further examining how current laws and regulations could potentially impact telecommuters and their employers would provide the opportunity to mitigate their possible effects.

In conclusion, pursuing the question of how to promote telecommuting is really a question of how to adapt current management practices as well as laws and regulations to changing work arrangements that are and will be part of the information age in which we now live.

Mr. Chairman, that concludes my statement, and I'll be happy to answer questions at a later time.

Mr. DAVIS OF VIRGINIA. OK. Thank you very much.

[The prepared statement of Mr. Robertson follows:]

United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Technology and Procurement Policy, Committee on Government Reform, House of Representatives

For Release on Delivery
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TELECOMMUTING

Overview of Challenges Facing Federal Agencies

Statement of Robert E. Robertson
Director, Education, Workforce, and
Income Security Issues

GAO/01-1116T

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss telecommuting and our recent work in this area. Telecommuting refers to work that is performed at an employee's home or at a work location other than a traditional business office or facility. Over the past decade, telecommuting has gained widespread attention as a business approach that may offer a variety of potential benefits to employers, employees, and society.

Last spring, the House Majority Leader asked us to identify potential regulatory, tax, and liability barriers that concern private sector employers considering telecommuting programs for their employees. In July, we briefed the Majority Leader and several other Members of Congress on the results of our research.[1] As you requested, our statement today is based largely on this work and includes our observations on telecommuting's applicability to the public sector.

In summary, perhaps the biggest challenge to establishing and expanding telecommuting programs in both the private and public sectors is management's concerns regarding the effect of telecommuting on the operation of their particular organization. These concerns relate to assessing whether the employer has the types of positions and employees suitable for telecommuting; protecting proprietary and sensitive data; and establishing cost-effective telecommuting programs. As we have said in the past, and as the Office of Personnel Management (OPM) has recently reported, a significant factor in

[1] Telecommuting: Overview of Potential Barriers Facing Employers (GAO-01-926, July 11, 2001).

management's decision to establish or expand telecommuting practices is the view that their organization's operation will fundamentally benefit from such practices.

Apart from the above management concerns, certain federal and state laws and regulations, including those governing taxes, workplace safety, workforce recordkeeping, and liability for home workplace injuries can also act as potential barriers to telecommuting for both the public and private sectors. For example, our work shows that the applicability of multiple state tax laws to telecommuting arrangements may be a key emerging issue. Here, the basic question for the private sector involves possible increased state tax liabilities for the employer and employee when an employee telecommutes from a state other than the one in which the employer is located. Similarly, from the public sector perspective, interstate telecommuting arrangements could open up the possibility of some states "double taxing" the income of federal employee telecommuters. Overall, the application of state tax laws to telecommuting arrangements, as well as other laws and regulations enacted before the transition to a more technological and information based economy, is evolving and their ultimate impact remains somewhat unclear at this time.

Background

Telecommuting in the public sector began about 10 years ago as a federal pilot project. Its goals were to save energy, improve air quality, reduce congestion and stress on our highways, and help employees better balance the competing demands of work and family obligations. Typically, formal telecommuting arrangements establish specific times,

generally ranging from 1 to 5 days per week, in which employees work at their homes or other remote locations. However, employers may also allow telecommuting on an informal basis, where arrangements are more episodic, shorter term, and designed to meet special employer or employee needs.

Although estimates vary depending on the definition of telecommuting that is used, recent data indicate that the number of employers and employees involved in telecommuting arrangements has grown over the past 10 years. In 1992, the U.S. Department of Transportation estimated that there were 2 million telecommuters (1.6 percent of the labor force) working from their homes 1 or 2 days per week. Last year, a private association that promotes the concept of telecommuting, estimated that 9.3 million employees telecommuted at least 1 day per week and 16.5 million telecommuted at least 1 day per month. These estimates show that out of 138 million wage and salary workers in the United States, about 7 to 12 percent telecommute periodically. For the federal workforce, a recent OPM survey of 97 federal agencies showed that 45,298 workers or 2.6 percent of their total workforce, telecommuted at least 52 days per year.[2]

Management Concerns Include Suitability, Security, and Costs of Telecommuting

In our examination of barriers to telecommuting in the private sector, we found that decisions on whether an organization ultimately adopted telecommuting programs or expanded them over time was heavily dependent on the resolution of three concerns: identifying the positions and employees suitable for telecommuting; protecting data; and

[2]OPM, Interim Report on Telework in the Federal Government (June 2001).

controlling the costs associated with telecommuting. The concerns held by private sector management were similar to those of managers in federal agencies.

Of those management concerns that pose a potential barrier to telecommuting, the first involved identifying those positions and employees best suited for telecommuting. Our analysis and interviews with employers, proponents of telecommuting, and other experts, showed that telecommuting is not a viable option for every position or employee. For example, site-specific positions involving manufacturing, warehousing, or face-to-face interaction with customers are usually not suitable for telecommuting. Conversely, positions involving information handling and professional knowledge-related tasks, such as administrative activities and report writing, can often be performed from a remote location. Beyond having jobs suitable for telecommuting, an organization must also have employees that are able to perform in a telecommuting environment. The current literature showed that telecommuting is best suited for high-performing and self-motivated employees with a proven record of working independently and with limited supervision. If an organization determines that it lacks the positions or employees that are suitable for telecommuting, it may choose not to establish or expand such arrangements.

A second management concern pertained to an employer's ability to protect proprietary and sensitive data and monitor employee access to such data without invading individual privacy rights. Our analysis of current literature and studies on this subject, as well as interviews with employers, showed that security concerns generally centered on potential vulnerabilities associated with providing employees with remote access to

internal record systems. Access involving the Internet and employers' ability to prevent unauthorized copying, manipulation, and modification of company information was of particular concern. We also identified uncertainties among employers regarding the extent to which electronic monitoring of employee activities is permissible or considered an infringement on individual privacy. Left unresolved, these data security issues could potentially cause employers to choose not to adopt telecommuting arrangements.

The third management concern involved assessing the costs associated with starting a telecommuting program and its potential impact on productivity and profits. Telecommuting programs often involve some employer investment related to upgrading systems and software to permit remote access, providing employees with hardware and software to work from their homes, or incurring additional costs to rent space and equipment available at telecenters. These costs may adversely affect profits if productivity does not increase or at least remain the same.

The potential barriers to private sector telecommuting discussed today are similar in many ways to those confronting telecommuting in the federal government, as noted in prior GAO work and OPM's June 2001 report. In 1997, we reported on the implementation of telecommuting (then referred to as flexiplace) in federal agencies.[3] Among the topics discussed in our report were barriers affecting the growth of telecommuting programs. The most frequently cited obstacle to increased use of telecommuting related to management concerns. Interviews with agency and union

[3] Federal Workforce: Agencies' Policies and Views on Flexiplace in the Federal Government (GAO/GGD-97-116, July 3, 1997).

officials disclosed that managers and supervisors were hesitant to pursue telecommuting arrangements because of fears that employee productivity would diminish if they worked at home. Other related concerns cited in our report included

- management views that agencies did not have sufficient numbers of suitable employees and positions for telecommuting arrangements;
- concerns regarding the treatment of sensitive data, especially the additional cost of ensuring the security of data accessed from remote locations; and
- lack of resources necessary to provide additional computers, modems, and phone lines for the homes of telecommuters.

OPM's June 2001 report on federal agency efforts to establish telecommuting policies identified similar potential barriers. OPM reported that its survey of 97 federal agencies showed that management reluctance was the most frequently cited barrier to increased telecommuting among federal employees. Basic concerns centered on the ability to manage workers at remote sites and the associated loss of control over telecommuters. OPM also noted that security concerns about allowing remote access to sensitive and classified data remained high, as did questions about funding the purchase of additional computer hardware and software for equipment that would be deployed at telecommuters' homes.

Current Laws and Regulations Have Implications for Federal Telecommuting Programs

While management concerns are often cited as a potential barrier to private and federal telecommuting programs, our work identified a number of laws and regulations that could also impact these arrangements. These laws and regulations include those covering taxes, workplace safety, recordkeeping, and liability for injuries. Because several of these laws and regulations predate the shift toward a more technological and information-based economy in which telecommuting has developed, their application to telecommuting is still evolving and unclear at this time.

Of those laws and regulations that could impact an employer's provisions of telecommuting arrangements, increased state tax liability for employers and employees involved in interstate telecommuting arrangements may have the greatest potential to undermine further growth. At issue for employers is whether having telecommuters work from their residence in a state where a company has no other physical presence can expose the company to additional tax liabilities and burdens. For the employees, the tax issue has taken on increasing importance, most notably in the Northeastern United States, where a number of states have tax rules that allow them to deem all wages of nonresident telecommuters working for companies located in their states as taxable whenever working at home is for the employee's convenience rather than an employer necessity. At the same time, the state where the telecommuter resides and works via telecommuting may be taxing some of the same income because it was earned while they worked at home, which in effect "double taxes" that income.

Our discussions and other information we received during our review, brought to our attention at least 13 tax cases related to telecommuting and taxing issues. One such case showing the long reach of a tax authority involves New York State's taxing the wages of a telecommuting Tennessee resident who was employed by a company located in New York, but worked 75 percent of the time from home.[4] A number of telecommuting experts and employers we interviewed believed that the uncertainties surrounding the application of individual state tax laws to telecommuting situations was a significant emerging issue that, if left unresolved, could ultimately impact the willingness of employers and individuals (including federal employees) to participate in telecommuting programs.

Beyond the issue of state taxation, our work identified a number of other barriers to private-sector telecommuting programs that are also applicable to federal agencies. First, in regard to workplace safety, one concern was that employers would have to conduct potentially costly inspections of workers' home offices. The federal Occupational Safety and Health Act requires private employers to provide a place of employment that is free from recognized, serious hazards.[5] A February 2000 OSHA policy directive stated that it would not inspect home offices, hold employers liable for their safety, or require employers to inspect these workplaces. Some employers and telecommuting proponents, however, remained concerned that this internal policy could be reversed in the future, exposing employers to workplace safety violations and ultimately requiring them to complete costly home office inspections. A number of employers told us they were

[4]N.Y. Division of Tax Appeals In the Matter of the Petition of Thomas L. Huckaby, Docket No. 817284, Income Taxes, Feb. 8, 2001.
[5]The Occupational Safety and Health Administration (OSHA) administer the act.

attempting to eliminate potential workplace safety issues by offering employees guidance on home office safety and design or providing them with ergonomic furniture. Other experts have suggested that a training program on safety be part of an employer's program. Under the Occupational Safety and Health Act, federal agencies must also establish and maintain safety and health programs consistent with OSHA standards. To the extent that they attempt to meet OSHA safety standards for their telecommuters' home offices, the potential financial and administrative costs of initiatives similar to those taken in the private sector may serve as a barrier to implementation.

Second, federal wage and hour law and regulations may also pose a barrier to telecommuting programs in both the private and public sectors. The Fair Labor Standards Act (FLSA) requires, among other things, that employers maintain sufficient records to document all hours worked, including overtime. Concerns voiced by telecommuting experts in this area centered on the increased documentation burden this may pose, as well as the uncertainties regarding an employer's ability to sufficiently monitor hours worked and control labor costs. However, our review and interviews with employers showed that most telecommuters fall under employee classifications (i.e., executive, administrative, or professional) that are exempt from FLSA requirements. In addition, to comply with the law and control labor costs for the few employees to whom the FLSA did apply, some employers developed ad hoc procedures to preauthorize and record hours and overtime worked. As a result, monitoring the hours of telecommuting workers was not viewed as a substantial barrier. However, to the extent that federal agencies have a workforce covered by the FLSA, concerns about the ability to

sufficiently control and track telecommuter hours worked may serve as a barrier to implementation.

A final issue I will discuss relates to the potential for increased employer liability for home workplace injuries and the rising worker compensation costs this could bring. Generally, work-related injuries are covered under state workers' compensation programs. Numerous telecommuting experts are concerned that, because injuries at home are not usually witnessed, determining whether they are truly work-related is problematic. Our analysis and interviews showed that this is an area that could be vulnerable to increased fraud and abuse. The employers we interviewed and other experts have said that they were not yet experiencing significant problems with home workplace injuries or workers' compensation claims. However, some experts noted that this could become a larger issue as more individuals telecommute.

Concluding Observations

Telecommuting offers a new set of opportunities that could benefit employers, employees, and society as a whole. Whether these opportunities are realized, however, will depend on resolving fundamental questions about how telecommuting affects an employer's ability to manage employees and other resources, specifically about its suitability as a work arrangement as well as questions about data security and overall costs. Knowing the extent to which these questions apply to federal agencies would provide important information for making decisions about telecommuting by federal workers. Realizing the full potential of telecommuting also requires looking beyond

internal management concerns to the laws that govern an organization's operating environment. Some of these laws were put in place before we could imagine a world in which employees lived in one state, but through technology, worked in another distant state, and as a result, they may unintentionally discourage telecommuting. Further examining how current laws and regulations could potentially impact telecommuters and their employers would provide the opportunity to mitigate their effects. In conclusion, pursuing the question of how to promote telecommuting is really a question of how to adapt current management practices, and laws and regulations to changing work arrangements that are, and will be, part of the information age in which we now live.

This concludes my prepared statement. I will be happy to respond to any questions you or other Members of the Subcommittee may have.

GAO Contacts and Staff Acknowledgments

For information regarding this testimony, please contact Robert E. Robertson or Dan Bertoni (202) 512-7215. Individuals who made key contributions to this testimony include Gerard V. Grant and William Staab.

(130077)

Mr. DAVIS OF VIRGINIA. Ms. Jenkins.

Ms. JENKINS. Mr. Chairman, and members of the subcommittee, I appreciate your invitation to come here today to discuss the progress OPM has made since March in promoting telework within the Federal Government. We take our role very seriously and are intensely focused on fulfilling our responsibilities under Public Law 106–346. On March 22nd, then acting OPM Director Steve Cohen discussed plans for assessing the status of telework in the Federal Government and the barriers agencies confront as they move to increased telework participation. Today, I will describe our activities since the March hearing, as well as upcoming initiatives.

Agencies were surveyed in April, and the results were included in the Interim Report on the Status of Telework in the Federal Government. The survey identified 76 agencies that have telework policies covering the majority of their employees. Only 18 agencies reported having no telework policies. The April survey indicates that the percentage of Federal employees who telecommute at least 1 day per week has nearly doubled since 1998, but the percentage is still small, 2.6 percent today, compared to 1.4 percent in 1998.

The data reported in April reflect an undercount of actual telecommuting practices within agencies. Some agencies were not yet tracking regularly scheduled or ad hoc teleworkers. Other agencies had no formal telework policies in place at the time of our survey. Still others had only draft policies or were modifying existing policies to comply with the public law.

We have contacted agencies that reported having no or only draft policies in place in April, and considerable progress is being made toward formalizing and fully implementing telework policies. In addition, since April, OPM has engaged in a number of activities to assist agencies in increasing their telework participation. We shared best practices and aggressively marketed telework. We provided agencies with our study, a compendium of successful telework stories that illustrate how Federal agencies have overcome common telework barriers.

In late June, OPM and GSA launched a joint Web site to make it simple for agencies to acquire all the information they need about teleworking in the Federal Government. We advised agencies to consider all positions as appropriate for telework. This positive analytical approach focuses managers' attention on job characteristics for determining whether a position is suitable for telework.

When the agencies report to us later this year, we will have more reliable data to help refine calculations of actual telework utilization. And although Federal agency progress has been significant, much work remains to be done. Management reluctance, employee fears are two major barriers to telework implementation. Our next steps include a telework leadership seminar for top-level agency officials in October, an Internet-based training module by November to break down major telework barriers, a satellite educational broadcast to Federal facilities in November, a conference in January aimed at agency supervisors and managers, and a telework guide for managers and supervisors to be published in the fall.

Also in the fall, the Interagency Telework Issues Group, which was formed in September 2000, will provide OPM and GSA with recommendations in the areas of data security, computer equip-

ment, legal and procurement issues, human resource management issues, health and safety, training and taxes. We are also assisting agencies with assessing the impact of telework on productivity, recruitment, work force stability, and these demonstrated benefits should help to change the perspectives of managers unconvinced that telework can assist them with their human capital challenges.

Mr. Chairman, I believe that telework is good for business, for employees and the environment, and thank you again for inviting me, Mr. Chairman. I will be happy to respond to any questions.

Mr. DAVIS OF VIRGINIA. Thank you very much. I appreciate you being here.

[The prepared statement of Ms. Jenkins follows:]

STATEMENT OF
TERESA M. JENKINS
DIRECTOR, OFFICE OF WORKFORCE RELATIONS
OFFICE OF PERSONNEL MANAGEMENT

before the

SUBCOMMITTEE ON TECHNOLOGY AND PROCUREMENT POLICY
COMMITTEE ON GOVERNMENT REFORM
U.S. HOUSE OF REPRESENTATIVES

on

TELEWORK IN THE FEDERAL GOVERNMENT

SEPTEMBER 6, 2001

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

I APPRECIATE YOUR INVITATION TO COME HERE TODAY TO DISCUSS THE PROGRESS OPM HAS MADE SINCE MARCH IN PROMOTING TELEWORK WITHIN THE FEDERAL GOVERNMENT. PUBLIC LAW 106-346 ENACTED INTO LAW SECTION 359 OF H.R. 5394, WHICH GAVE OPM THE RESPONSIBILITY FOR LEADING AND MONITORING AGENCY TELEWORK EFFORTS, AND FOR HELPING AGENCIES TO INCREASE THEIR NUMBERS OF TELEWORKERS. WE TAKE OUR ROLE VERY SERIOUSLY AND ARE INTENSELY FOCUSED ON FULFILLING OUR RESPONSIBILITIES UNDER THE LAW.

ON MARCH 22, THEN-ACTING OPM DIRECTOR STEVE COHEN SHARED WITH YOU OUR INITIAL EFFORTS TO PROVIDE GUIDANCE AND ENCOURAGEMENT TO FEDERAL AGENCIES IN LIGHT OF THE ENACTMENT OF PUBLIC LAW 106-346. HE ALSO DISCUSSED PLANS FOR ASSESSING THE STATUS OF TELEWORK IN THE FEDERAL GOVERNMENT AND IDENTIFYING THE BARRIERS AGENCIES ARE

CONFRONTING AS THEY MOVE TO INCREASE TELEWORK PARTICIPATION. TODAY, I WILL DESCRIBE OUR ACTIVITIES SINCE THE MARCH HEARING, AS WELL AS UPCOMING INITIATIVES. I ALSO WILL DISCUSS STEPS OPM HAS TAKEN INTERNALLY TO INCREASE ITS OWN NUMBER OF TELEWORKERS TO BECOME THE MODEL TELEWORK AGENCY.

AGENCIES WERE SURVEYED IN APRIL. THE RESULTS OF THE SURVEY WERE INCLUDED IN THE "INTERIM REPORT ON THE STATUS OF TELEWORK IN THE FEDERAL GOVERNMENT," WHICH OPM PROVIDED TO REPRESENTATIVE WOLF ON JULY 6TH, AT HIS REQUEST. AS WAS INDICATED IN OUR INTERIM REPORT, SUBSTANTIAL ADVANCES IN TELECOMMUTING REQUIRE VERY SIGNIFICANT CULTURE CHANGES WITHIN ORGANIZATIONS. THIS IS A LONG-TERM ENDEAVOR, WITH THE POTENTIAL TO SIGNIFICANTLY CHANGE THE WAY THE FEDERAL GOVERNMENT CONDUCTS AND CARRIES OUT ITS BUSINESS. I BELIEVE FEDERAL AGENCIES ARE MAKING MORE PROGRESS THAN IS YET REFLECTED IN THE NUMBERS OF TELEWORKERS REPORTED TO US.

OUR APRIL SURVEY IDENTIFIED 76 AGENCIES THAT HAVE TELEWORK POLICIES IN PLACE THAT COVER THE MAJORITY OF THEIR EMPLOYEES. ONLY 18 AGENCIES REPORTED HAVING NO TELEWORK POLICIES IN PLACE AT THAT TIME. AGENCY POLICIES COVER MORE THAN 1.5 MILLION EMPLOYEES – NEARLY 90 PERCENT OF ALL EMPLOYEES WORKING IN THOSE 76 AGENCIES WITH TELEWORK POLICIES IN PLACE.

WE BELIEVE THAT THE DATA REPORTED IN OUR APRIL SURVEY REFLECT AN UNDERCOUNT OF ACTUAL TELECOMMUTING PRACTICES WITHIN AGENCIES.

SOME AGENCIES ARE HAVING DIFFICULTY IDENTIFYING AND TRACKING THE NUMBER OF TELEWORKERS. AS A RESULT, WE HOPE TO CREATE AN ELECTRONIC MEANS BY WHICH ALL AGENCIES CAN TRACK THE NUMBER OF TELEWORKERS VIA THEIR PERSONNEL OR PAYROLL SYSTEMS. MEANWHILE, AGENCIES ARE DESIGNING THEIR OWN SOLUTIONS TO THE TRACKING CHALLENGE. SOME AGENCIES INCORPORATE DATA ELEMENTS FOR TRACKING TELEWORKERS IN THEIR PERSONNEL OR PAYROLL SYSTEMS. OTHER AGENCIES ARE FOLLOWING OPM GUIDANCE TO ENTER INTO FORMAL WRITTEN AGREEMENTS WITH ALL TELEWORKERS. THIS PRACTICE OFFERS A STRAIGHTFORWARD TOOL FOR TRACKING TELEWORKERS. OUR SURVEY TO BE CONDUCTED LATER THIS YEAR WILL PROVIDE BETTER DATA AND HELP REFINE CALCULATIONS OF TELEWORK UTILIZATION.

THE APRIL SURVEY INDICATES THAT THE PERCENTAGE OF FEDERAL EMPLOYEES WHO TELECOMMUTE AT LEAST ONE DAY PER WEEK, ON AVERAGE, HAS NEARLY DOUBLED SINCE 1998. BUT, THE PERCENTAGE IS STILL SMALL – 2.6 PERCENT TODAY, COMPARED TO 1.4 PERCENT IN 1998. GENERALLY, THE HIGHEST USE OF TELEWORK OCCURS IN THE SMALLEST AGENCIES – THAT IS, THOSE WITH FEWER THAN 300 EMPLOYEES.

I WOULD NOW LIKE TO TAKE A MOMENT TO DISCUSS OPM'S INTERNAL TELEWORK EFFORTS. IN APRIL, 207 EMPLOYEES WERE TELEWORKING AT LEAST 52 DAYS PER YEAR, WITH MOST DOING SO ON A REGULARLY SCHEDULED BASIS OF AT LEAST ONE DAY PER WEEK. OUR AGENCY IMPLEMENTED ITS TELEWORK POLICY ON FEBRUARY 1ST OF THIS YEAR, COVERING ALL EMPLOYEES. OPM EMPLOYEES AND THEIR MANAGERS AND SUPERVISORS HAVE ATTENDED TELEWORK TRAINING. TODAY, WE HAVE 240 EMPLOYEES TELEWORKING AT

LEAST 52 DAYS PER YEAR, A 16 PERCENT INCREASE. OVERALL, THESE 240 TELEWORKERS REPRESENT 6.9 PERCENT OF OUR WORKFORCE. WE SHOULD NOTE THAT OPM SUPERVISORS AND MANAGERS REPORT A SIGNIFICANT NUMBER OF INTERMITTENT TELEWORKERS—915. THESE EMPLOYEES TELEWORK LESS THAN 52 DAYS A YEAR, IN MANY CASES SCHEDULED AROUND SPECIFIC PROJECTS. TAKEN TOGETHER OPM HAS 1,155 TELEWORKERS, OR 30 PERCENT OF ITS WORKFORCE TELECOMMUTING.

OPM HAS ENGAGED IN A NUMBER OF SPECIFIC ACTIVITIES THAT HAVE ASSISTED AGENCIES IN MOVING FORWARD TO INCREASE THEIR TELEWORK PARTICIPATION.

- WE ARE **SHARING BEST PRACTICES AND AGGRESSIVELY MARKETING TELEWORK** TO FEDERAL AGENCIES. WE PROVIDED AGENCIES WITH OUR RECENT STUDY ON TELEWORK—A COMPENDIUM OF SUCCESSFUL TELEWORK STORIES THAT ILLUSTRATES HOW FEDERAL AGENCIES HAVE OVERCOME COMMON TELEWORK BARRIERS. WE ALSO ARE ADVERTISING OPM'S CAPACITY TO MAKE PRESENTATIONS ON TELEWORK, AND WE ARE IN HIGH DEMAND TO GIVE PRESENTATIONS TO AGENCY PERSONNEL.

- IN LATE JUNE, OPM AND GSA LAUNCHED A **JOINT WEBSITE** TO MAKE IT SIMPLER FOR AGENCIES TO FIND ALL THE INFORMATION THEY NEED ABOUT TELECOMMUTING AT ONE LOCATION. A WIDE ARRAY OF RESOURCES CAN BE ACCESSED FOR EFFECTIVE TELEWORK MANAGEMENT INCLUDING: SAMPLE TELEWORK POLICIES, GUIDELINES FOR DESIGNING AND IMPLEMENTING TELEWORK PROGRAMS, RESEARCH FINDINGS AND SUCCESS STORIES, ANSWERS TO FREQUENTLY ASKED QUESTIONS, LINKS

TO FEDERAL TELEWORK CENTERS, AND CURRENT NEWS RELATING TO FEDERAL TELEWORK INITIATIVES.

- OUR **GUIDANCE TO AGENCIES TAKES A PROACTIVE APPROACH** THAT SEEKS TO EXTEND TELEWORK TO THE WIDEST RANGE OF EMPLOYEES POSSIBLE. WE ADVISE AGENCIES TO **BEGIN WITH A PRESUMPTION THAT ALL POSITIONS ARE APPROPRIATE** FOR TELEWORK. THIS POSITIVE ANALYTICAL APPROACH FOCUSES MANAGERS' ATTENTION ON THE NATURE OF THE WORK AND JOB CHARACTERISTICS FOR DETERMINING WHETHER A POSITION IS SUITABLE FOR TELEWORK. IN MANY CASES, NOT ALL ASPECTS OF A POSITION WILL BE SUITABLE FOR TELEWORK. HOWEVER, THE FOCUS ON DISCRETE JOB TASKS WORKS TO IDENTIFY THOSE TASKS THAT CAN BE PERFORMED AWAY FROM THE OFFICE AND SERVES TO INCREASE ACTUAL TELEWORK PARTICIPATION.

- AN **INTER-AGENCY TRAINING CONSORTIUM** WILL DEVELOP AN **INTERNET-BASED TRAINING MODULE** BY NOVEMBER OF THIS YEAR. THIS TRAINING MODULE WILL HELP BREAK DOWN THE MAJOR BARRIERS TO TELEWORK—MANAGER RESISTENCE AND EMPLOYEE FEARS.

- ALONG WITH GSA, OPM PROVIDES LEADERSHIP TO THE **INTERAGENCY TELEWORK ISSUES WORKING GROUP**, WHICH WAS FORMED IN SEPTEMBER 2000. THE GROUP, WHICH INCLUDES REPRESENTATIVES FROM 17 FEDERAL AGENCIES, IS CURRENTLY WORKING ON DEVELOPING RECOMMENDATIONS IN THE AREAS OF: DATA SECURITY AND PROTECTION; COMPUTER EQUIPMENT AND TELECOMMUNICATIONS; LEGAL AND PROCUREMENT ISSUES; HUMAN RESOURCES MANAGEMENT

ISSUES; CONTINUITY OF OPERATIONS; HEALTH AND SAFETY ISSUES; TAXES; AND TRAINING.

- WE HAVE CONTACTED THOSE AGENCIES THAT REPORTED HAVING NO OR ONLY DRAFT POLICIES IN PLACE AT THE TIME OF OUR APRIL SURVEY. I AM PLEASED TO REPORT THAT WE LEARNED THAT CONSIDERABLE PROGRESS IS BEING MADE TOWARD FORMALIZING AND FULLY IMPLEMENTING TELEWORK POLICIES WHERE NONE PREVIOUSLY EXISTED.

MANAGEMENT RELUCTANCE AND EMPLOYEE FEARS ARE TWO MAJOR BARRIERS TO TELEWORK IMPLEMENTATION. OUR NEXT STEPS FOCUS ON THESE BARRIERS AND INCLUDE THE FOLLOWING ACTIVITIES:

- OPM HAS SCHEDULED A **TELEWORK LEADERSHIP SEMINAR FOR TOP LEVEL AGENCY OFFICIALS IN OCTOBER**. MAXIMUM TELEWORK PARTICIPATION WILL REQUIRE A CULTURAL CHANGE AND TOP AGENCY MANAGEMENT LEADERSHIP IS THE CRUCIAL INGREDIENT FOR SUCCESS. THE LEADERSHIP SEMINAR WILL HELP FOCUS ON THE BENEFITS OF TELEWORK TO THE EMPLOYER, THE EMPLOYEE, AND THE ENVIRONMENT.

- FOLLOWING THE LEADERSHIP SEMINAR, **OPM'S SATELLITE EDUCATIONAL BROADCAST** TO FEDERAL FACILITIES NATIONWIDE WILL REACH THOUSANDS OF FEDERAL EMPLOYEES IN NOVEMBER. IT WILL PROVIDE EXAMPLES OF FEDERAL TELEWORK SUCCESS STORIES.

- WE WILL FOLLOW-UP THE SATELITE BROADCAST WITH A **CONFERENCE IN JANUARY AIMED AT AGENCY SUPERVISORS AND MANAGERS**.

- OPM WILL PUBLISH A "**GUIDE FOR MANAGERS AND SUPERVISORS**" IN THE FALL.

- FINALLY, WE ARE HELPING AGENCIES **EVALUATE PROGRESS** IN IMPLEMENTING TELEWORK. OUR OBJECTIVE IS TO ASSIST AGENCIES WITH THE ASSESSMENT OF THE IMPACT OF TELEWORK ON PRODUCTIVITY, RECRUITMENT, WORKFORCE STABILITY AND MORALE. DEMONSTRATED BENEFITS WILL HELP CHANGE THE PERSPECTIVES OF MANAGERS WHO REMAIN UNCONVINCED THAT TELEWORK PROGRAMS CAN ASSIST THEM WITH THEIR HUMAN CAPITAL CHALLENGES.

MR. CHAIRMAN, I BELIEVE THAT TELEWORK IS GOOD FOR BUSINESS, EMPLOYEES AND THE ENVIRONMENT. IT CAN IMPROVE PRODUCTIVITY, FOCUS ORGANIZATIONAL ATTENTION ON OUTCOMES AND RESULTS VERSUS PROCESS, AND SERVE AS A POTENT RECRUITMENT AND RETENTION TOOL FOR TODAY'S WORKFORCE. TELEWORK HELPS EMPLOYEES BALANCE WORK AND FAMILY RESPONSIBILITIES AND EXPANDS WORK OPPORTUNITIES FOR THE DISABLED. AND, TELEWORK ADDRESSES LOCAL TRANSPORTATION AND ENVIRONMENTAL ISSUES BY DECREASING TRAFFIC CONGESTION AND ENERGY USE, THUS IMPROVING AIR QUAILITY. I COMMIT TO YOU OUR CONTINUED SUPPORT FOR THIS IMPORTANT INITIATIVE.

THANK YOU AGAIN FOR INVITING ME, MR. CHAIRMAN. I WOULD BE HAPPY TO RESPOND TO ANY QUESTIONS.

Mr. DAVIS OF VIRGINIA. Mr. Bibb, thanks for being with us.

Mr. BIBB. Good morning, Mr. Chairman, and members of the committee and subcommittee. I'm David Bibb from the General Services Administration, and today I'll discuss GSA's telework efforts within our own agency and our support of telework governmentwide.

Telework, sometimes referred to as telecommuting, can be defined as performing agency work outside of the primary office facility. This includes working at home, in a telecenter or in the field directly supporting customer agencies.

Public Law 106–346, which we've heard about this morning, was enacted last fall. It requires each Federal agency to establish a policy under which eligible employees of the agency may participate in telework to the maximum extent possible without diminished employee performance. GSA has established that required policy. Our agency has a little over 14,300 associates in our work force. Approximately 12,000 of our associates are eligible to telework, based on the broadest interpretation of eligibility.

Under GSA's policy, 100 percent of these 12,000 eligible persons may participate in telework, subject only to concurrence by their supervisors that this won't diminish their performance. Approximately 2,500 or 21 percent of GSA's eligible associates telework on a regular or ad hoc basis. Approximately 800 telework on a regularly scheduled basis 1 day per week. An additional 200 telework on a regularly scheduled basis 1 day per pay period, and we estimate another 1,500 telework on an ad hoc basis.

We are finalizing an electronic questionnaire to solicit additional feedback from GSA associates about teleworking, including more information about potential barriers to increasing the telework participation level beyond the 21 percent that we now have, such as agency culture and managers' apprehension.

In addition to telework, GSA also supports other programs that help to reduce transportation congestion, energy consumption and associated vehicle emissions. Approximately 59 percent of all GSA associates participate in the alternative work schedule program. This gets those employees off the highways 1 or 2 days per 2-week pay period. Also 29 percent of our GSA associates participate in the transit subsidy program.

In addition to efforts within the agency, GSA supports Public Law 106–346 on a governmentwide basis by its public building service operation of telecenters and by its office of governmentwide policy support of OPM's promotion of telework governmentwide. GSA's Public Buildings Service has provided 15 telecenters in the metro Washington area. It offer a combined total of 326 fully equipped workstations.

The telecenters—at this point, Mr. Chairman, I'd like—some of the member numbers I will give you are slightly different from my printed testimony, because we were working with the center directors and completed updating them last night. The telecenters currently serve 462 Federal teleworkers, representing 19 executive branch agencies, and although utilization over the years has followed a slightly downward trend, center directors are now reporting a positive uptick in usage. The current overall utilization rate

is 55 percent; 45 percent of those are Federal workers. The other 10 percent are private sector employees.

The centers as a group do lose money, and they're currently being subsidized by GSA's Public Buildings Service Federal Buildings Fund. However, it is possible as OPM works to carry out the telework provisions of Public Law 106–346 that overall increasing numbers of teleworkers in the Federal Government will result in greater utilization of the telecenters. In fact, our updated figures show that the number of Federal telecenter users is up 11 percent since the law passed last fall. Center directors also report an upsurge in inquiries by Federal employees about potentially working in the centers. Since the March 2001 telework hearing, our marketing efforts of the telecenters have concentrated on improved signage, open houses, telework training seminars, brochures and local newspaper ads.

Another role for GSA is in the policy arena. For example, GSA's Office of Governmentwide Policy worked with OPM associates to develop the one-stop Federal telework Web site that's already been mentioned today.

In response also to a request from Congress, we recently awarded a contract to identify technology barriers and solutions for Federal home-based telework. The study we hope will be done in early 2002.

Again, Mr. Chairman, I appreciate having the opportunity to appear here today, and I'm prepared to answer any questions the Members may have.

Mr. DAVIS OF VIRGINIA. Thank you very much.

[The prepared statement of Mr. Bibb follows:]

STATEMENT OF

DAVID L. BIBB

DEPUTY ASSOCIATE ADMINISTRATOR

OFFICE OF REAL PROPERTY

OFFICE OF GOVERNMENTWIDE POLICY

GENERAL SERVICES ADMINISTRATION

BEFORE THE

SUBCOMMITTEE ON TECHNOLOGY

AND PROCUREMENT POLICY

COMMITTEE ON GOVERNMENT REFORM

U.S. HOUSE OF REPRESENTATIVES

THURSDAY, SEPTEMBER 6, 2001

Good morning Mr. Chairman and Members of the Subcommittee on Technology and Procurement Policy. My name is David L. Bibb of the General Services Administration (GSA). Presently I serve in the capacity of Deputy Associate Administrator of the Office of Real Property, within the Office of Governmentwide Policy. Thank you for inviting me to appear before you today to discuss Federal telework issues.

I will discuss GSA's telework efforts within our own agency and our support of telework Governmentwide. Telework (sometimes referred to as telecommuting) has been a useful tool for accomplishing work at GSA for several years. Telework can be defined as performing agency work outside of the primary office facility. This includes working at home, in a telecenter, or in the field directly serving customer agencies. Telework is made possible by advances in affordable technology. This technology includes laptop computers, calling cards and cell phones. Some agency associates telework on a regularly scheduled basis, such as once a week, or once a pay period. Other associates telework as needed on an "ad hoc" basis.

Public Law 106-346 enacted into law section 359 of H.R. 5394, which requires each Federal agency to establish a policy under which eligible employees of the agency may participate in telework to the maximum extent possible without diminished employee performance. The law requires that this policy be applied to 25 percent of the Federal workforce each year until 100 percent of the eligible workforce is offered the opportunity to telework. GSA has established the required policy; it applies to 100 percent of the eligible associates. GSA also supports the legislation by our efforts to promote telework Governmentwide in support of the Office of Personnel Management's (OPM's) lead role in telework.

GSA has a little over 14,300 associates. In arriving at the number of eligible associates in GSA, we subtracted associates such as mechanics and police officers because the nature of their jobs requires that they be on site. That leaves a little over 12,000 GSA associates who are eligible to telework based on the broadest interpretation of eligibility. Under GSA's policy, 100 percent of these 12,000 eligible associates may participate in telework subject only to concurrence by their supervisors that this will not diminish associate performance in meeting customer service requirements. Currently, about 2,500 or 21 percent of the eligible associates telework on a regular basis or ad hoc basis. According to OPM, this is one of the highest participation rates in the Federal Government. Approximately 800 GSA associates telework on a regularly scheduled basis one day per week, an additional 200 GSA associates telework on a regularly scheduled basis one day per pay period, and we estimate another 1,500 associates telework on an "ad hoc" basis. The International Telework Association and Council estimated that there are 16.5 million regularly employed teleworkers in the U.S. who telework at least one day per month, out of a total labor force of approximately 135 million workers.

As we consider how to increase participation in the telework program at GSA beyond 21 percent, we must address issues such as 1) jobs that are not good candidates for regularly scheduled telework, but might be suitable for ad hoc telework; 2) individuals who do not find telework feasible or desirable from their personal point of view; and 3) barriers to telework such as technology constraints and management culture. We are finalizing an electronic questionnaire to solicit additional feedback from GSA associates about teleworking. Through this survey we will obtain information to use in determining

ways to increase participation in teleworking at GSA, including more information about potential barriers to increasing the telework participation level beyond 21 percent, such as agency culture and managers' apprehension. This will be included in our final report to OPM in November.

I would note that teleworking is being used successfully in many areas of GSA both inside and outside of the metropolitan Washington DC area. For example, GSA's Public Buildings Service in the New England Region implemented a successful telework program in response to transportation congestion in the Boston area associated with the major infrastructure redevelopment known as the "Big Dig." Currently, 23 percent of eligible associates in the New England Region telework from home one or more days a month, and 30 percent use technology to perform their work outside the office at field locations. Another example of successful teleworking is in the Greater Southwest Region's Energy & Water Management Center in Fort Worth, TX, where a seven person staff works entirely from their homes, saving $30,000 a year in office space costs.

In addition to the fact that telework is a good business tool in situations where it supports performing work more efficiently and effectively, another benefit is that it can help to reduce transportation congestion, energy consumption, and associated vehicle emissions. GSA also supports other programs that address this issue. Approximately 59 percent of all GSA associates participate in the Alternative Work Schedules program and 29 percent of all GSA associates participate in the Transit Subsidy Program (meaning that they are not adding to congestion caused by driving to the office).

In addition to efforts within the agency, GSA plays a major role in supporting telework on a Governmentwide basis by its Public Building Service operation of telecenters, and by its Office of Governmentwide Policy support of OPM's promotion of telework Governmentwide. GSA's Public Buildings Service operates 15 telecenters in the metropolitan Washington DC area under a program established by Congress in 1992. The telecenters cost a total of $13.2 million for construction and installation of equipment. The 15 telecenters offer a combined total of 326 fully equipped ergonomically designed workstations. An agency can rent workstations for a full year and rotate usage among agency teleworkers, or it may choose to rent workstations for use once a week. With this combination of full and part-time users, the telecenters currently serve 415 Federal teleworkers (including 58 from GSA) representing 19 Executive Branch agencies.

The current overall utilization rate of the 326 workstations in the 15 telecenters is 53 percent. Utilization over the years has followed a slightly downward trend. The Federal government accounts for 40 percent of the overall utilization. The Department of Defense is the largest single agency user, and GSA is the second largest agency user of the telecenters. The remaining 13 percent of the overall utilization of the telecenters is attributable to rental by the local community, including private sector organizations. The annual operating expense in fiscal year 2000 was $2.5 million, consisting of costs for leasing, building operations, personnel, marketing and technical support. Revenue from users in the same period was $703 thousand. User fees vary by telecenter location. Full time costs average about $550 per month. A typical workstation can be reserved for use one day a week for about $100 a month. Due to

the less than optimal utilization, the centers as a group lose money and are currently being subsidized by the GSA Public Buildings Service Federal Buildings Fund.

The following chart provides utilization rates of the 15 telecenters as of the fourth quarter of 2000:

Center Name	Federal Utilization Rate	Total Utilization Rate
Bowie, MD	52 percent	52 percent
Calvert Co., MD	49 percent	49 percent
Frederick, MD	100 percent	100 percent
Hagerstown, MD	24 percent	51 percent
Laurel Lakes, MD	65 percent	65 percent
Waldorf, MD	78 percent	78 percent
Fairfax City, VA	12 percent	40 percent
Herndon, VA	19 percent	37 percent
Manassas, VA	22 percent	26 percent
Spotsylvania, VA	64 percent	66 percent
Stafford, VA	40 percent	41 percent
Sterling, VA	11 percent	98 percent
Winchester, VA	37 percent	44 percent
Woodbridge, VA	35 percent	43 percent
Jefferson County, WV	32 percent	39 percent

Telecenter users are very satisfied with the facilities, the shortened commute, and the professional atmosphere that provides the proper work environment that some people

cannot create in their homes due to family issues and other factors. On the other hand, the decreasing cost of technology makes home-based teleworking more feasible. It is possible that, as OPM works to carry out the telework provisions of Public Law 106-346, overall increasing numbers of teleworkers in the Federal government will result in greater utilization of the telecenters. Since the March 2001 telework hearing, our marketing efforts for the telecenters have concentrated on improved signage, open houses, telework training seminars, brochures, and local newspaper advertisements.

Another role for GSA in telework is in the policy arena. GSA's Office of Governmentwide Policy (OGP) has been actively promoting the use of telework for the Federal government. In support of the leadership role of the Office of Personnel Management, our team provides Governmentwide policy guidance and identifies best practices for all telework-related issues in the Federal Government. For example, the OGP team worked with OPM associates to develop a "one-stop" Federal telework web site located at www.telework.gov. Your invitation to testify asked about alternative officing and hotelling as a means to achieve potential facility savings. While we favor individual agency use of these approaches where they make sense, our Governmentwide Policy efforts have focused on the broader telework initiative.

In response to a request from Congress, we recently awarded a contract to identify technology barriers and solutions for Federal home-based telework. This study will 1) identify technology barriers -- such as technology constraints, accessibility issues, security issues, and cost issues -- to the implementation and successful functioning of Federal home-based telework programs; 2) estimate the prevalence of such barriers across agencies and the number and types of associates impacted; and 3) recommend

solutions and how Federal agencies can implement those solutions to break down technology barriers. Your invitation to testify asked if we anticipated any difficulties in obtaining the necessary information from Federal agencies. If we receive the necessary cooperation from other Federal agencies, we expect to complete this study in early 2002.

Again, Mr. Chairman, I appreciate having the opportunity to appear before you today and I am prepared to answer any questions the subcommittee may have.

Mr. DAVIS OF VIRGINIA. Mr. Miller, thanks for being here.

Mr. MILLER. Well, thank you, Mr. Chairman. I'm Harris Miller, president of the Information Technology Association of America, representing 500 of the largest IT companies across the United States, and I'm very pleased to let you know, Mr. Chairman, that my son Derrick, who attended high school with your son, helped to draft this testimony.

The simple message I have——

Mr. DAVIS OF VIRGINIA. If this is anything like his graduation speech, it's going to be spectacular. Thank you very much.

Mr. MILLER. Very kind of you, Mr. Chairman.

The simple message is that 21st century work is no longer a place, and those managers and those organizations who continue to think that work means that you have to be in a certain place at a certain time simply do not understand the realities of the 21st century.

Congressman Turner mentioned the figure of 2.6 percent of Federal employees are telecommuting as opposed to about 10 percent in the private sector, but I would contend it even understates how fast the private sector is moving, because if you eliminate from the private sector jobs which cannot be telecommuting, such as manufacturing and certain retail jobs, in fact it's much higher in the private sector. It's probably close to 20 percent now. So the Federal Government seems to be falling even farther behind.

So my message to the Federal managers is—not to blaspheme—let thy employees go. To me, the issue really is, to a large extent, attitude. There are certain legal and regulatory administrative barriers which have already been mentioned, but basically it's psychological. One has to understand that workers can be and, in fact, are frequently more effective and more productive.

For example, AT&T teleworkers work 5 more hours per week at home than AT&T office workers. JD Edwards, one of the largest global software companies, teleworkers are 20 to 25 percent more productive than their office counterparts. AT&T estimates it saves over $3,000 annually per teleworker. Telework can cut corporate real estate costs by 25 percent or more, and, of course, teleworkers save substantial time by not being engaged in a commute.

Also an interesting data point from AT&T's survey, 77 percent of employees working from home for AT&T reported much greater satisfaction with their current career responsibilities than before teleworking.

So we see the benefits are clear, more hours, more productivity, cutting costs, saving time and psychologically for the employees frequently much higher satisfaction, much happier, much more productivity.

There's, of course, also the challenge for the managers, and I admit myself to be a bit of a lay convert. I'm one of those people who also believe that you need to manage people, you need to see them. But I've come around and realized now that many of my employees do now telework. They are very productive. They are very much engaged, and I suggest the Federal managers need to open their ears and eyes and minds to this opportunity.

Let me talk about some of the other benefits that haven't been discussed here very extensively. One of the big issues that this

Congress and our Nation is wrestling with is getting more broadband into the homes. In fact, Congress has a big debate potentially coming up here about that issue in the very near future. One people—one factor people have not focused enough on is the relationship between telecommuting and broadband. In fact, as it turns out, if you look at people who have broadband in the homes, that it's now only about 7 or 8 percent, which is pretty disappointing considering what we expected in 1996 when we passed the Telecommunications Reform Act. But it's interesting that about 80 percent of those people are telecommuters. What that tells me is that if people have a real reason to have broadband, they will get it, because it affects their work.

Imagine a part of northern Virginia in Congressman Davis' district or Congresswoman Morella's district or Congresswoman Capito's district where it enabled you—a lot of Federal employees who got together and negotiated broadband into their neighborhood and reduced rates because they could be more effective telecommuters, set up kind of a buying co-op that would convince the cable company or the satellite company or the telephone companies, the competitive local exchange carriers to offer broadband because they knew they had a built-in customer base because there are so many Federal employees concentrated in Virginia, Maryland and West Virginia and other places around Washington, DC. So there are some great opportunities to drive more broadband.

Let me talk about a couple of other challenges, though. One Congresswoman Morella mentioned, the information security challenge. This is not just a challenge for the Federal Government. It's a challenge for the private sector. We need to make sure that if people are working at home, they have information security. But another challenge is to make sure the technology is current. You can't have one version of software in the office and another version on the home computer. So the challenge is to make sure that all the technology is kept current, and that's something people are learning to live with.

The regulatory barriers were already mentioned by the witness from GAO, so I won't go into them in great detail, but certainly we share his concern about the taxation issue, home deductions, and we certainly hope that we won't have a repeat of that effort by OSHA a couple of years ago to think about trying to regulate teleworking. I think everyone realized that was a very silly idea and hope it's gone away.

One last issue I'd like to mention, Mr. Chairman, is contractors. We're talking today primarily about Federal employees, but keep in mind, a huge percentage of the IT work is done for the Federal Government by IT contractors. Contracting officers almost never allow the contractors to allow their workers to telecommute because there is no specific leadership from the Congress or from above, and that could also provide the same kind of benefits we've been discussing. If an IT worker is working for one of the major companies in the Washington area or anywhere around the country that provides services to the government, if they are encouraged to telework, that provides the same benefits, cutting down on commuting time, cutting down on pollution, increased productivity. But if the contract officers have the mindset that the person who is the

contractor has to be sitting in a particular office at a particular time from 8 to 6 every day, then you're not going to get over this barrier. So, again, I believe it's psychological. It may require legislation for Congress to direct the agencies to do this, but right now I don't see any regulatory barriers.

Thank you very much, Mr. Chairman.

Mr. DAVIS OF VIRGINIA. Thank you. Let me just add that we are putting that in our bill, working with your groups and so on, and that we'll be introducing a little later this session.

[The prepared statement of Mr. Miller follows:]

Testimony of Harris N. Miller

President, Information Technology Association of America (ITAA)

Before the

House Committee on Government Reform,

Subcommittee on Technology and Procurement Policy

Hearing on Telecommuting and Federal Agencies

"A New Paradigm for the Federal Government: 'Work' Need No Longer be a 'Place' – the Experience of the Private Sector"

September 6, 2001

Introduction

Chairman Davis and Members of the Subcommittee, thank you for inviting me here to testify today on telecommuting and the experience of private industry with this innovative form of work. My name is Harris N. Miller, and as President of one of the largest information technology trade associations, the Information Technology Association of America (ITAA), I am proud that ITAA has emerged as a leading proponent of the expansion of government's investment in information technology.

I commend this Subcommittee for holding a series of hearings about the government's role in the technology sector and for recognizing the benefits that technology has to bring to government agencies. I especially commend you, Mr. Chairman, for the work you have done to make the Federal government friendlier towards the potential that the technology sector has to offer.

Telecommuting is a relatively new and exciting opportunity for both workers and employers, made possible by the broad deployment of the personal computer, the Internet and information technology. U.S. private sector employers and employees have already begun to benefit from telecommuting opportunities, and I am here today to encourage Congress and Federal agencies to follow industry's lead.

So far, government has been successful at encouraging growth and safeguarding the public interest, while taking advantage of new technologies. With the expansion of telework opportunities, including Section 359 of the FY2001 Department of Transportation Appropriations bill and Congressman Wolf's Telework Tax Incentive Act, currently in the House Committee on Ways and Means, there are more chances than ever for government to use information technology to enhance the productivity, morale, and well being of federal workers, and the efficiency of federal agencies and government overall.

Benefits of Telecommuting for the Private Sector

First, let me speak briefly about the benefits of telework to the private sector. Throughout the IT industry, and other industries as well, telework is becoming either an alternative to traditional office work, an occasional opportunity for employees to meet business and personal demands, or a supplement to regular work hours at the office when the traditional nine-to-five day is just too short. Telework using information technology has made location irrelevant, and means that "work" need no longer be a place.

The reason that more companies are moving towards teleworking as an option is that the benefits are so clear. Let me offer some numbers from a fact sheet compiled by the International Telework Association & Council:

- AT&T teleworkers work 5 more hours per week at home than AT&T office workers (Chicago Sun-Times, 10/99)
- JD Edwards teleworkers are 20-25% more productive than their office counterparts (Chicago Sun-Times, 10/99)
- AT&T saves $3,000 per teleworker annually (ITAC/AT&T)
- Telework can cut corporate real estate costs by 25-90% (PC World)
- Teleworkers save 52.9 minutes of commute time each workday (ITAC, 1999)

Telecommuters are also more likely to be satisfied with their jobs, less likely to be out seeking a new job, and more loyal to their employers. For example, internal research conducted by AT&T found that among the AT&T teleworkers who have been offered jobs, 67% reported that giving up a "telework environment" was a factor in their decision to stay with the company. Seventy seven percent of employees working from home for AT&T reported much greater satisfaction with their current career responsibilities than before teleworking. The bottom line, Mr. Chairman, is that if an employee can perform his or her duties as a telecommuter, then not only the employee, but also the employer has much to gain by offering telework as an alternative.

Environmental benefits of less congestion on the road are another reason to implement telecommuting policies. Less congestion, traffic and CO2 emissions, are needed in many areas of the U.S., particularly in Washington, DC where many federal workers are employed.

Let me be clear that telecommuting will not work for all government employees all of the time, just as full time remote work is not suitable for all industry workers. However, in organizations where teleworking is an accepted aspect of the workweek, schedules and interaction with teleworkers are seamless, and broad acceptance becomes the norm. I submit that these direct benefits and cost savings that companies experience due to offering telecommuting can be equally beneficial to the federal government. Telecommuting policies also will help the government with a growing problem – the shortage of skilled IT workers in government.

Benefits of Telecommuting to the Federal Government – Combating the IT Worker Shortage

ITAA's 2001 study, *When Can You Start?* documented the continuing shortage of skilled information technology workers in the private sector. Although it does not detail the shortage of workers in the public sector, there is ample evidence pointing to an equally critical shortage in the federal government. And in some ways, the government has even more difficulties recruiting and retaining skilled workers than the private sector, where there is often more flexibility in providing incentives and benefits.

Just a few years ago, while private industry was already struggling to meet its workforce demands, the federal government did not seem to be affected. Loyal workers and career employees who programmed government systems and worked with private contractors to feed the government's IT demand seemed to be managing just fine. But more recently, federal budget restrictions have been the name of the game, and corporate IT salaries zoomed past federal pay scales, with new workers zooming right behind.

ITAA's 11th annual survey of federal CIOs, *The New Federal Agenda: Point, Click, Change!* documents the federal IT workforce as a priority in recent years. Federal CIOs point to an aging workforce, where in the next several years, thirty percent or more will be eligible to retire, according to the Office of Personnel Management. Compounding this problem is the difficulty many agencies have in recruiting and retaining junior staff, where the government may be at a disadvantage in terms of pay, benefits and ownership programs.

Competition with industry, which can often offer appealing incentives like stock options and bonuses on top of high salary, is a concern. But federal CIOs also cited shortcomings in the federal personnel management system – lack of flexibility, inability to weed out poor performers – as a hindrance to developing a maximum-impact government IT workforce.

Widespread government acceptance of telecommuting would benefit the employee and thus provide a greater incentive to government workers, and would also help alleviate some of the attrition due to retirement that the government anticipates. We know that telecommuting gives employees greater freedom and flexibility. The private sector is moving to offer these benefits, and with the impending government workforce shortage, Federal agencies need to be competitive with industry's benefits wherever it can. Such benefits will help attract and retain the best workers into the government, something it desperately needs in the IT sector.

Finally, implementing telecommuting policies may help alleviate some of the attrition that will be felt from upcoming retirement eligibility of government workers. If a worker can perform his or her job remotely from Arizona or Hilton Head, he or she may be more likely to continue to work part-time, full-time, or as a contractor instead of leaving government altogether upon retirement eligibility.

Barriers to Telecommuting in the Federal Government and Private Industry

Broadband Supply and Demand

Several research reports indicate that the number one barrier to widespread participation in telework arrangements is the inability of employees to remotely access broadband technologies. A fast and reliable connection between a telecommuter and the agency or company's network is the backbone of any successful telecommuting operation. However, despite the many advantages that a broadband connection delivers to customers, demand to date has not moved as rapidly as many of us hoped or expected.

Over 70 percent of U.S. households now have access to cable modem service and this percentage will grow to over 90 percent by 2005. DSL service is available to 45 percent of homes today and will grow to 74 percent by 2005. As these numbers suggest, a majority of households do have access to broadband today. But only 10 million households—about 15 percent—take advantage of either cable modem or DSL service.

As of today, we have not identified the "killer app" that drives households to demand the high-speed connectivity of broadband. While I am not sure that telecommuting alone may be that killer app, we do know that for telecommuters, 28.8-modem speed is not acceptable. A recent Parks Associates study produced this year found that 80% of broadband households have at least one telecommuter, suggesting that telecommuters may be the most critical market for broadband success. Promotion of telecommuting, therefore, becomes promotion of broadband adoption.

As company cultures begin to embrace the telecommuting concept, sprawl and traffic congestion increase, and energy prices climb, barriers to teleworking will begin to fall. Employers in the private sector and the federal government have an opportunity to advance opportunities for telecommuting that will, in turn, drive demand for broadband. Fast, easy, ubiquitous videoconferencing, for instance, will respond directly to the need of co-workers to interact frequently. Reliable, quick access to managers and co-workers will alleviate concerns that teleworkers have about being marginalized by not being in the physical office.

Technological Barriers

Private industry has found that a key to telecommuting success lies in the technology used by employees and the company. A company-wide help desk and MIS department that have the resources and expertise to be responsive to telecommuters' needs are critical to a positive remote work experience and relationship. A scalable, robust network that remote workers can access for the latest versions of compatible software and products, equipment and services will ensure that difficulties in communications, collaboration and joint projects. Workers that have to work with inferior applications or wait weeks to receive assistance from the company support services will be less productive and more disenfranchised than workers on site.

A second technology barrier is the issue of information security. Telecommuters, like employees in the office, must practice proper "cyber hygiene" in order to ensure company servers are not being accessed through their broadband connections. Organizations must be willing to invest in the development of comprehensive security procedures and to educate all employees—

continuously, no matter where they office. Internet and network users have to be vigilant about cyber hygiene.

While the primary focus of improving processes and changing behaviors is inside the enterprise, and this includes telecommuters, the scope of the effort must also take into account the extended organization—supply chain partners, subcontractors, customers, and others that must interact on a routine basis. Proper firewall software and regular virus updates must be a part of security concerns need to be taken very seriously. While security is a barrier to be overcome, it is not insurmountable. With technological and "people and process" vigilance, information security should not affect a worker's ability to telework.

Human-Level Barriers

At first glance, it may seem that organization culture and what I call "human level" barriers are problematic for implementing telecommuting solutions. In fact, the experience of the private sector reveals that this may be the most surmountable barrier to realizing successful telecommuting policies. A workplace that places value on embracing change as opposed to resisting it, work product and output as opposed to work space for space's sake and overcoming barriers as opposed to erecting them is one that succeeds with telecommuting.

Managers' perspectives may be rooted in traditional work modes of "place" and "time at desk" equating to employee output, dedication and contribution. The benefits of information technology are still very new for some of us that have been in the workplace for twenty-five or more years, and some of this managerial resistance may be difficult to undo. I am sure that managers in the federal government may be experiencing this resistance. Also, in the government, where 'empire building' is sometimes a form of job security, being able to see an employee physically at his or her desk may create an atmosphere of comfort that government managers wish to preserve. While it is difficult to break well-formed habits and ideas of productivity, I believe that a message of shifting paradigms received from the highest levels of government leadership will help encourage managers' acceptance of telecommuting.

In industry, it is often the case that the benefits of telecommuting reaped are directly proportional to the level of participation in the program. Telecommuting may be a very lonely world if you are the sole remote worker in an organization. Fear of being marginalized, of people not recognizing our work, or of being passed over for promotion are very real for the lone telecommuter. Call it the law of increasing returns. The more people in the workplace that embrace telecommuting, the greater the benefits to the company and the more seamless working together becomes.

Again, the human level barriers, or corporate culture resistance is something that the private sector has discovered is best overcome by implementing widespread telecommuting policies. The federal government could work to overcome this potential barrier in the same way.

Regulatory Barriers

I submit that the most important concern with regard to regulation and telecommuting is that we resist the natural tendency of government to create, knowingly or inadvertently, regulatory webs which may hold up the power of teleworking and create disincentives for government and industry to implement telecommuting options.

A variety of regulatory barriers should be noted, although their current affect on teleworking arrangements is not fully known. Taxation, and our "patchwork quilt" system of multiple taxing jurisdictions – over 7,500 in the U.S. currently – pose problems for telecommuters who work in one location, but are paid from a company in another jurisdiction. These questions are further complicated when service is being provided or information sent into yet other jurisdictions. Moreover, the system has become increasingly complex and burdensome for the prospect of telecommuting as jurisdictions seek to tax based on increasingly ephemeral activities, such as server location or brand display. The tax question is generally not a problem for large employers who are subject to many different taxing jurisdictions, and probably would not be an obstacle to the federal government. But for smaller businesses, questions of collection of income taxes become complex, and I submit that the states may need to look at ways to simplify and streamline taxation.

Along these same lines, the rules for home office deductions are more complicated than necessary. The rules for home office deductions have become difficult and dense. To encourage people to take advantage of telecommuting we should work at simplifying and clarifying the current tax code provisions. Complexity only works against our best intentions.

The issue of telework access is of importance in the government. As I mentioned earlier, Section 359 of Public Law 106-346 already provides for a steady increase in the availability of telecommuting to government employees for whom telework is a viable option. However, it is not entirely clear to what extent agencies have an obligation to supply access. For example, does an agency have to purchase a home computer for every employee that wishes to telework? Also, who defines what jobs are eligible for telecommuting? These questions and more are issues that the agencies, in communication with Congress, need to be deciding. From the IT industry perspective, I would encourage the broadest possible access to telecommuting for government employees. Any short-term costs associated with enlarging the number of eligible employees will pay off many times through productivity increases, decreased office space costs, energy savings, reduced pollution and other tangible benefits such as morale.

Finally, I urge regulatory bodies such as the Occupational Safety and Health Organization to resist the urge to regulate teleworkers. Within the past couple of years, there has been some confusion about the extent to which an employer is obligated to ensure the safety of an employee working from home. ITAA fully supports the current OSHA policy, which does not extend its requirements to employees working at home, and we encourage the agency to take a "hands off" approach to telecommuters.

As I have said so often when addressing regulatory concerns, the obligation of the government should adhere to the Internet Hippocratic oath, "first do no harm." In other words, do not create disincentives that make the telecommuting option too difficult to implement for business or for government.

A Word About Telecommuting for Contractors to the Federal Government

As you know, information technology product and service providers are a large contracting community for the federal government. ITAA members see several barriers to telecommuting for private companies that serve as federal contractors. I hope you will also examine the option for federal contractors to work remotely, in addition to the government workforce.

Currently there is no specific initiative that encourages federal Contracting Officers to allow contractors to telecommute, so there is often a reluctance to do so. In the absence of specific guidance, Contracting Officers do not wish to provide their own interpretation of what is allowable, which may place them in an awkward position. This is a situation where pro-active guidance is needed. And leadership should come from the highest executive levels. A statement in support of telecommuting for federal employees, and for contractors, because it will enhance lifestyle, productivity and retention efforts for government employees and contractors alike, would be an important first step in overcoming the barriers for contractors.

Though the federal government is moving toward performance-based and outcome based contracts, which ITAA commends, there are still some agencies where contractor oversight is regarded as counting noses by the hour, so any off-site work is considered to be an abdication of duty for oversight. This again is a human factor that needs to be adjusted for the new realities of change and flexibility within the workplace. Finally, I know that currently, many agencies are struggling with the technical issues around providing remote access. We ask that as the agencies address such issues; please keep the contractor community and its needs and specific requirements in mind.

Conclusions

The benefits of telework are clear: higher productivity, less traffic congestion, greater flexibility for employees leading to increased morale, recruitment and retention, and cost savings for the employer. Government needs to find ways to bring these benefits to Federal agencies. This means finding solutions to access, technological, human and regulatory barriers that give employers the freedom to make telecommuting a viable option.

We have already seen how telecommuting can help industry. It is time once again for the government to bring the successes of the private sector into the public sphere. Congress must help Federal agencies allow civil servants the freedom and flexibility that their counterparts in the business world enjoy, while creating an environment for the government to reap the benefits of successful telecommuting policies.

Mr. Chairman, that concludes my prepared remarks and I am pleased to answer any questions you or other members of the Committee may have.

Mr. DAVIS OF VIRGINIA. Mr. Straton, before I get to you, Ms. Norton may have to go off to another hearing. I want to allow her to make a few comments. She's tried to take a leadership role in this area.

Ms. NORTON. Thank you very much, Mr. Chairman. And I thank you for inviting me here to this subcommittee hearing. I'm a member of the full committee, but not of this important subcommittee. I am a member of the Transportation Committee, and I regard this as a transportation issue and a major transportation issue.

I very much thank Chairman Davis with whom I have worked so closely on regional and District of Columbia issues for focusing as he is on telecommuting. I'm very concerned at what I can only call negligible progress in the Federal sector here. I was very glad to hear about what GSA is doing. Clearly we have a huge amount of unevenness here.

Mr. Chairman, I do have a suggestion as to what we might do to clear up a lot of our transportation problems on which you and I work so closely. Just have more of the residents of the region understand that the way to countermand this transportation problem is to do what so many of you are already understanding you must do, and that is move to the District of Columbia. You will not need telecommuting. You will not need transportation. You will live in one of the variety of beautiful neighborhoods in our town, and this problem will go away. Now, inevitably, some of you will have to go to Fairfax. Others of you will make your way to Montgomery. The only reason they are there in the first place—when I was here—when I was growing up——

Mr. DAVIS OF VIRGINIA. Ms. Norton, let me just join you. I would particularly give that to my Democrats, a welcome to move——

Ms. NORTON. I'll take that, Mr. Chairman. I do want you and my good friend Connie Morella, who chairs the District Subcommittee, to know when I was a child growing up in the District of Columbia, Fairfax and Montgomery were cow country, and as far as those who live in the District of Columbia are concerned, they still are. Montgomery and Fairfax is there only because there was not enough room in the District of Columbia for the entire Federal presence. The reason that Montgomery and Fairfax have become so prosperous is because first of the Federal presence, which then spawned everything else, including the whole IT sector.

Seriously, though, we have a terrible national crisis. I only hope some parts of the United States have done better than we have in this region, because we are the poster child for a transportation crisis, and we are sitting on our thumbs and doing nothing about it. You would think, given the fact that this part of the country is way ahead of other parts in IT, that telecommuting would be far advanced here, and, in fact, the opposite is the case. Traffic problems are sapping the energy and the money out of this region. If, in fact, somebody is looking where to locate, whereas normally locating near the Nation's Capital or locating particularly in Montgomery or Fairfax would have been prime places given the work force and given the other advantages, this part of the country is becoming just the opposite place now to come, and I think places in the far West where there are equally good work forces, where they have

telecommuting further advanced and where traffic is not a problem that it's become here are likely to overtake us in competition.

If I may say so, Mr. Chairman, as a person who chaired a Federal agency, the Equal Employment Opportunity Commission, I believe that a—and concentrated on management and on reform of the agency when I was there under President Carter, I believe that the challenge really lies in management. Until management understands how to supervise and hold employees accountable who indeed are engaged in telecommuting, I don't think that there is a great incentive for them to change the culture that, in fact, has been a part of the culture of our country and of the Federal Government forever. I don't think that they will know how to do it on their own.

I was pleased to hear the OPM testimony, because I believe you've got to begin at the top on this one. You've got to make managers understand how to do it. We're not born into this world knowing how to supervise people who work from home. We know how to hold you accountable if you are sitting right under our nose. This really envisions an entirely different way to manage employees, and the Federal Government is way behind on understanding that, because we have not given our own managers who are very good at managing the tools to cross over from the old industrial society management to the new management that a technological society demands. And that is why I think the chairman's leadership here in focusing us so that we come up with true remedies—and I want to say, Mr. Chairman, if it takes legislation, fine. I do believe the Federal Government is quite capable of doing it with hearings like yours that involve the kind of oversight that give the government the incentive to move far more rapidly on telecommuting.

Thank you, Mr. Chairman.

Mr. DAVIS OF VIRGINIA. Thank you very much, Ms. Norton.

Mr. Straton, thank you——

Mr. STRATON. I'd like to ask you——

Ms. NORTON. Mr. Chairman, I will be back. I'm going to another hearing, but I will be back.

Mr. DAVIS OF VIRGINIA. Thanks.

Mr. STRATON. With your permission, Mr. Chairman, after I read my statement, I'd like to take about an additional 60 seconds and just show you some examples of what we're doing.

Mr. DAVIS OF VIRGINIA. Good idea.

Mr. STRATON. Mr. Chairman, ranking member, and other members of the subcommittee, thank you for providing Siemens the opportunity to discuss this experience as a pioneer and leader in teleworking. Siemens is one of the oldest and largest electronic companies in the world, operating in 192 countries. In the United States we employ over 85,000 people in 700 locations with presence in each of the 50 States. At Siemens we both use and sell teleworking technologies. Siemens views teleworking simply as a means to allow for geographic dispersion of the work force using electronically supported communications and collaborations.

Siemens initially deployed teleworking because of significant cost savings opportunities, but other benefits have accrued over the years. As a result, teleworking became a mainstream part of our

business model in 1996. Today 20 percent of our employees are full-time teleworkers, and roughly 40 percent are what we would call mobile workers.

Teleworking has enabled us to decrease our office space by 35 percent nationwide, resulting in annual cost savings of over $3 million in the 3,000-person enterprise networks division alone. Productivity increases of over 20 percent are typical, with no decline in customer satisfaction. In addition, we have grown to appreciate the benefits to our employees' families and ultimately our communities.

Business benefits are measurable and recurring, from entire departments to individual employees. Teleworking allows us to retain high-performing employees who contribute beyond their peers and enables us to help dual-income families. It also allows us to recruit part-time workers with great talents who previously had been unavailable to us, stay-at-home parents who want to work while the kids are at school, or retirees who want continued income and intellectual challenge. For example, through teleworking, Siemens retained a high-performing Virginia-based contracts administrator whose husband was transferred to Texas. Instead of going through the exhaustive and costly process of rehiring, retraining and agonizing over whether the new hire could match the employee's standards, Siemens placed her in the teleworking program.

While the Siemens business units continue to thrive with such solutions, our employees also reap significant quality-of-life benefits. We all are aware of the cost of living and the choices families must make, PTA meeting or late-night project, coaching Little League or overcoming deadlines. Successful businesses realize that these concerns impact employees' quality of work, tenure, loyalty and motivation.

Teleworking solutions can mitigate seemingly difficult choices, because geography and time zones become transparent. Businesses with telework programs can attract and retain the best in a highly competitive environment. Society also benefits from teleworking. The actions taken by hundreds of teleworkers can reduce traffic congestion, energy consumption and pollution, a practical, not wacko environmentalism.

Teleworking can present opportunities to improve the quality of life for many Americans. For example, a key individual in Siemens became ill with multiple sclerosis that forced him to reconsider full-time employment. Teleworking came to the rescue. He continued to share his intellectual capital with his coworkers, impacting our business as if he were at his desk 5 days a week.

Our teleworking success did not occur overnight. We had to decide to adopt teleworking as a business practice using technology to facilitate and management to enable. Siemens faced some of the concerns identified in the recent GAO report for the Honorable Dick Armey. The report cited management concerns in key areas. The identification of employees in positions suitable for teleworking, the security of sensitive data and the ability to remotely monitor teleworkers, the impact of teleworking on a business' profitability all are valid concerns, and, coupled with liability and privacy issues, they are at first glance significant hurdles to implementing teleworking. But imagine, if you will, a three-story building in an office complex ensnarled in nonstop traffic with over

25,000 square feet for 60 employees sitting at their desks in a high-rent area. Day by day in sweltering summer heat or snowy winter days, the workers commute in to receive calls from clients seeking technical assistance. Now envision the same group of workers dispersed in over 23 States, not worrying about the road conditions or the issue of the latch-key children. They continue to perform their jobs; in fact, are more likely to process more calls, stay with Siemens and maintain high customer satisfaction.

This is the new Siemens customer technical support center, completely operated by teleworking agents. We now manage our teleworkers in a variety of methods, including by objective, by measurable and realtime data and by the traditional performance measurements. The teleworking requires that managers be very clear in job responsibilities and objectives and quick and forthright in performance communications. Our technology allows us to interact with our teleworkers by ensuring their business numbers ring them at home, on their cell phone or in a hotel environment. This flexibility allows our managers the opportunity to maximize interworking with our teleworkers and maximize the employee's opportunities to succeed.

As with any business practice, teleworking must be evaluated through an ongoing dialog between management and employee to ensure common business goals are achieved. In sum, once acclimated, both management and employees simply view teleworking as a way of doing business at Siemens and not an individual privilege.

Mr. Chairman, we applaud your leadership in focusing congressional attention on teleworking and its potential benefits to government. We believe teleworking can help incentivize Federal workers to stay in Government and can be used as a recruiting tool. In addition, as Siemens has demonstrated, teleworking programs can also reduce costs and improve productivity.

We owe a debt of gratitude to Congressman Wolf for his determined efforts to expand teleworking opportunities for both public and private sector employees. We believe the Telework Tax Incentive Act introduced by Congressman Wolf is also a model to incentivize private sector organizations to implement teleworking programs.

Siemens also recommends that the Federal Government look at ways to partner with the private sector and consider pilot programs that capitalize on the expertise and lessons of private sector programs. After all, for most of human history, people worked out of their homes. It is only recently with the rise of industrial and information revolutions that large centralized office complexes have become commonplace, and commonplace only because communication and information were bound to a single location. Now, today, communication and information are not limited to single locations, because new technologies have enabled a mobile and distributed work force. For example, by 2002, there will be more mobile phones in the world than wired phones, and by 2006, the Internet will be accessed more by mobile devices than wire devices.

Recently there was a lot of publicity and consternation in the press regarding the President's month-long vacation. However, after having watched the coverage of this and many Presidential

vacations, I could not help but think to myself that Presidents often telework, and being a marketing guy, I couldn't also help but think what a PR opportunity it could have been. If Presidents can telework with the most important job in the world, why can't the average worker do it with maybe just a little bit less responsibility?

Mr. Chairman, Siemens appreciates this opportunity to discuss the issues confronting implementation of a teleworking program. We are proud of the success of our program and feel strongly that the teleworking business model can be transferred to the public sector. We fully support your efforts to expand teleworking opportunities.

With that, let me just very quickly show you a couple pictures. This is just an example of a teleworker coming into our Reston office. And you go into a computer, and you sign into a cube. And, Tim, if you can show the next slide. And what the teleworker sees is they see a schematic of the teleworking area, and they click on the cube that they would like to have for the day, and then their phone number and their PC all go there.

Now, I think this is one of the most interesting pictures. Rather than having filing cabinets, etc., the teleworkers have cabinets, much like you would have in a high school, and they go to the cabinets and they have some shelves there. You'll often see pictures of their families, open cans of Coke, and you can see that they have a cart. And I have an example of it right here. Let me just walk around you for a second. And they put their PC on the cart, and they roll the cart over to the cube, and as you can see, this is a live cart. It was very heavy to get here. Thank you very much, Tim. Full of things. You'll see things, like I said, like pictures, personalization, just like people would do in an office.

And then the next picture is just—it looks like a regular office cube, because it is. The only difference is that the telecommuters' phone automatically rings just like it was their office all the time, and when they leave the office, their cell phone automatically rings if they would like it to, just like if you called their office number.

Thank you very much.

Mr. DAVIS OF VIRGINIA. Thank you. Thank you very much. That was a good spin on the President's vacation. The President's telecommuting initiative. You ought to let Ari Fleischer know about that.

[The prepared statement of Mr. Straton follows:]

Testimony of Mark C. Straton, Vice President
Global Marketing

Siemens Enterprise Networks

Before U. S. House of Representatives

Committee on Government Reform and Oversight
Subcommittee on Technology and Procurement Policy

September 6th, 2001

Executive Summary for Testimony from Mark Straton, Vice President, Global Marketing, Siemens

Siemens has initiated, implemented and demonstrated leadership in teleworking since 1996. The practice has become a true business model driven by upper management and embraced in virtually all Siemens business areas in the US. Teleworking has reduced real-estate costs, travel expenses while at the same time increasing worker efficiencies that translate to profitability. Additionally, employees gain a stronger work-life balance, spend more time with the family and contribute to the community. Teleworking, at Siemens, is good for business, our family of employees and our communities.

Siemens has overcome many initial barriers enroute to our teleworking program. Technology at Siemens enables our workers to enjoy almost complete transparency to the fact they are teleworking. Creative management techniques allow for interaction despite geographic distances. And the flexibility of our program ensures that teleworking is a viable alternative choice for our employees, not just individual requirements.

Siemens is a model for teleworking and supports the Chairman's efforts along with other members (including Congressman Frank Wolf) to increase the teleworking presence in the public sector. We stand ready to offer our observations, technologies and business model to help guide agencies through a successful teleworking initiative.

Mr. Chairman, Ranking Member, and other members of the subcommittee, thank you for providing Siemens the opportunity to discuss its experience as a pioneer and leader in teleworking. Siemens is one of the largest electronic companies in the world, operating in 192 countries. In the United States, we employ over 85,000 people in 700 locations with presence in each of the fifty states.

Siemens views teleworking in very simple terms as a means to allow for geographic dispersion of the workforce using electronically supported communications and collaboration. In order to accomplish these, we offer four types of teleworking:

- Telecommuting-work that is accomplished at a home office, eliminating or shifting the commute to the corporate office to non-peak hours
- Mobile Working-work that is done by a traveling employee or an employee away from the desktop
- Telework Center-work that is done at a satellite or branch office
- Hoteling-shared office space in a company location designed for use on a drop-in basis

Siemens has deployed teleworking as a part of its business model initially because of significant cost-savings opportunities, but other benefits have accrued over the years. Since 1996, teleworking has enabled us to decrease our office space by 35% nationwide resulting in annual cost savings of over $3 million dollars. Productivity increases of over 20% are typical, with no decline in customer satisfaction. In addition, we have grown to appreciate the benefits to our employee's families and ultimately our communities, creating a multiplying affect across the constituencies where our businesses reside.

Business benefits are measurable and recurring...from entire departments to individual consultants. Teleworking allows us to retain high-performing employees who contribute beyond their peers and it enables us to

help dual-income families. For example, through teleworking Siemens retained a Contracts Administrator whose husband transferred to Texas. Instead of going through the exhaustive and costly process of re-hiring, re-training and agonizing over whether the new hire could match the employee's standards, Siemens placed her in the teleworking program.

While the Siemens business unites continue to thrive with such solutions, **our employees also reap significant quality of life benefits.** We are all aware of the cost of living and the choices families must make: PTA meeting or late night project; coaching little league or overcoming deadlines. Successful businesses realize that these concerns impact employees' quality of work, let alone tenure, loyalty and motivation. Teleworking solutions can mitigate seemingly difficult choices because geography and time-zones become transparent. And employees with choices become contributors and businesses with such offerings become beacons because we attract and retain the best in a highly competitive environment.

Society also benefits from teleworking. Teleworking has a residual effect that impacts issues such as energy consumption and environmental degradation. The actions taken by hundreds of teleworkers can reduce traffic congestion, energy consumption and pollution...a practical environmentalism so to speak. Teleworking can present staggering opportunities to improve the quality of life for many Americans. And every day we discover new ways the use teleworking's magic to benefit people. For example, a key individual in Siemens became ill with Multiple Sclerosis that forced him to reconsider full time employment. Teleworking came to the rescue...he continued to share his intellectual capital with his co-workers, impacting our business as if he were at his desk five days a week. In numerous ways, some unseen by the business case for teleworkers, our employees touch their communities with their presence and their families enjoy additional hours together because a business decision we made.

Our teleworking success did not occur overnight. We had to decide to adopt teleworking as a business practice using technology as a facilitator and management as an enabler. Siemens faced some of the concerns identified in the recent GAO report for the Honorable Dick Army, "Potential Barriers Employers May Face When Establishing Telecommuting Programs." The report cited management concerns in key areas:

- The identification of employees and positions suitable for teleworking
- The security of sensitive data and the ability to remotely monitor teleworkers
- The impact of teleworking on a business' profitability

All are valid concerns, and coupled with liability and privacy issues, there is a first glance significant hurdles to even contemplating teleworking.
But imagine if you will a three story building, concrete gray and looming, with over 25,000 square feet for 60 employees sitting at their desks in a high-rent area. Day by day, in sweltering summer heat or snowy winter days, the workers commute in to receive calls from clients seeking technical assistance. Now envision this same group of workers, dispersed in over 23 states, not worrying about the road conditions or the issue of latch-key children. They continue to perform their jobs, in fact are more likely to process more calls and maintain high customer satisfaction. This group of employees is Siemens Support Center, and these agents' management and the Siemens technology allow them to exist as they did before in a completely new business to customer paradigm because of teleworking. The technology we deploy today makes this vision a reality for not only Siemens, but our customers as well. Yes it causes us to become more creative managers, but these issues are critical to succeeding in this new Internet and technology revolution. We now manage our teleworkers in a variety of methods, including by objective, by measurable and real-time data and by the traditional performance measurements. Our technology allows us to interact with our teleworkers, by ensuring their business number rings them

at home, on their cell phone or in a hoteling office. This flexibility allows our managers the opportunity to maximize interaction with their teleworkers, while at the same time permitting our employee's the maximum opportunity to succeed. As with any business practice, teleworking must be evaluated through an on-going dialogue between management and employee to ensure common business goals are achieved. In sum, once acclimated, both management and employees simply view teleworking as a way of doing business at Siemens and not a way of individual privilege.

Technological innovations and the power of the Internet have combined to help enable both the private and public sectors to innovate, becoming more efficient and more responsive. Teleworking is one example of this enabling opportunity that can be used to achieve multiple purposes. For teleworking to succeed, especially in the public sector, strong leadership is required.

Mr. Chairman, we applaud your leadership in focusing Congressional attention on teleworking and its potential benefits to the federal government. We believe teleworking can help incentivize federal workers to stay in government and can be used as a recruiting tool. In addition, as Siemens has demonstrated teleworking programs can also reduce costs and improve productivity.

We also owe a debt of gratitude to Congressman Wolf for his determined efforts to expand teleworking opportunities for both public and private sector employees. Congressman Wolf's leadership in requiring federal government agencies to meet teleworking mandates is commendable. It is our understanding that the Office of Personnel Management and the General Services Administration face some resistance, but agencies are making progress to meet the teleworking goals. The Telework Tax Incentive Act, introduced by Congressman Wolf, is also a model to incentivize private sector organizations to implement teleworking programs. Virginia's Governor Jim Gilmore has also initiated teleworking incentives at the state level.

Siemens also recommends that the federal government look at ways to partner with the private sector and consider pilot programs that capitalize on the expertise and lessons of the private sector teleworking programs.

Mr. Chairman, Siemens appreciates this opportunity to discuss the issues confronting implementation of a teleworking program. We are proud of the success of our program and feel strongly that the teleworking business model can be transferred to the public sector. We fully support your efforts to expand teleworking opportunities in the public sector and are ready to assist you and the other members of this subcommittee in achieving your goals.

Mr. DAVIS OF VIRGINIA. Mr. Milkovich, thank you.

Mr. MILKOVICH. Mr. Chairman, members of the Subcommittee on Technology and Procurement Policy, I thank you for your invitation to speak here today on issues relating to commercial real estate solutions for the private sector, specifically as it relates to teleworking. I'm going to work between two sets of paper here. One is my written testimony, and then the other is to address some of the questions that were submitted to me in the invitation letter dated August 27, 2001 from the Chairman.

I would like to say thank you to Mark. Having been on a plane quite a bit lately, I thought this was a self-administered beverage cart. So I'm glad to know I have seen these, though, with the work in the——

Mr. STRATON. Some days it is.

Mr. MILKOVICH [continuing]. Private sector.

Again, I am Robert Milkovich, managing director for CarrAmerica, and I would like to give just a quick history on CarrAmerica Realty Corp. We are a publicly traded real estate investment trust [REIT]. We were born out of the Oliver Carr Co. in 1993. Many of you in the NCR region know the Oliver Carr Co., which has operated here for over 40 years. Currently, we are in 12 markets across the country. We have 287 buildings that total well over 20 million square feet of commercial office space.

I bring this to your attention because in 1997, we saw quite a movement for the alternative workplace solution in the private sector. With that, our research and data that we collected, we invested in HQ Global Workplaces, essentially an executive suites operator. Concurrent to that, we piloted a target program called NOWSPACE in Atlanta, GA, and that essentially was turnkey office space which included the furniture, fixtures and equipment that people could come in and what we would determine as plug and play. You could essentially contract for the space on a Friday and be up and running on a Monday. This program was successful enough that we also deployed those efforts into the Dallas market as well. We find that the drivers behind this were the need for speed, growth, flexibility and low capital expenditure to entry. It also helped in employee recruitment and retention, to highlight a few items. I offer this as a background insofar as our company is concerned because we see a trend in the private sector.

Another case study that I would like to utilize is what we refer to as the Schwab Hotel experience. In an effort to meet the demands of a longstanding customer, we built, operated an office hoteling facility for Charles Schwab in Walnut Creek, CA. This facility was opened to meet the needs of the employee base at Schwab that lives north and northeast of San Francisco and battles traffic congestion into the city. The space is equipped with FF&E and a sophisticated reservation software system to allow employees to schedule and manage their time more efficiently. The reservation system has the ability to track and report on space utilization. This attribute is paramount to management for controlling costs and monitoring the work force. Now, the employee-manager relationship can be tracked electronically, and communication can be made simple.

Another powerful attribute of this facility is the capability for employee recruitment and retention. Equally important, this modern technology promotes the seamless integration of the employee's workspace at a variety of places. The experience enables employees to work from a multitude of locations, thus spending less time commuting and more time productively at work. The benefits are endless, supporting the Clean Air Act and other responsibilities that corporations must meet in today's competitive world.

The economic benefits are substantial. Most telework and hoteling programs strive to capture a minimum ratio of one workspace per two employees. This in simple math can result in a cost savings in annualized rent of as much as 25 percent. In fact, most of the insurance companies that we have interviewed target 33 percent as a goal. For large private sector space users, this can have a substantial impact to the bottom line.

Let me address a couple of the items that were in the invitation letter. One was managerial barriers that we have encountered in the private sector that we have identified. One is managing from a distance for employers. That is obviously a big cultural issue, and we also see it from the employee's standpoint. Employees' concern about career path and being connected to the organization. Certainly technology can help to bridge this gap, but there is that old style of management that still believes in out of sight is out of mind. This also calls to question should people work from home or a third place such as a telework center.

Another issue that I address in your letter is the private sector implementation, two other cases that I will bring to bear here. One is Aetna. As an example, they have instituted a program whereby claims processors can work from home, managers can easily monitor the number of claims processed, and the benefit to the company is less office space. I think this is a particular situation that addresses how private sectors can monitor the workload.

You also have the most successful model that has been out there in the private sector, and that is large accounting firms that are practicing and perfecting this type of business model for years. The genesis of this success is due to the nature of the work. To be profitable they must have employees in the clients' offices, requiring less office space for themselves. Telecommuting offers significant benefits to the private sector, and those are obvious in space reduction, flexibility, employee recruitment and reduction.

Concurrently, or in conclusion, I should say—I am looking at the clock now. My apologies. In conclusion, teleworking in the private sector is an effective tool in use by many companies for employee recruitment and retention and offers an economic benefit. Thank you.

Mr. DAVIS OF VIRGINIA. Thank you very much.

[The prepared statement of Mr. Milkovich follows:]

Statement of Robert Milkovich, Managing Director for CarrAmerica Realty Corporation before the Subcommittee on Technology and Procurement Policy.

Thursday, September 6, 2001.

Rayburn House Office Building

Mr. Chairman, and members of the Subcommittee on Technology and Procurement Policy, on behalf of CarrAmerica, I thank you for your invitation to speak here today on issues relating to commercial real estate solutions for the private sector, specifically, teleworking.

CarrAmerica Realty Corporation is a publicly traded real estate investment trust listed on the New York Stock Exchange. CarrAmerica was formed in 1993 as a successor to The Oliver Carr Company, a prominent local real estate developer, owner and manager in the Washington, DC area since 1962. Currently, CarrAmerica operates in 12 markets across the country, owning and operating 287 buildings totaling well over 20 million square feet of commercial office space. Our primary focus is to provide customers with real estate solutions that demonstrate our ability to solve challenging problems for those customers. This office space can be provided in a number of ways; leased, built-to-suit, constructed and purchased. Additionally, CarrAmerica can act as a service provider, earning fees for services rendered to companies that either own their own property or for other owners of office property who want to contract for such services. These services include, but are not limited to, facilities management, property management, leasing, base building construction, interior construction, full scale development, acquisition and disposition of real property assets, office space hoteling, telework solutions, etc. In short, we have provided tradition commercial real estate solutions for almost 40 years and, since 1997, we have embarked upon providing more flexible workplace solutions.

CarrAmerica originated its initial foray into the mobile workforce environment with its acquisition of several independent executive office suites operators. Eventually, those

companies were consolidated and re-branded, HQ Global Workplaces, a dominant international provider of executive office suites. At the time our initial research was conducted, it was clear to us that this segment of market providers was fractured, yet experiencing tremendous growth in demand from national and international customers, leading us to the conclusion that a great opportunity existed in this industry niche. To that end, CarrAmerica made a substantial investment in executive office suites and, in June 2000, we participated in a merger of HQ Global Workplaces with Vantas, Inc., one of HQ Global's primary competitors.

As our understanding of the mobile work force increased with the growth and expansion of HQ Global, we also recognized the statistical data supporting exponential growth in the telework practice. The International Telework Association & Council (ITAC) is the source for the bulk of this data. We at CarrAmerica view the growth in employee's desires to work from home, or a "third-place" as we refer to it, with the activity levels in the commercial office sector as the catalyst to provide a real estate solution beyond the traditional offerings. On a parallel track to the HQ Global initiative, CarrAmerica piloted a program known as "NOWSPACE" in Atlanta. Subsequently, the program has been deployed in our Dallas market as well. This program offers office space on a truly "turn-key" basis. The furniture, fixtures and equipment (FF&E) are in place and ready for use by a customer without the usual time needed for space planning and build-out of conventional office space. We utilized a standardized short form lease document to expedite matters. The implementation of this program meant customers could literally contract for space on a Friday and be up and running on the following Monday. Compare this to the traditional process that could take months. The drivers behind the need are speed, growth, flexibility, and low-capital expenditure to entry, employee recruitment and retention, to highlight a few. I offer this as background as to how and why CarrAmerica became involved in telework, the virtual workplace concept that I am here to discuss.

I would like to use our experience with the "Schwab Hotel" as a case study in telework. In an effort to meet the demands of a longstanding customer, HQ Global built and operated an office hoteling facility for Charles Schwab in Walnut Creek, California. This

facility was opened to meet the needs of the employee base at Schwab that lives north and northeast of San Francisco and battles the traffic congestion into the city. The space is equipped with FF&E and a sophisticated reservation software system to allow for employees to schedule and manage their time more efficiently. The reservation software has the ability to track and report on space utilization. This attribute is paramount to management for controlling costs and monitoring the workforce. Now the employee/ manager relationship can be tracked electronically and communication made simpler. Another powerful attribute of this facility is its capability for employee recruitment and retention. Equally important, this modern technology promotes a seamless integration of the employee's workspace to a variety of places. The experience enables employees to work from a multitude of locations, thus spending less time commuting and more time spent productively at work. The benefits are endless, supporting the Clean Air Act and other responsibilities that corporations must meet in today's competitive world. The economic benefits are also substantial. Most telework and hoteling programs strive to capture a minimum ratio of 1 workspace to 2 employees for space utilization. This, in simple math, can result in cost savings in annualized rent of as much as 25%. In fact, many of the insurance companies we have interviewed target 33% as a goal. For large private sector space consumers, this can have a substantial impact on the bottom-line.

The process for evaluating, developing and implementing a successful telework program is actually methodical and simple. It requires strong organizational leadership on the front end coupled with support from the executive level. The evaluation is easily accomplished through the Human Resources department in most private sector companies by creating a zip code based employee "scatter map." Knowing where your employees live and understanding commuting patterns provides a foundation. Determining eligibility of employees via job description should be part of the up front study. Many organizations rely on the "knowledge based worker" definition as a barometer for eligibility. This can be done in a variety of ways; in fact CIGNA provides a questionnaire on its computer system for employees to express their desire to telework and for the company to then gauge feasibility. Essentially, a company must determine what portion of the employee population is eligible to telework. Concurrently,

companies must fully understand their current office space inventory and utilization. This starts to frame the economic portion of the equation. The technology assessment is in concert with facilities management to further test the feasibility. The executive team should be fully apprised of local, regional, and federal incentive programs that could be part of the benefit package to the program, offsetting costs. One issue that has been previously posed is, what happens if an employee is rejected on his or her request to telework? Are alternative plans offered? This is very specific to each private sector company. If the foregoing questions are answered in a manner that a company wants to proceed with the implementation, then the policies, procedures and formal agreements are compiled for use. The leadership appoints a business unit leader, much like a "help desk" or clearinghouse for all issues associated with the telework program.

Of importance is the successful integration of economic and cultural benefits, the two vital characteristics of a telework program. Technology, swift and ever changing, enhances productivity, making telework more effective and more affordable for many workplace situations, and that aspect of teleworking will continue to be enhanced at a rapid pace. As an example, wireless communication, albeit available today, will be more effective, affordable and more commonly in use by 2003. The computer industry brings better and more affordable equipment to market every six (6) months. These are observations that are undisputable. The challenge of telework is faced on the cultural side of the equation. It is our experience that the companies and organizations that are technologically on the forefront have fewer cultural hurdles to overcome. These companies have already invested in the new economy, both financially and culturally and operate with an advanced or progressive way of doing business. In fact, many of these groups offer telework programs to employees, much as they offer more conventional employee benefits (i.e. 401K plans, medical insurance, etc.) The policies have been implemented, the employee retention costs have already been calculated, and the mid-level managers not only accept, but also promote, this arrangement as a normal course of business. Facility projections for space utilization and growth are made easier for top management to track and project. These companies view telework as a method to create a more flexible use of workspace. The days of contracting large blocks of square footage

for long term contracts as has been done traditionally, can be supplemented by telework programs with their inherent economic and social benefits. We are witnessing this adoption today by large corporations such as AT&T, CIGNA, Aetna and Discovery Channel, to mention a few. The cultural challenge can only be overcome if the technology is in place to support management and it's employees and if the economic savings are substantial enough to make it a compelling business decision.

In conclusion, most, if not all companies that I have encountered in the private sector would welcome this type of savings to the bottom line. The economy is in a tumultuous time and corporations are looking for creative solutions. Telework will certainly provide the ability to target a reduction in two big expense items (payroll and rent) on a balance sheet. In most service corporations, knowledge based workers are the biggest asset. Leadership must implement this initiative with the use of technology and proven, well-documented policies to create the proper benefits for all involved.

Thank you.

Mr. DAVIS OF VIRGINIA. We are going to start with questions. I will start with Mrs. Capito.

Mrs. CAPITO. Thank you.

I believe, Mr. Robertson, you may be able to answer this question. In thinking of the telecenter in Jefferson County where I mentioned there were seven folks who have been on the waiting list for quite a while to try to telecommute at least 1 day a week, from a variety of different agencies, now when you look at a private company, lots of times they will have, you know, a structure where there is a personnel office that is, you know, handling all of these kind of concerns. Do you see that one of the problems is the variety and the vast differences between the different agencies in the Federal Government, that is one of the stumbling blocks, or is it something else?

Mr. ROBERTSON. We didn't specifically look at telecommuting centers, but I imagine that when you have several different Federal agencies working out of the same center with several different sets of rules and regulations, you know, they can act as obstacles to making the most efficient use of that telecenter.

Mrs. CAPITO. Well, may I ask then, Mr. Straton from Siemens, in your telecommuting experience are all the rules and regulations centered in one personnel office, or is it done through the different departments?

Mr. STRATON. Yeah. We have learned a lot about how to do it, and there is actually in the handouts that we have a good overview of some of the policies, so we have pretty explicit agreements with each teleworker. Now, one of the things that we do differently and is a problem that we encountered is teleworking—employees love it, so they are like, OK, I want to telework 2 days a week, but what they want to have is they want to have an office fully functioning, and then they want you to have a fully staffed office at their home. So one of the things that we had to do is you can't be both. You make a choice. It's either an office worker or a teleworker. And that doesn't mean you wouldn't allow somebody to telework a day a week or something like that, but you are not going to pay for both as a company because the driver for the company is productivity and cost savings, and I think those are the right drivers for the government as well.

So I would say that yes, we have common practices we differentiate between teleworkers and office workers. And the other thing is that teleworkers, they still need that community, and so that is why I think the hoteling concept that I showed you is specific to in this particular case a sales and engineering function so that when they do come in, they do get together. So I think that is something you have to think through because the communications when you are dispersed becomes key.

Mrs. CAPITO. That is the end of my questions. Thank you.

Mr. DAVIS OF VIRGINIA. OK. Thank you.

Mrs. Morella.

Mrs. MORELLA. You know, it comes down to leadership, a belief, a commitment to doing what is right, trust. This reminds me of our Y2K, Mr. Miller, the whole concept of the need to trust, and then it comes down to security also. And I just wondered if—maybe I

will start off with Mr. Robertson. If you would indicate what you have seen with regard to the security issue.

Mr. ROBERTSON. Well, we have talked about it already this morning. I think the point has been made that the security issues are big in the public and private sector, even before you throw in telecommuting to the mix. And when you throw in telecommuting, and you are talking about accessing possibly an organization's central data base, then, you know, you raise the level of concern. And there are people who can talk more about how to build firewalls and so on and so forth. But it is an issue in both the public and private sector.

I am not sure, you know, what the solution is or if there is an easy solution beyond using the technology as best as possible to secure that data, but there could be simple ways of addressing some of the security concerns, too, just through—and this is very nontechnical—but basically having in the Federal Government, for example, making sure that all workers were aware of how to handle sensitive data, and making sure that all Federal workers who are telecommuting in particular understood what to do and how to handle this type of data. And it may in some cases, require that there be some limits on the use of certain types of sensitive data by Federal telecommuters.

Mrs. MORELLA. You know, one thing I noted in listening to the wonderful testimony that each and every one of you presented, I don't think there is any partnerships going on or any sharing of best techniques or standards or practices with the public sector and the private sector. I mean, we hear from ITAA and from Siemens and CarrAmerica about how teleworking is succeeding. It seems to me there should be more of a sharing.

Would any of you like to comment on whether there are any attempts to do that and whether or not you think this is a stellar idea that we should develop further?

All right. Mr. Bibb.

Mr. BIBB. I would just say from the standpoint of GSA, yeah. It is a great idea, and we are trying our best to do that. We are prime members of the International Telework Association and Council, which is a joint partnership of private sector firms and the Federal Government. In fact, we are trying to do that in many of the arenas where we operate. And our Web site which we have talked about, the joint OPM-GSA Web site, does contain the best practice success stories and that sort of thing.

So, yes, it makes all the sense in the world, you are absolutely right, to learn from the private sector firms, and we think vice versa in some cases.

Mrs. MORELLA. And you may want to have an exchange of people, too. I mean, they may want to go visit and see how it is working. Do you want to comment on that, Mr. Miller?

Mr. MILLER. I would agree from the private sector standpoint. I was very interested to hear Ms. Jenkins comment about the telework leadership seminar. If there is some role for the private sector to play in that in terms of giving some examples, companies like Siemens could testify about their success, if that is helpful, to give real-world examples.

Let me go back to your first question, Congresswoman Morella, about the security. I think that is an excuse, not a reason, for telecommuting. I certainly agree with what Mr. Robertson says. There are myriad challenges, but as we know from where the government itself already is when they are not telecommuting, they are pretty far behind in information security, the recent GAO report on Department of Commerce just being one very glaring example of how the government is behind.

There is no intrinsic reason though the telecommuters, whether they are telecommuting from a telecenter that Congressman Capito talked about or telecommuting from their home, that they cannot be properly outfitted with the technology and the people and the processes to secure information. Obviously there are some types of jobs that are so sensitive that you would never want to have anybody outside the building, but for most of the government work force we are talking about, I don't see any obstacles whatsoever that can't be overcome fairly straightforwardly.

Mrs. MORELLA. Can be overcome.

Did you want to comment on that Ms. Jenkins?

Ms. JENKINS. Yes, please. As far as partnering with the private sector, we have done a lot of work with AT&T since their testimony here in March. They participated with us within a strategic planning session, acting as our advisors and consultants on how we can help the agencies comply with the public law, and we are continuing to partner with them. We have learned a great deal from AT&T. They have helped us to expand our thinking about how we can increase the number of teleworkers. They have talked to us about training efforts that they found to be appropriate, and we have adopted many of their philosophies.

And as far as our upcoming leadership conference, we do plan to extend an invitation to both Siemens and AT&T. We think that it is important for agency leaders to hear firsthand about how telework can actually work and help them with their human capital issues.

And on the issue of security, we have a number of things that we have been doing at OPM. We have had many conversations with the Federal CIO Council, particularly the security committee, on how we can perhaps establish some governmentwide guidance for agencies to use. We encourage agencies to include the security officials on their planning team when they are establishing telework policies. We also encourage managers to precede a telework arrangement by addressing security issues with their employees, and ensuring that they have up-to-date virus protection and proper firewall software on their computers. Thank you.

Mrs. MORELLA. I thank you.

And I know my time has elapsed, but I just want you to think, Mr. Bibb, about the fact that you have 100 percent participation in Frederick, MD. Are there particular factors there that you don't find in Montgomery County, MD, where we could establish such a record?

Mr. BIBB. Well, as you know, we are going to be taking a look at the feasibility of a couple of centers in Montgomery County, MD. I don't have answers to that, but that will certainly be some of the items we are looking at as to whether we can make a go of it. We

will be responding to the report language in the House appropriation bill and giving you a full report on how those compare.

Mrs. MORELLA. Splendid. Thank you very much.

Thank you, Mr. Chairman.

Mr. DAVIS OF VIRGINIA. Thank you.

Let me just note that our colleague Mr. Moran has just joined us, another strong champion of telecommuting here in the Washington suburbs.

Jim, do you want to make any statement at this point?

Mr. MORAN. It is not necessary. I am sure that anything profound and constructive has already been said that could be said from the dais, so——

Mr. DAVIS OF VIRGINIA. I think I got most of that in my opening statement.

Mr. MORAN. I trust you did. And certainly Mr. Turner had a statement. I am sure that covered it as well.

Mr. DAVIS OF VIRGINIA. Well, we finished the panel. And let me ask a few questions as we go through the panel.

First of all, great testimony. Let me start; we have heard a great deal about the need for incentives to promote telework. As you know, Mr. Wolf has introduced the Telework Tax Initiative Act. In Virginia, Governor Gilmore introduced the Telework Virginia, a public-private matching program to provide financial incentives to Virginia businesses to start or expand existing telework programs.

Can any of you think of any incentives that could encourage Federal agencies and employees to embrace telecommuting more fully? And let me just say, we are working on our CERA bill coming out of this committee that will, I think, enhance Federal contractors, Mr. Miller, with what you suggested, allowing them to use more telecommuting in what they are doing.

A lot of this is managerial, and managers are just not comfortable; they are in the old paradigm. But having heard AT&T's testimony last time and what Siemens and Carr have done shows us that the private sector has found this to be excellent for recruiting and retention.

Mrs. Norton mentioned the traffic situation. It has many good elements if we can learn to utilize it correctly. But are there more incentives that we can give you at the Federal level to make it more palatable so we could move this faster? We have used the stick. I mean, I think Mr. Wolf's legislation was kind of the stick. We give you deadlines and so on.

Mr. MILLER. I think in the private sector the incentives are—frequently simply are strictly financial. You simply say to a manager, here is a way to save money. It was covered in testimony from my colleague on the left about Siemens, the savings in real estate, the more productivity out of the workers, and obviously it is much tougher in the Federal Government where you don't have as many bonus systems. But there are SES bonuses given based on various performance factors, and this could be looked at perhaps as one element of the incentives for managers to save money in terms of making the work force more productive, and that may incent them to promote more telecommuting.

Mr. DAVIS OF VIRGINIA. And I would think from a parking perspective and some of these problems around some of the buildings where you have it up, it could help on all of those kind of things.

Mr. Straton and then Mr. Milkovich.

Mr. STRATON. Yeah. I just want to echo what Harris said. I think if you look at Siemens as a model, IBM also is another good model, what drove both these companies was cost. We were under intense competitive pressure, and we had to reduce our expenses, and because it is difficult to ask managers to change, it is difficult to manage in a distributed environment, it takes different skills. You have to do different things.

So, you know, the one thing that you could do, I think, to get it really widespread within the Federal Government and then I think it has a ripple effect into the private sector is you just simply tell them that they have to reduce their real estate expenses, and the rest will follow. But people don't change unless they have to.

Mr. MILKOVICH. Let me submit, obviously we have talked about the backbone being cultural, technological, you know, the kind of social benefits, if you will, I think, from the private sector, Mr. Straton is on, that there has to be an underlying economic benefit. It has to be a reduction in space. It has to be a better efficiency on occupancy levels and use of space.

I think that the Federal Government is in an enviable position in the sense that you control a substantial amount of leasehold interests, so you have a lot of room to make those type of moves. I am not sure I am correct on this, so it is almost a statement in the way—formed in a question, and that is, if a particular department is able to reduce its real estate costs, if there is a way that they could see that benefit to their department, it would be recorded or somehow recognized for that department, I think you would see a stronger shift toward teleworking.

Mr. DAVIS OF VIRGINIA. OK. Let me ask—sure. Ms. Jenkins.

Ms. JENKINS. All the things that were stated I think are important incentives, and I think the Federal Railroad Administration is a good example to follow relative to the space reduction and the incentive to encourage managers to allow more employees to telecommute.

In addition to what has been said, and it sort of follows upon what has been said, is that it seems to me the most important and critical incentive is tying telecommuting to the business needs of an organization, and that would also include the human capital challenges that managers are feeling right now with a potential huge numbers of employees about to retire; that utilizing telework as a retention strategy, utilizing telework as a recruitment tool to gain the best and the brightest college graduates into the public service are real incentives for managers, and that is what it is that we are trying to do at OPM is trying to get that word out and really tie the impact of telecommuting to the business of an organization.

Mr. DAVIS OF VIRGINIA. It just seems that right now we are getting the worst of all worlds. We are not getting any office space reduction from this plan yet because we just don't have the penetration in the work force that we ought to have. And yet we are spending money for these telecommuting centers. So it is really a net

cost right now. And the reaction we tend to get is, "I guess we have to do it. Congress wants us to do it. And we really don't understand what it can do for our work force and for other things."

But when you listen to Siemens and you listen to Carr and you listen to IBM and you listen to AT&T and some of these private companies and how it is helping them in their business plan, you feel like you ought to do a seminar with some of your managers and show them what the possibilities are.

Ms. JENKINS. Yes. And that is exactly what we intend to do. There is really good data out. AT&T particularly has done a cost-benefit analysis relative to the impact of telecommuting on productivity, and we plan to push that information out. The Internal Revenue Service, an aspect of the Internal Revenue Service has done a cost-benefit analysis which we intend to help them market. It is wonderful to talk about the money that can be saved when you don't have to recruit for individuals that leave your organization. It's estimated between 93 and 100—150 percent of annual salary is spent on recruiting, and we need to translate that into dollar figures for Federal agencies. So that is something that we are planning to do, not only in our October leadership conference, but also in our January conference where we really get to the managers and the supervisors.

Mr. DAVIS OF VIRGINIA. OK. Sure. Mr. Bibb.

Mr. BIBB. Just to make one point. On the space reduction, I don't want to leave the impression that this is a space reduction program. I have done a lot of interaction with the private sector, and in some companies it may result in space reduction. In others it may not result in space reduction at all, but it may result in getting the job done better. It may result in much lower turnover rate, the ability to attract and retain good employees.

So the whole thing, from my perspective, is it is about the business. How do you best get the business done. How do you offer the associates or employees the best range of a combination of working in the office, working at home, working in the field and linking that all together with the technology. And that calls for a lot of careful planning, a lot of thinking and a lot of willingness to make those options available.

Mr. DAVIS OF VIRGINIA. Well, there are many benefits. And I think, as you say, you don't employ this with one thing in mind.

But, clearly, on recruiting and retention, we find some specific examples in the testimony today about people who you can get into the business and you can retain them because they can spend more time at home with their families and do other things. That is something, with the Federal Government spending as much as money it does recruiting and retaining people, that is a plus.

Also, you will get some space reduction, obviously, with your work force; and you walk through Siemens and you see it.

Third, traffic reduction. This helps people who aren't telecommuting by getting a few cars off the road. It is much cheaper over the long term to move cars off the road than it is building new highways. That is a byproduct. It is not the reason we are doing this, but it can be a significant byproduct.

Also, on very bad days, an employee might get off down in Dale City in my district or out in Reston or out in West Virginia, see

what the traffic is like and say, "This could be a long day today," and they can telecommute on that given day.

And fourth is something that we haven't talked enough about but it was mentioned in the testimony today and that is productivity increase. The fact of the matter is that people who telecommute are working after their 40-hour weeks, are working more hours at home than employees who don't telecommute. It is a cultural change, and their job can become part of their life this way but not interfere with the other parts of their life.

So those seem to me to be really significant benefits.

I have more questions, but let me ask my friend, Mr. Moran, if he would like to ask any questions at this point.

Mr. MORAN. Thank you, Tom.

I appreciate you holding this hearing, Mr. Chairman; and for all of the reasons that you just listed it is imperative that we find the obstacles to expansion of telecommuting and then find ways to address those, overcome those. So I would like to bring up two such potential barriers.

First of all, in terms of the Federal Government, I want to ask Mr. Bibb and Ms. Jenkins to comment on the security aspect. Because in northern Virginia, for example, the largest Federal employer by far is the Department of Defense. Yet my sense is that the telecommuting that goes on within the Defense Department is pretty limited, and my—I would guess that, if we pushed them, the first thing they would come up with is security. We can't compromise the data that our employees are dealing with. Then, of course, normally we would be intimidated into—or at least inhibited from pursuing that any further.

I would like for you to address that aspect of the security of information that is dealt with when you are using home computers. Obviously, we have had some very public examples of some of our chief executives in intelligence agencies, for example, compromising intelligence that they had available through their home computers, and that became a problem. So I would like to see how you would address that.

And let me just give an opportunity for the private sector people to think about the second thing, which is the Tax Code and how the Tax Code is related to telecommuting, both the tax advantages, potentially, for individuals, but also some of the complications. For example, if there are two State income tax regimes that you might have to deal with if you are telecommuting. So I just want to get you prepared for that.

And Mr. Bibb and Ms. Jenkins.

Ms. JENKINS. Well, certainly, within the Defense Department, I agree that the security issue is the biggest obstacle there. At 0.5 percent of the work force telecommuting right now, or as of April, that is a huge obstacle to overcome.

Some of the things that we are doing in OPM to help overcome the governmentwide obstacle to security is working with the Federal CIO Council and the Security Committee to come up with some ideas that will help us to help agencies such as Defense overcome this concern of theirs.

We also already have a number of pieces of guidance that we have provided to the agencies to help them to overcome some of the

security concerns that they have, such as making sure that they have the proper firewall protection and virus updates and simple things like, if your computer is home, make sure it is secure and away from your children so that there aren't any accidents that might occur while the computer is at home. Those simple things we are publicizing to the agencies so think about.

Coupled with that is that when agencies plan their telecommuting programs they must include a variety of stakeholders and individuals within the organization to help plan the program and some of the most important people are the security officials and to identify how they can overcome some of the security obstacles that—and to prevent problems. So we realize that, particularly for the Defense Department, their culture is such that they are more concerned about the security issue than perhaps some other agencies and we need to work perhaps personally with them to help them overcome some of their obstacles.

Mr. MORAN. You began your response by noting that only one-half of 1 percent of the largest agency in the Federal Government has any telecommuting going on.

Ms. JENKINS. Yes, sir. A lot of work to do.

Mr. MORAN. Yes. I wonder if it isn't to some extent a generational thing, too, in terms of management wanting hands-on control over employees. But, Mr. Bibb, unless you have something to add to Ms. Jenkins' very comprehensive and very good response, informative response, let me ask Mr. Miller about the tax implications of telecommuting in the private sector.

Mr. MILLER. Could I first address your first question, Mr. Moran?

I think that we have to make a bit of a distinction here, because telecommuting frequently blends together two concepts. There is telecommuting from home and there is telecommuting from telecenters which are controlled by the government in one way or another, either directly or through contracting with a private vendor. And it seems to me that even in the most severe security concerns of the Defense Department at least many of these telecenters can be just as secure in terms of protecting the information technology, the data, etc., as they are if they were coming into the Pentagon or some other Defense Department building that is immediately approximate to the Defense Department. So it seems to me that this can be a bit of a bogus issue.

If the issue really is legitimately concerned about security and we don't want people taking things home, nevertheless they still may be able to work at a telecenter in Dale City or some other relatively remote location, and so we need to make that distinction. I think it is very important.

Mr. MORAN. I appreciate that, Mr. Miller. But, of course, these telecenters in the long run are going to be only a marginal amount. I suspect the most telecommuting is going to take place at the home if it is really effective. Because to get to a telecenter that has a sufficient critical mass of employees and resource equipment, supplies and so on, it is—you have a transportation hassle there, anyway. So, I mean, if you are coming from, you know, south of Springfield and trying to get into the Springfield mixing bowl

where we have a telecenter, we have defeated the purpose in large part.

But I do think there is a security issue with home computers, where the individuals use that computer for personal use as well. And when you can attach cookies on your—on banner ads and so on, it seems to me it is pretty easy to then access information that is being used for work. I mean, it may be my ignorance, but I don't know how you buildup sufficient firewalls to prevent—to separate your personal usage and official usage.

Mr. MILLER. Actually, it is not. I mean, the technology is there; and the technology has been developed to a large extent for exactly the reason that telecommuting has become so popular in the private sector. And the private sector is no less worried than the public sector is about data being compromised when it is used by telecommuters.

The trick is not whether the technology exists or not. The technology does exist. The trick is to make sure people implement it.

As you know, part of the problem is that people don't always update their technology. They don't always make sure that they have the latest anti-virus software. They don't make sure that the firewalls are current. So part of the big challenge here is again a management challenge.

It is one thing to tell people that the technology is available, which means that people can't come in through remote locations and access data bases if they do A, B and C. It is another thing to make sure they do A, B and C.

Mr. MORAN. And it is not just the employees' responsibility; it is the employers' responsibility to instruct them.

Mr. MILLER. Absolutely. Fortunately, there are monitoring systems. There are technologies available and companies that specialize in monitoring to make sure that both central locations and remote locations are following the procedures. So you do have to in a sense put another layer of protection on. You would have to have some kind of monitoring system to make sure that the telecommuter would have his or her computer monitored. And if the monitoring service found out that they hadn't updated their firewall or hadn't updated their software or whatever was necessary to protect the information technology then basically it would cut that telecommuter off until he or she had updated that technology to the appropriate levels of security.

But I don't think the vulnerabilities are quite as high as you might be imagining if the corporation or the government do everything possible to use the latest technology that is out there.

Mr. MORAN. Well, invariably, if there is a will there is a way. Although I suspect that this is one area where our defense and intelligence agencies are going to find an easy excuse not to do anything.

Mr. MILLER. On the tax issue, I certainly agree with you, Mr. Chairman; and I notice that the GAO mentioned—or Mr. Moran, rather, mentioned this in his testimony also, that this whole tax liability and multi-State jurisdiction—as you know, we have 7,500, approximately, taxing jurisdictions. It is particularly a challenge for small businesses because they are not used to having to pay employees in all types of jurisdictions. They are used to, in most

cases, just having employees in one jurisdiction. Also, some States are now trying to use the presence of employees as an excuse to set up what is a so-called nexus which, as you know, is a big issue in terms of interstate taxation.

So it is something that is potentially going to become a problem as more and more small businesses—most large businesses, frequently they already have employees in multiple jurisdictions. So it is a pain, but it is a pain they are used to dealing with. But when you are talking about a small business and trying to incentivize them, the tax—multiple taxing issue can be a problem.

Mr. MORAN. Well, a clever business, or at least a business with clever accountants could easily locate their—if it is a business that buys supplies and equipment and so on on line, they could simply locate their employees in those jurisdictions that have the lowest sales tax regime and maximize the opportunity through telecommuting.

But did you want to add something, Mr. Straton?

Mr. STRATON. I don't really have much to add. The only thing I would say is you would take the Defense Department—I mean, when these guys are on the battlefield or, you know, out doing practice sessions they are communicating. They are teleworking. I mean, you have a very small subset—or it is small, but you have a subset of employees that have very, very secure information. They clearly should be in a secure environment. But you have a whole other subset that, you know, they are ordering supplies or whatever it is. It just doesn't matter.

So, as it relates to us, my view would be for secure—you know, there is janitors come in and clean things at night. Stuff is not locked up, PCs not turned off. You are probably more secure at home. I don't know what a 3-year-old is going to do with confidential Siemens software information. So I don't think it is a big issue. I think it is a big excuse, to be honest.

Now, as it relates to the government, I mean, and the taxation for us, it has not been a problem. I think the companies gaming the system, as you stated, needs to be thought through; and I think you have to make sure the company is not in a position or the employers are not in a position when they are paying taxes to multiple States.

I think that the Wolf idea of a tax incentive to jump-start this thing is a good idea. I think a better idea, though, is to have the government take a leadership role at the senior levels. I think with all the government agencies you just say that, you know, over a certain period of time you have got to have 10 percent less real estate; and I guarantee you, you will. And you will probably have better results and everything else.

Yes, what other private sector issues? You just have to make sure that the laws for liability, privacy and performance issues don't penalize the companies. I will give you an example.

One of the—you know teleworking is not a right. And I have had that problem in my own department where we actually had a secretary who teleworked. Circumstances changed, and she had to come back in. And so, needless to say, she got upset. So my point is that, in the performance things, you can have the exact same job and two different people and that job can—one of those people can

telework and one of them can't. And there is a lot of factors that come into it—whether they have small kids at home, how responsible they are with their performances.

So that is an area that I am probably the most nervous about being penalized as an employer, because it becomes a fairness issue, for example. But it really comes down to can the job telework and does their performance allow them to telework.

Mr. MORAN. Thank you. Oh——

Mr. MILKOVICH. I will just add real quickly on the two jurisdictional tax issue. I think it hits at the heart of recruitment; and it could potentially, depending on the company, hit at the heart of recruitment and retention. And I think private sector companies today are starting to view teleworking as part of a standard offering, much like a 401(k) plan or medical benefits. Many people are asking about teleworking today.

Let me digress for 1 quick second just to say that when I talk about space efficiencies it is not always as if the glass is half empty. I also think that teleworking is a very potent tool to manage your growth. As agencies grow, that can't acquire the space fast enough, teleworking is an excellent tool to facilitate the growth.

Mr. MORAN. That is a very good point. I didn't ask anything of GAO because your report is so extensive, comprehensive. You have done a good job at looking at all the problems.

Mr. ROBERTSON. May I make an observation, anyway?

Mr. MORAN. Sure.

Mr. ROBERTSON. I guess this goes back—you know, we have been talking, and it is not on the tax issue so much as the data security issue that we have been—seem to come back to several times during the hearings. I am just—to me, that whole discussion is it an issue, is it an issue is a great illustration of what, I think, Representative Morella was talking about at the beginning. And that basically had to do with, you know, we have really got to get a really good handle on the extent to which these management obstacles that we have talked about as GAO and as a group today exist in each individual Federal agency. I think that should be a prime action area for OPM, basically.

Mr. MORAN. That is true. Thank you very much.

Chairman Davis, thank you again for having this hearing and for the generous time you allotted for the questions and responses.

Mr. DAVIS OF VIRGINIA. Thank you.

I have just a couple of questions.

First of all, at the GSA, you have gotten beyond, I think, to some extent, managers' fear of letting employees work outside the workplace. But that seems to be the major paradigm that we need to move. How do you manage if you can't see the people? It seems to me that is our biggest obstacle for managers. How have you gotten beyond it? What do we need to do to change that?

We have seen, you know, from the testimony of the private sector how they have moved well beyond that and are actually being more productive.

Mr. BIBB. Well, I think we—we haven't totally gotten beyond it. They are still plenty of supervisors who have some distrust. But, yes, our numbers are good, and it has been a combination of things.

One is our continued emphasis that this is a way of getting the work done, that it makes sense for both the supervisor and the employee. If it does make sense, then there ought to be teleworking.

Second way is to continue to discuss with our supervisors that you measure the work the same way you measure the work when they are in the office. You set performance targets and they are hit or they are not. And if they are not then you have the same performance discussion.

In my own case, half of my associates telework, and they are held to the same standards as any others. So that is the basic way you are able to monitor the performance.

I think the other piece—and have good, sound policies in place. The other piece is cultural, and it does in part come from the top with the recognition that this is a viable way to work. It will be supported and where it makes sense we will go after it.

So it is a combination of having the right policies in place, common sense approach and top management support.

Mr. DAVIS OF VIRGINIA. OK. I think that is all the questions. Let me just ask about the OPM tracking system that we are working on, imperfect at this point. What are we doing to try to improve it and get a good baseline?

Ms. JENKINS. Well, the tracking system that we are working on governmentwide is under the auspices of the Human Resource Data Network, which is a system that will streamline and improve reporting and eliminate paper records within human resource offices. So we have already established data elements that can be included in either the government's payroll or personnel systems that would be able to track the number of teleworkers.

We won't be able to get that system in place as quickly as we would like—hopefully in 2002. But I am not sure at this point that it will happen in 2002. Meanwhile, we are providing agencies with some guidance, and many of them are taking our guidance.

For example, the Defense Department has decided that one of the ways that it is going to help with its tracking system is to require all telecommuters to be on agreements, even their ad hoc episodic telecommuters. That will help them to better track. Other agencies are doing something similar, and there are even other agencies that are requiring their various departments to report to them monthly so that they can get used to the fact that they are going to have to be reporting their teleworkers on a regular basis and to help them to establish and refine their current tracking system. So it is an issue that we are addressing governmentwide.

But we have also seen significant progress within the agencies because they fully understand that there is a requirement to report to OPM on their progress and they are making strides in establishing and refining their tracking systems.

Mr. DAVIS OF VIRGINIA. OK. Thank you.

Let me just ask one other question. Are there any union issues on this where you have to renegotiate to try to do this kind of thing? Any prohibitions under agreements that anybody is aware of?

Ms. JENKINS. What is required under the Federal labor management relation statute is that there is an obligation by Federal agencies to negotiate telework with their employee unions, things

like telework. And we know that agencies are doing that and we—one of my other jobs at OPM, besides the Work-Life Programs, is the governmentwide Labor and Management Relations Program; and we have brought the labor relations directors together just last month to go over the requirements of negotiating contracts and providing sample bargaining language to the agencies.

Mr. DAVIS OF VIRGINIA. OK. Thank you very much.

Anything else anyone want to add?

Well, let me thank all of you. Before we close, I just want to again thank everybody for attending the subcommittee hearing today.

I want to particularly thank the witnesses, Congressman Turner, who had to leave early, Representatives Moran and Norton and on my side Mr. Wolf, who couldn't be here but has been such a leader in this element, and, of course, Mrs. Capito and Mrs. Morella, who were here, and thank them for participating as well.

I want to also thank my staff for organizing this. I think it has been very productive.

I would enter into the record the briefing memo distributed to subcommittee members.

We will hold the record open for 2 weeks from today for anyone who might want to forward a further thought on this or supplement your remarks.

I thank you again, and these proceedings are closed.

[Whereupon, at 11:12 a.m., the subcommittee was adjourned.]

[Additional information submitted for the hearing record follows:]

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September 5, 2001

Honorable Chairman Thomas M. Davis
and Honorable Subcommittee Members
United States House of Representatives
Committee on Government Reform
Subcommittee on Technology and Procurement Policy
2157 Rayburn House Office Building
Washington, D. C. 20515

Transmitted via E-Mail to Victoria.Proctor@mail.house.gov

Dear Chairman Davis and Subcommittee Members:

I am an investigator with the Miami District [Florida] Office of the United States Equal Employment Opportunity Commission (EEOC). Yesterday, I telephoned your office and spoke with Professional Staff Member Victoria Proctor. Ms. Proctor was very helpful and informative about our discussion concerning telework/telecommuting. I explained that EEOC's program addresses the concept as "flexiplace." She agreed that I could offer my thoughts to you about telework at EEOC for your hearing tomorrow.

We have had a Flexiplace Program in place at Miami since approximately April 1997. Investigators and administrative judges can work at home two days per week and attorneys are allowed this privilege for one day a week. For all of the obvious reasons, this program has proved to be very effective and worthwhile. I commute to work in a car pool over 30 miles each way so I am able to translate over two hours in commuting time to actual working time when I work at home. I am also able to eliminate traffic congestion, stress and other negative influences. I have a work station with a computer and monitor and I am able to work on my case work load in a quiet uninterrupted environment. I have been rated as an "outstanding" employee during my past four annual work performance evaluations. But, those who do not perform to an acceptable work standard get their time in the program reduced or eliminated. As you can see I am a contented and productive civil servant, in large part because of our successful local telework policy. Our telework program has also been of great comfort and assistance to those hardworking disabled employees in our office.

Our flexiplace program was negotiated in Miami through our collective bargaining agreement (CBA) via our National Partnership Council (NPC) down through our Local Partnership Council (LPC). Many offices in EEOC do not have a flexiplace program because their respective LPC was not at

effective or nonexistent. Now that President Bush has revoked Executive Order 12871, labor-management partnerships appear to be doomed.

Our current CBA has actually expired but, it has been extended indefinitely. It has a provision for flexiplace but only through negotiations by LPC's. EEOC needs a new CBA with a nationwide flexiplace program so all EEOC offices are included and appropriate employees may then participate in the program.

Our District Director, Federico Costales, was fair and open minded when he negotiated with the union for flexiplace in Miami. His positive attitude about flexiplace is not echoed by many other management officials in EEOC. Therefore, EEOC needs a **nationwide** telework/telecommuting policy so as to be in compliance with Section 359 of Public Law Number 106-346. My hope is that Chairwoman Dominguez and the Commissioners will be enthused and encouraged to negotiate this policy into a new CBA very soon.

Thank you very much for your time and attention to this matter.

Respectfully,

Martin J. Rosenthal

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