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SUBCOMMITTEE HEARING ON MINORITY AND HISPANIC PARTICIPATION IN THE FEDERAL WORKFORCE AND THE IMPACT ON THE SMALL BUSINESS COMMUNITY

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SUBCOMMITTEE HEARING ON MINORITY AND HISPANIC PARTICIPATION IN THE FEDERAL WORKFORCE AND THE IMPACT ON THE SMALL BUSINESS COMMUNITY

Wednesday, April 23, 2008

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The Subcommittee met, pursuant to call, at 12:00 p.m., in Room 1539 Longworth House Office Building, Hon. Charles González [chairman of the Subcommittee] presiding.

Present: Representatives González, Westmoreland, and Moore.

OPENING STATEMENT OF CHAIRMAN GONZÁLEZ

Chairman GONZÁLEZ. I call this hearing to order on the Minority and Hispanic Participation in the Federal Workforce and the Impact on the Small Business Community. This is a hearing of the Subcommittee on Regulations, Health Care and Trade of the bigger Committee, the Committee on Small Business, as chaired by Rep. Nydia Velaquez.

And, first of all, I want to thank everyone for being here today. This hearing on diversity obviously is very important, even in the context of small business, but of course in the greater and bigger picture. There are certain individuals that I actually have met with before, have worked with, and welcome, it is good to see you again.It has been our policy for 40 years that the Federal Government should recognize the importance of diversity. One of the cornerstones of the Small Business Act, for example, is making credit, contract opportunities, and business assistance available to all small business owners, whatever their background. And that is the American way.

But in another area where diversity is important is in the hiring and promoting of a diverse group of highly qualified federal employees. Such a policy ensures that minority groups feel welcome to participate fully in the national programs. Although we will talk today about government policy that sets rules for all federal hiring, I also want to focus attention on Hispanic federal employment and the importance it plays in serving the growing Hispanic small business community.

The witnesses will offer testimony today on how it remains clear that Hispanic employment lags significantly behind other minorities and well below their representative share in the civilian work-

force. This is a problem and it does not seem to be getting any better.

I represent a district in the State of Texas that has a large, vibrant, and growing Hispanic-American community. They are proud Americans, and it is important to them to feel connected to their government. In the not-too-distant future, one out of every four Americans will be Hispanic-Americans.

Existing law requires the Federal Government to make special efforts to evaluate and oversee agency programs for diversity. The law provides that recruitment processes prepare those that have the potential but do not presently meet valid qualification requirements for job openings through development programs. Federal agencies are supposed to proactively seek those out and prepare those who will help meet the agency needs for succession of leadership and competence in the future.

Unfortunately, the data paints a picture of how the Federal Government is missing its mark. In the pathway positions for top executive level—and that would be the SES designation—Hispanic hiring has dropped by 2.8 percent. The latest OPM report cites a reduction from 5.8 percent to 3.2 percent of Latinos in management positions entering the SES.

It appears that the majority of Hispanic hires in the federal workforce are concentrated at the GS-1 through 8 categories. So Congress, in our oversight capacity, needs to hold agencies accountable. We are working on some proposals that would strengthen the hiring process, particularly for leadership succession.

There have been proposals to address this problem. One of those is, of course, H.R. 3774, the Senior Executive Senior Diversity Assurance Act introduced by our colleague, Mr. Davis of Illinois, which has been reported favorably out of the Subcommittee on Oversight and Government Reform, and I believe will be voted by the full Committee tomorrow.

The legislation will go a long way in strengthening the federal system of selecting our Senior Executive Service. However, where I believe further efforts will be needed.

This Small Business Committee has oversight over the Small Business Administration, and I believe there are ways to implement reforms at the SBA to serve as a model for improving overall federal hiring practices. This could be achieved by setting up an office in the SBA that will coordinate and focus on diversity hiring and outreach. It would also promote efforts to ensure that the review panels and the selection panels for SBA executives are themselves diverse.

Additionally, there needs to be added transparency to SBA's executive selection process with data reporting and direct annual accountability to the Congress—this transparent process not only to the Senior Executive Service but also to GS-13, 14, and 15 levels, where SBA's future leaders are retained, trained, and encouraged.

These are just some of the ideas I think we could start discussing as a basis for improving hiring practices. I will be very interested, of course, in the opinions of the panels here today. It is clear that further progress is needed. While there have been greater strides made in the past 40 years for women and minorities in securing senior positions in our Federal Government, it appears that more

needs to be done. Without additional reforms now, it may create even greater challenges down the line.

I look forward to the testimony of the witnesses here today, and thank them for their participation and service.

And now it is my pleasure and privilege to yield to the Ranking Member, Mr. Westmoreland, for his opening statement.

OPENING STATEMENT OF MR. WESTMORELAND

Mr. WESTMORELAND. Thank you, Mr. Chairman, and especially thank you for holding this hearing today. I would also like to thank the witnesses for their participation, and I am sure that your testimony today will prove helpful to us in looking into this matter.

One of the most celebrated aspects of our nation is its diversity, and nowhere is that diversity more evident than in our workforce. People from all walks of life have helped to make their mark on our country, adding a piece of themselves into the collection of ideas we call America. I believe that it is vital that the composition of the federal workforce resemble the great nation that it serves. It is extremely important that we continue to attract the best and brightest citizens into federal employment in order to address the many challenges that we face.

I welcome this distinguished panel, and I thank you for your willingness to come and to testify. And, again, Mr. Chairman, thank you for having this timely hearing.

Chairman GONZÁLEZ. I thank the ranking member. And, as always, I have always appreciated his cooperation. And I think that we see eye to eye on so many things, contrary to what you might be reading in the papers all the time about the partisanship, and I look forward to working in the future on another hearing that I will be discussing with you probably on the floor when we get a minute.

I would like to give an opportunity to my colleague, Gwen Moore, Congresswoman Gwen Moore from the great State of Wisconsin, if she so wishes, to make an opening statement.

Ms. MOORE. I will pass, Mr. Chairman.

Chairman GONZÁLEZ. Thank you very much.

At this time, I am going to be introducing members of the panel, the witnesses here today. I am going to go ahead and go through the introductions for all of them, and then we will start, of course, with Mr. Hairston.

Mr. Darryl Hairston of the Small Business Administration was appointed as Deputy Associate Administrator for the Small Business Administration in September 2003. In that position, Mr. Hairston has overall responsibility for contracts and grants management, property management, and building operations, safety, and emergency services, and administrative information management.

The United States Small Business Administration was created in 1953 as an independent agency of the Federal Government to aid, counsel, assist, and protect the interest of small business concerns. Again, thank you and welcome.

And now I am going to see if I am going to get your name right this time as opposed to the last hearing we had. Nancy Kichak—pretty close?—is the Associate Director for the Human Resources Policy Division in the Office of Personnel Management. In this position, she leads the design, development, and implementation of federal human resource policies.

She previously held the position of Deputy Associate Director for the Center for Workforce Planning and Policy Analysis and Chief Actuary. The United States Office of Personnel Management—OPM—is an independent agency of the United States Government that manages the civil service of the Federal Government.

Mr. George Stalcup—Mr. Stalcup is a familiar face to my office, because of some work we have done in the past. And, again, it is good to see you, sir. He is the Director for Strategic Issues in the Government Accountability Office. In his role, Mr. Stalcup has overseen GAO studies in federal workforce and hiring issues. He will report on the GAO's review of the minority recruitment and hiring data at the Small Business Administration.

The United States Government Accountability Office, GAO, is an independent, non-partisan agency that works for Congress. GAO investigates how the Federal Government spends taxpayer dollars.

Mr. William Gil of HACU, the Hispanic Association of Colleges and Universities, he is the Associate Vice President. HACU was established in 1986 and represents more than 450 colleges and universities committed to Hispanic higher education success in the United States, Puerto Rico, Latin America, Spain, and Portugal. It is the only national educational association that represents Hispanic-serving institutions.

HACU also provides assistance and outreach to Hispanic-serving institutions by hosting technical assistance workshops throughout the country on available federal programs, grants, and other resources. Prior to joining HACU, Mr. Gil served as Executive Director of the Congressional Hispanic Caucus. And welcome to you.

Mr. Jose Osegueda—he is President and CEO of the National Association of Hispanic Federal Executives. This organization is the premier organization advocating for the development and advancement of Hispanics to senior-level policy-making positions in the Federal Government. Through their events and work, they provide networking opportunities as well as training to federal employees striving for the highest ranks in public service.

Again, welcome one and all. Please understand that you do have five minutes. I think we just had this fancy equipment installed in the past few weeks. It will give you a warning signal and such. And if you need to summarize, if you would please do that. Believe me, during the question and answer period, you will be given sufficient time to elaborate if you feel you didn't cover it in your opening statement.

With that, Mr. Hairston.

STATEMENT OF MR. DARRYL HAIRSTON, DEPUTY ASSOCIATE ADMINISTRATOR, OFFICE OF MANAGEMENT AND ADMINISTRATION, U.S. SMALL BUSINESS ADMINISTRATION

Mr. HAIRSTON. Chairman González, Ranking Member Westmoreland, members of the Committee, my name is Darryl Hairston.

Thank you for inviting me here to testify on SBA's hiring policies and our continuing efforts at minority recruitment.

SBA takes seriously both the spirit and the intent of federal guidelines regarding the promotion of diversity in the federal workplace, and SBA is committed to addressing the diversity of our workforce and to increasing the representation of women, minorities, and persons with disabilities.

As of September 30, 2007, the agency's workforce totaled 5,056, which included our temporary disaster workforce. Minority groups, which accounted for 39.63 percent of the total workforce, decreased from 2,635 in fiscal year 2006 to 2,004 in fiscal year 2007 due primarily to losses of temporary workforce hired to service disaster loans following Hurricane Katrina.

In fiscal year 2007, SBA had a population of 48.22 percent male and 51.78 percent female employees. Twenty-six percent were black, 8.47 percent were Hispanic, 4.17 percent were Asian, and .93 percent were American-Indian or Alaska Native American. Of these groups, black males, black females, Asian females, American-Indian or Alaska Native American male and female representation was above the civilian labor force.

Reviews of the grade levels for permanent employees indicate that a significant number of the employees—28.88 percent—at the SBA are at the GS-12 level or above. Current fiscal year 2008 data indicates that SBA's total staffing is 5,034, of which 2,307 are other than disaster employees. Of this group, 1,220 are at the GS-13 level or above. 58.9 percent are male, 41.1 percent are female, 21.88 percent are black, 8 percent are Hispanic, 5.49 percent are Asian-Americans, and .73 percent are American-Indian or Alaska Native American.

SBA has a total of 39 career employees at the SES level, of which 41 percent are minorities. Of these senior executives, 12.8 percent are Hispanic, 25.6 percent are black, and 2.56 percent are Asian. Most SES positions at SBA are located in our headquarters offices in Washington, D.C. However, seven SES positions are located in our major metropolitan district offices.

The SBA is a small agency and does limited hiring on an annual basis. For example, in fiscal year 2006, SBA hired 113 permanent employees, and 128 in fiscal year 2007. When hiring, SBA's Office of Human Capital Management strives to ensure diversity on our ranking panels. We have found that this strategy pays off in increasing diversity in our workforce.

In fiscal year 2007, the agency employed several recruitment strategies to build a diverse workforce. One of the most effective tools we use to accomplish this is to actively participate in job fairs and federal career days at colleges and universities, and we often target schools that are likely to help us establish a pipeline of diverse and highly qualified individuals.

We continue to target community colleges because of their strong ties to their local communities and their potential for providing diverse applicant pools. Some of the events SBA participated in are the Presidential Management Fellows job fair, the Congressional Black Caucus Diversity fair, the LatPro National Society for Hispanic Professionals, and the Thurgood Marshall Scholarship Fund recruitment event.

These efforts only reflect efforts here in the Washington, D.C. area, but nationwide our staff participates in job fairs with colleges, universities, professional organizations, and others to broaden SBA's reach to attract a diverse group of high-caliber applicants who are in mission critical positions.

Additionally, we also utilize USAJOBS as a recruiting tool. Because of the technical nature of many of our mission critical occupations, we found that the best recruiting tool has been word of mouth. By utilizing our network of resource partners, educational institutions, and others, we have achieved great success in attracting a diverse group of highly qualified applicants.

SBA recruitment initiatives are complemented by two things: training and succession planning. The Administrator has made training a major priority at SBA and has instituted a new personnel-focused training program called SBA University. This initiative came as a direct response to employee surveys that showed that such a need existed.

Through training, SBA seeks to develop a highly skilled workforce with tools they need for advancement and career development. SBA also has its SES candidate program to facilitate leadership succession. The last program was run in 2004. We had 18 individuals selected to participate; 14 graduated. Of the 18 selected, 2 were Hispanic, 3 were Black Americans, and 6 were females.

Be assured that SBA has been, and will continue to be, proactive with its recruitment efforts by building and strengthening external partnerships, eliminating barriers that may be exclusive, and providing challenging and rewarding opportunities.

Thank you for inviting me to testify, and I would be happy to answer any questions you have.

[The prepared statement of Mr. Hairston may be found in the Appendix on page 30.]

Chairman GONZÁLEZ. Thank you very much, Mr. Hairston.

Our next witness will be the Associate Director, Nancy Kichak.

STATEMENT OF MS. NANCY KICHAK, ASSOCIATE DIRECTOR FOR STRATEGIC HUMAN RESOURCES POLICY, OFFICE OF PERSONNEL MANAGEMENT

Ms. KICHAK. Chairman González, Ranking Member Westmoreland, and members of the Subcommittee, I appreciate your inviting me to discuss OPM's efforts to improve the overall diversity of the federal workforce. I welcome the opportunity to discuss with you our efforts to build and sustain the most effective federal civilian workforce possible.

We have long recognized that reaching the broadest possible pool of applicants for federal jobs is essential to meeting this goal. Our efforts in this regard are conducted within the framework of the merit system principles. We must ensure that all Americans have equal access to federal employment opportunities at all levels of the workforce and that their knowledge, skills, and abilities are evaluated fairly.

The Office of Personnel Management promotes federal employment expansively, including in the areas where the potential applicant pool is very diverse. One of the techniques we use is con-

ducting job fairs and federal career days at colleges and universities, including community colleges that are likely to help us establish a pipeline of diverse and highly qualified individuals.

We conducted a federal career day last year at Northern Virginia Community College, one of the nation's largest and most diverse community colleges, with students representing over 150 nationalities. In addition, two of the four federal career days OPM sponsored last fall took place at the University of New Mexico and New Mexico State University. These are two of the nation's leading Hispanic-serving institutions.

Earlier this year, OPM supported career fairs at Alabama State University and the Tuskegee Institute—two historically black institutions. As part of our effort to cast the widest possible net, OPM also launched a television ad campaign entitled "What Did You do at Your Job Today?" to spark interest in federal employment. We aired these ads in targeted markets where we believe there is likely to be an ample supply of individuals who have the qualifications, skills, and experience the Federal Government needs in its workforce.

We have seen a consistent spike in visits to our USAJOBS web site after the ads have aired. The ads feature federal employees drawn from diverse backgrounds and feature a wide variety of professions and agencies. These outreach efforts are part of a larger long-term effort designed to address the increasing numbers of federal employees becoming eligible for retirement in the next few years.

Succession planning is a crucial element of OPM's efforts to develop a strong cadre of future leaders at all levels. Major departments and agencies are required, under the human capital scorecard in the President's management agenda, to put in place an approved leadership succession plan and to meet the plan's milestones and targets.

Candidate development programs are a recommended part of agency leadership succession plans. These programs must address the executive core qualifications that OPM has identified as critical for assessing and developing future leaders. The ECQs, as we call them, include fostering an inclusive workplace where diversity and individual differences are valued.

OPM reports to Congress annually on minority representation in the Federal Government in relation to the overall civilian labor force. Our most recent report was submitted to the Congress in January. The report shows that the Federal Government continues to compare favorably to the civilian labor force in employing minorities, with the exception of Hispanics.

The Federal Government also employs a slightly lower percentage of women than the non-federal sector. The report also shows that the overall minority representation has continued to grow since the previous report.

In conclusion, I want to assure you that OPM shares your goal of a federal workforce that is effective in large part because it draws on the strengths that a broad and diverse applicant pool offers. This will continue to be our goal with respect to developing our future federal civilian workforce.

I will be happy to take any questions.

[The prepared statement of Ms. Kichak may be found in the Appendix on page 33.]

Chairman GONZÁLEZ. Thank you very much.

Our next witness will be Mr. George Stalcup of the GAO.

STATEMENT OF MR. GEORGE STALCUP, DIRECTOR, STRATEGIC ISSUES, GOVERNMENT ACCOUNTABILITY OFFICE

Mr. STALCUP. Thank you. Mr. Chairman, Ranking Member Westmoreland, Congresswoman Moore, I appreciate the opportunity to be here today to provide the Subcommittee with information on diversity, including Hispanic representation of the federal workforce and at SBA. The federal government is facing new and more complex challenges in the 21st century, and federal agencies must transform their organizations to meet these challenges.

Human capital management must be the centerpiece of any serious change management strategy. We have work underway reviewing SBA's organizational transformation efforts. Today, as requested, my remarks will focus on demographic data related to the federal government as a whole, and SBA's workforce, with an emphasis on Hispanic representation.

As you know, Mr. Chairman, in 2006 and 2007 we reported on factors affecting Hispanic representation in the federal workforce and efforts being taken by agencies to address representation issues. Those reports contain data through September of 2006. While we have not done any additional analysis on Hispanic representation since those reports, for this testimony we have added Hispanic representation data for 2007.

We have reported that Hispanics are the fastest-growing segment of the civilian labor force. And according to OPM's central personnel data file, Hispanic representation in the federal workforce increased from 6.6 percent in 2000 to 7.7 percent in 2007. Hispanic representation also increased at most agencies during that same span, and at five agencies Hispanic representation exceeded the 7.7 percent government-wide percentage—DHS, Justice, SBA, SSA, and Treasury.

Now, of those five, representation at two—Justice and SBA—declined between 2000 and 2007. While we have not done this analysis, the decline at Justice may be related to the establishment of DHS and related movement of staff.

We also looked at various pay plans and grades across government, from blue collar through SES, and found that between 2000 and 2007 Hispanic representation increased in nearly all categories. As shown in my full statement, at SBA, while Hispanic representation remained higher than the government-wide percentage within most levels, there was a decline in those percentages from 2000 to 2007 in the majority of the pay plan/grade categories.

For SES, we recently looked more closely at representation among those who are career, or permanent, appointments. These leadership positions are critical. Having a diverse SES core, which generally represents the most experienced segment of the federal workforce, can be an organizational strength and can bring a wider variety of perspectives and approaches to bear on policy develop-

ment and implementation, strategic planning, problem solving, and decisionmaking.

As shown in our full statement, the two greatest changes among EEO groups within the career SES government-wide from 2000 to 2007 was a decrease among Whites and an increase among Hispanics. Within the GS-15 and 14 levels, considered the developmental pool for the SES, the largest changes from 2000 to 2007 were a decrease among Whites and an increase among African-Americans.

Similar to government-wide career SES, the two greatest changes among EEO groups within the career SES at SBA from 2000 to 2007 was a decrease among Whites and an increase among Hispanics. However, with fewer than 40 total SES members at SBA, it should be noted that even small changes will have a notable impact on representation percentages.

Unlike the increase in the number of career SES government-wide from 2000 to 2007, the number of SESers at SBA declined slightly. We did not analyze the factors that contributed to changes in SBA's workforce during this period. However, OPM and EEOC, in their oversight roles, require federal agencies, including SBA, to analyze their workforces, and both the EEOC and OPM report annually on government-wide representation levels.

Similar to the government-wide SES developmental pool, the two greatest changes among EEO groups within SBA's developmental pool from 2000 to 2007 were a decrease among Whites and an increase among African-Americans. Hispanic representation in the SES developmental pool declined slightly at SBA but remained above the Hispanic representation percentage for the government-wide SES developmental pool.

In 2006, OPM reported that approximately 60 percent of the executive branch's 1.6 million white-collar employees and 90 percent of about 6,000 federal executives will be eligible for retirement over the next 10 years. Although most employees do not retire immediately upon becoming eligible, the looming retirement eligibility of federal executives at agencies such as SBA present both a need for effective succession planning and an opportunity to affect workforce diversity.

In an October 2007 report, the SBA Inspector General identified effective succession planning as a management challenge for SBA. SBA acknowledged the need for additional efforts in this area and has taken some positive steps.

This concludes my remarks, and I will be happy to answer any questions.

[The prepared statement of Mr. Stalcup may be found in the Appendix on page 36.]

Chairman GONZÁLEZ. Thank you very much, Mr. Stalcup.

Our next witness will be William Gil, Vice President of the Hispanic Association of Colleges and University. Mr. Gil.

STATEMENT OF MR. WILLIAM GIL, VICE PRESIDENT, HISPANIC ASSOCIATION OF COLLEGES AND UNIVERSITIES

Mr. GIL. Good morning, Chairman González, Ranking Member Westmoreland, and other distinguished members of the Sub-

committee. HACU welcomes the opportunity to provide insight on the critical role we are playing in assisting increase Hispanic representation in the Federal Government.

HACU represents over 450 colleges and universities committed to higher education success in the United States and Puerto Rico. Collectively, these institutions enroll more than 4.8 million students. There are almost two million Hispanics enrolled in college today, with HACU member institutions enrolling 1.2 million of these students. HACU is the only national education association that represents Hispanic-Serving Institutions.

As we have heard from Chairman González, due to the increase in the Hispanic population, it can be said that our nation's economic and social success rests on the level of skills and knowledge that Hispanics will attain. Education indisputably is the key. HACU is committed to Hispanic success in education.

To this end, HACU maintains more than 30 formal memoranda of understanding and partnership agreements with federal agencies, offices, and businesses, to increase infrastructure at member institutions and create opportunities for their students. One of the most highly regarded programs for introducing Hispanics into careers in the Federal Government is the HACU National Internship Program.

This program began in 1992 with 24 students working in Washington, D.C. The success of this initial endeavor led to the rapid expansion of the program to other federal agencies. For example, during 2007, the program welcomed 626 students participating in 25 federal agencies and 6 private corporations in Washington, D.C. and throughout the entire country.

These individuals came from 34 states and Puerto Rico. The academic background of these students were also diverse in that they represented 100 different academic majors, including engineering, human resources, communications, business, finance, electronics, computer science, law, and law enforcement, among some of the ones we would like to mention.

The program has also been well recognized for its contributions. For example, the HACU National Internship Program is point 4 in OPM's nine-point Hispanic employment plan. Moreover, OPM Director has also recognized that the internship program and the HACU Cooperative Education Program as best practice tools for the recruitment of Hispanics into the federal workforce. Both programs directly respond to Executive Order 13171.

The benefit of partnering with HACU is that we complete a lot of the groundwork for federal agencies for recruiting at member institutions, prescreening in matching a student's academic background with an agency's mission critical occupation needs. We also coordinate the student's travel and facilitate housing.

Through partnering with HACU, federal agencies have been able to offer internships and permanent positions for thousands of Hispanics. Over the past 15 years, the program has provided professional development opportunities for over 7,000 students. To measure the impact of the program, an independent analysis was completed in 2007. The results show that the program clearly increases professional career opportunities for program participants and is

truly a best practice in the recruitment of Hispanics in the federal workforce.

Survey highlights include: as a result of the internship experience, over 90 percent of the participants consider working with the Federal Government. That is a 44 percent increase compared to their intentions prior to completing their internship. Nearly 38 percent of the survey respondents now work in the Federal Government. Eighty-five percent of the participants expect that their internship experience will be useful to them 10 years from now.

The report's conclusion was that the program has changed the lives of many students for the better. It has fostered learning and development career abilities and provided the Federal Government and other agencies with an educated, experienced pool of potential employees.

Internship programs like the HACU National Internship Program are critical to bridging the chasm that currently exists between Hispanic college students and federal agencies by introducing college students to the opportunity that that exists in the Federal Government and addressing the desire to become part of the federal workforce.

Since 2000, Hispanics have accounted for half of the population growth in the United States. However, Hispanics are the only underrepresented ethnic group in the federal workforce, comprising 7.7 versus 13.3 of the civilian labor force. As the numbers of enrolled Hispanics in the United States increase and improve, the percentage of Hispanic representation in the Federal workforce is not keeping pace.

As we all know, studies estimate that the Federal Government may lose almost half of its workforce in the next decade. One of the most obvious recruitment strategies is that federal agencies should conduct outreach and recruitment activities where Hispanic students are found in higher numbers. Specifically, federal agencies need to develop strategic partnerships with Hispanic-Serving Institutions, since they enroll the majority of Hispanics in college today.

Federal agencies should also look to establish and maintain lasting relationships with HSIs, the department and schools where they find students, and agencies should look to increase the number of Hispanic students at participating existing federal student programs.

Lastly, federal agencies should develop an effective student internship program with Hispanic organizations that have access to Hispanic college students that can serve as third party internship providers.

A truly representative government workforce is an important public policy goal, since it affects the government's ability to meet the needs of its citizens.

That is the end of my statement, and I am happy to answer any questions.

[The prepared statement of Mr. Gil may be found in the Appendix on page 56.]

Chairman GONZÁLEZ. Thank you very much, Mr. Gil.

The testimony will now be heard of Mr. Jose Osegueda, President and CEO for the National Association of Hispanic Federal Executives.

STATEMENT OF MR. JOSE OSEGUEDA, PRESIDENT AND CEO, NATIONAL ASSOCIATION OF HISPANIC FEDERAL EXECUTIVES

Mr. OSEGUEDA. Chairman González, Congressman Westmoreland, and members of the Subcommittee, thank you for the opportunity to appear before you today.

I recently retired from the Federal Government, and I am a live witness of the difficulties facing Hispanics in our quest to reach the highest ranks of public service. NAHFE is an organization that represents all senior-level Hispanics in the Federal Government, and I am proud to speak on their behalf here today.

The current selection methodology for senior-level positions in the Federal Government has not produced any improvement on Hispanic representation at the senior levels of the Federal Government workforce. Hispanics represent 3.6 percent of the career SES cadre, while making up 13.8 percent of the national civilian labor force. Using the most conservative calculations, this means that Hispanics today are underrepresented by close to 500 career SES positions.

To make matters less encouraging, Hispanic representation at the feeder positions leading to the career SES level declined by 2.8 percent, or 579 positions, from 2006 to 2007. Without a robust presence in the feeder pipelines, and strong measures of accountability, future Hispanic representation at the senior-level positions in government will only get worse.

NAHFE believes one answer to successfully diversifying the senior-level ranks of government is to set in place and to enforce meaningful systems of accountability, so that managers and supervisors may be held accountable for effectively carrying out their legal mandate to implement and promote equal employment opportunity and diversity programs.

In fact, a number of accountability tools are already in place. They just haven't been effectively monitored or enforced. This culture of non-accountability has resulted in disgraceful levels of Hispanic representation at SES levels in federal agencies that should be leaders in diversity.

That Hispanic underrepresentation in the federal workforce has reached crisis proportions is clearly illustrated by these telling statistics. Hispanics remain the only underrepresented ethnic group, at 7.7 percent, in the overall government workforce. When compared to their present level of representation in the national civilian labor force, 13.8 percent, there is a Hispanic underrepresentation gap of 6.1 percent or 120,000 jobs, at $5.5 billion in salaries alone, to the Hispanic community.

With the average hiring rate of .13 percent over the past 40 years, Hispanic representation in the federal workforce will never reach parity with their numbers in the national civilian labor force.

NAHFE fully supports the Subcommittee initiative to introduce legislation to establish an Executive Resource Office within the Small Business Administration to ensure the SBA executives reflect the nation's diversity. NAHFE has consistently emphasized

the need for accurate and timely data on current positions of filled, vacant, and candidate for career SES positions.

The responsibility for accountability in diversity selections rests with the recruitment and selection process. And the record speaks loud and clear that leaving independent authority for ensuring diversity in career SES selections with agencies will not improve the dismal bottom line. One only need to look at the current level of Hispanic representation in several key executive agencies to understand it is time to abandon the failed SES selection methods of the past and turn to new, creative ideas for improving diversity at the senior levels of government.

For these reasons, NAHFE supports and commends the Subcommittee for introducing legislation that will create the accountability part of the process that has been missing all along. NAHFE shares the goal of bringing greater diversity to the federal executive corps.

We do not believe that continuing to rely on the failed SES selection methodology of the past will yield different, more positive results. It is time to turn over a new leaf and dramatically improve the SES selection process. We believe that they will signal a welcome change toward improving diversity at the senior levels of government.

Chairman González and members of the Subcommittee, I thank you for the opportunity to share our views and support for the SBA Executive Diversity Act.

[The prepared statement of Mr. Osegueda may be found in the Appendix on page 61.]

Chairman GONZÁLEZ. Thank you very much, Mr. Osegueda.

The chair is going to recognize himself for five minutes of questioning. And I am going to keep to my five minutes, because I know the other members—we started at kind of an awkward hour, but this was the only time that was going to be available given our schedule. But I will reserve the right to actually follow up on some other questions, because I know I am not going to get everything out in five minutes.

So I will start my five minutes now. And I guess the question will go to Mr. Stalcup to kind of get an overview of the process or mechanism that we have at the federal level to ensure that, whether it is legislation or through regulation or through executive order, that a real effort is being made by the agencies and departments of the Federal Government to have a diverse and very qualified workforce.

But who is truly responsible, one, for identifying best practices, making recommendations to all of the governmental agencies, departments, and entities as to what they should be doing. And, of course, I think as Mr. Osegueda may have already alluded to, and monitoring, because we have had this discussion before, and I think I know the answer, but you are the GAO, and basically you identified the different entities that have different responsibilities.

So what would be your answer?

Mr. STALCUP. Well, to a large extent, those responsibilities are shared between EEOC and OPM. Both organizations require agencies to analyze their workforces—and in the end, under any sce-

nario, that is step one. They need to understand their workforces, not only just in terms of numbers, but how they align with agency mission and what the needs are.

Both EEOC and OPM require agencies to annually report on what they are doing in terms of identifying any barriers that are there and what they are doing to address those barriers. In the study that we did with you, Mr. Chairman, we looked at how OPM and EEOC carried out this function on a government-wide basis, and they do collect this information, they do summarize it, and they do annually report to Congress on those numbers.

What we have not looked at—and it is a fair question—is what those organizations are doing directly with the agencies based on what is reported to them.

Chairman GONZÁLEZ. And I know that when GAO assumes one of—responsibility that Congress will make a request that you will assume—you are very, very careful to always stay within the guidelines or boundaries of what is being asked and not to expand or go beyond. And I know when we were talking about diversity in numbers, you usually will identify how an agency or a department may be meeting those particular numbers, what policies, and so on. Then, you look at OPM, EEOC, and what they are doing.

But do you identify, or has that ever been part of your charge, to identify what would be the best practices, or any shortcomings in identifying best practices? It has been my experience that basically you can give us a birds-eye view of where we are and where the numbers, but not necessarily, again, policy-wise. Are the policies good policies? Are the policies effective? Should they be doing something else? Should there be some sort of an accountability mechanism?

Have you ever looked at that? And if you have, if you could tell me what you think you have found.

Mr. STALCUP. We have looked at that, Mr. Chairman. We did a fairly robust study going back several years. The report came out in 2005. What we did was we surveyed experts throughout the country in all levels and disciplines to get ideas about what they thought were the keys to good diversity management.

We then built a list of best practices based on what we learned from those folks. There are eight or ten practices on there. It starts with top leadership commitment. It involves recruitment, it involves succession planning. It involves integrating human capital into the strategic plan.

And we went out to select agencies, I believe it was five agencies, and looked at how those kinds of things—what they were doing in those areas in terms of techniques and what worked well. And that report is available on GAO's web site. It is a very good report, has a lot of good information in it.

Chairman GONZÁLEZ. Thank you very much.

And then, this question is to Ms. Kichak. And that is, I think we understand the role that you play and that you outlined in your testimony. And I have less than a minute, but, quickly, what about—I know that you make suggestions, you identify best practices, and you kind of monitor and, again, evaluate. Is there any accountability if in fact you identify an agency or a department

that is not following those suggestions or recommendations that you promulgate?

Ms. KICHAK. Okay. The method of accountability for us is through the federal human capital scorecard and reporting on their—on agencies' activities to build a diverse workforce. And that is the scorecard that is the red, yellow, green rating for agencies, and that shows how they are progressing. That is our accountability.

Other than the report that we publish, the Hispanic report is very extensive as far as the data it reports, and it shows the data per agency. So there is also the publication of how agencies are doing, the shining the light on their data.

Chairman GONZÁLEZ. Well, thank you very much. And my time is up, but we will come back and follow up with the other witnesses.

It is my pleasure to recognize the Ranking Member, Mr. Westmoreland, for any questions he may have.

Mr. WESTMORELAND. Thank you, Mr. Chairman.

Mr. Hairston, you got pretty specific with the percentages of the minorities at the SBA. Is there—do you look at those numbers when jobs become available? Is there a magic number that you try to keep minorities at when you are hiring in—you know, I mean, how does that play into the hiring?

Mr. HAIRSTON. Well, first and foremost, when we are recruiting and hiring, we are first and foremost trying to make certain that we abide by merit principles and hiring in the federal sector. But as we hire for our mission critical positions, as I mentioned earlier, we do do extensive outreach in recruiting. We have been very successful using our network of partners and organizations to get the word out about mission critical jobs.

And for the most part our practices are, and have been, to make certain that we have diversity in our ranking and reviewing panels, and that when we are actually recruiting for what we consider to be our mission critical positions, that we are able to develop what we consider to be a diverse, highly qualified applicant pool, and in making those selections that we are trying to make the best selections we can make.

Fortunately, in doing so, we have been successful in attracting good applicant pools, and we have made those selections based on the qualifications of the individuals that applied, and we have been able to achieve these numbers. I think what is important is is that it is a common practice for us. We hold ourselves accountable for achieving those results.

Our human capital office and our EEO office collaborate very closely on an ongoing basis, so we are always aware of where we stand in respect to these types of numbers and our diversity in the workforce. But, more importantly, we value the quality of the diversity. And I can't honestly say that every time that we have a position on the street that we are looking at these numbers and keeping that in mind.

Mr. WESTMORELAND. Thank you. I am going to call you Mr. O, if that is okay. Mr. O, is the Hispanic community—and, Mr. Gil, you can jump in on this, too—are you satisfied with the numbers that are at the SBA or in the federal workforce as a whole?

Mr. OSEGUEDA. Certainly not. We are looking at historic data, and we have come to the conclusion that Hispanic representation—that Hispanics are underrepresented government-wide and especially at the SES level. As I indicated earlier, we have some data to substantiate this.

There are at least 500 positions that could be filled by Hispanics, if we are going to reach parity. Hispanics are the only ethnic minority that is underrepresented in the Federal Government.

Mr. WESTMORELAND. Do you think, from the explanation Mr. Hairston just gave, which I thought was a very good explanation of the hiring practices, do you think there is anything that they need to do to improve on that? Or did that sound fair to you, what he mentioned?

Mr. OSEGUEDA. One of the things that we advocate is to be at the table when the selection process takes place. But one of the things that we have complained in the past is that the actual data of SES positions available, filled, and the candidates who apply for these positions is not really available.

So we cannot really tell you, okay, these are the many positions in the Federal Government at the SES level. These are the efforts for individual agencies to recruit for these positions and who, in fact, is applying for these positions and who is actually selected.

Mr. WESTMORELAND. Mr. Gil?

Mr. GIL. I would concur with Mr. Osegueda's comments. I guess the largest issue for the Latino community is the lack of clarity in the selection process that currently is in place. And so, in that sense, we want to be equitable partners in the process. However, we have no—we don't really know what we are trying to—

Mr. WESTMORELAND. I guess my question, you know, boiled down to: do you think that the Hispanic worker or applicant needs to have an advantage over anybody else? And, if you do, at what percentage do you think that the Hispanic workforce needs to be at?

Mr. OSEGUEDA. Our position is that we want to have the opportunity—I don't think we are claiming here to have an advantage on anything, but to have the opportunity to compete and to be at the table when the decisions are made.

Mr. GIL. We are essentially saying that we let—we request nothing more or less than effective federal outreach in hiring and employee retention. We simply request a fair chance.

Congressman, I think what the Latino community's concern is is the long-term impact, especially as our community continues to grow in demographics and numbers, and the long-term implications for the United States in having individuals in positions of power who are making decisions about our community. We may not have individuals within those ranks who know what these impacts may have.

We are not asking for a certain number or making this a civil rights issue. We are just asking for the opportunity to be part of the process.

Mr. WESTMORELAND. And I appreciate it, and hopefully we will have a chance to come back and ask some more. Thank you very much.

Chairman GONZÁLEZ. Thank you, Mr. Westmoreland.

The chair will recognize Ms. Moore for any questions she may have.

Ms. MOORE. Well, thank you so much for convening this distinguished panel, Mr. Chairman.

I guess I will get right to the questioning and briefly ask Mr.—maybe it is not an appropriate question for Mr. Hairston. Maybe it is more an appropriate question for Ms. Kichak or Mr. Stalcup. But I want to refer to Mr. Hairston's testimony.

You mentioned that the workforce at the SBA lost 631 people due to losses in your temporary workforce hired to service disaster loans from Hurricane Katrina. Is that a typical entry point into the Federal Government, to hire minorities for temporary—as a temporary workforce, I can imagine—and correct me if I am wrong, Mr. Hairston—that there were lots of needs for translation and other services that only perhaps Hispanics or others could provide, and you hired that temporary workforce.

Is there any formal sort of effort to harvest those temporary work experiences, to put them in the queue for upward mobility?

Mr. HAIRSTON. I would certainly say that when we ramp up for disaster activity, and particularly the magnitude of Hurricane Katrina, we are reaching out and hiring as many people from all walks of life as we can possibly do as fast as we can. We also do keep in mind the fact of the diversity of the population that we have to serve during those disaster times, and when we do have the opportunity to find individuals who are bilingual or representative of the communities that are affected, we certainly take advantage of that.

To say that that is a good entry point, you would have to say that it is a good entry point, because while they are making disaster loans, they are also having the opportunity to become familiar with SBA programs and SBA—

Ms. MOORE. I don't want to be rude, but I want to ask the OMB and GAO, is there some articulation between—first of all, how widespread is this temporary hiring among federal agencies, not just the SBA, and is that, you know, for contract work? And is there some formal effort to articulate that into full-time positions?

Ms. KICHAK. I will take a crack at that. There are lots of temporary jobs filled every year, but they are temporary. In fact, more jobs are filled on a temporary basis than on a permanent basis during the year. It depends on how the temporary jobs are filled, but generally they are non-competitive. So they include our summer hires and our seasonal workers and things like that.

Ms. MOORE. Okay. Are there different qualifications for—other than taking the test? I mean, other than getting—these same folk that are hired for temporary workers, would they in fact qualify for a regular federal job?

Ms. KICHAK. They would need to compete for that job. However, their experience as a temporary worker would be very valuable in helping them compete favorably.

Ms. MOORE. Are there any formalized programs to say, "Hey, you have been a temporary worker, we have this fast-growing—we have this Executive Order"—and I—with all due respect, this is a civil rights issue. To have the fastest-growing population in the

United States be woefully underrepresented in the delivery of Federal Government services.

So is there any—so, Mr. Chairman, all I am doing with this line of questioning, because I am going to run out of time, is just suggest that, in addition to the amazing work that Mr. Gil's organization has done, that the Hispanic Federal Executives Association is doing, that this might be a more straightforward sort of way of doing it.

I guess I would like to ask a question of Mr. Osegueda regarding the—his assertion that without a robust presence in the feeder pipelines, and strong measures of accountability, future Hispanic representation at the senior level of government will only get worse.

You have talked a little bit about how there is no accountability for meeting the executive orders, and I guess I would like you to expand on that in the remaining time.

Mr. OSEGUEDA. Yes. I didn't mention this, but it is included in my notes, that the EEOC has failed to enforce the uniform guidelines on employee selection procedures to monitor agency selection practices. OMB and OPM have rubber-stamped agency progress in implementing the diversity component of the President's management agenda for the management of human capital.

And we believe that OPM has failed to effectively monitor and enforce the principles of the Executive Order 13171. So that is what we are talking about accountability. And what we think is that no agency is actually enforcing these diversity practices. So agencies are independently doing what they are doing, and that is the reason why the hiring of Hispanics is—for the past 44 years has been .13 percent.

Ms. MOORE. Okay. So no one is enforcing what they are doing. They are just doing their own thing.

Mr. OSEGUEDA. That is what our observation is. So that is the reason we support this type of legislation. We think that it is going to bring into the process that measure of accountability that we think we are missing.

Ms. MOORE. Thank you. I have other questions, but I can see my time has expired, Mr. Chairman. I yield back.

Chairman GONZÁLEZ. No, no. Thanks very much. I think it was very insightful, your line of questioning. And the chair is going to recognize himself for some follow-up questions, and then, of course, the other members will be also recognized.

Ms. Kichak, the problem that Congress has, as I see it—this is my own view of it—is that we understand we have a couple of agencies out there. We have OPM, and we have EEOC, as Mr. Stalcup has pointed out, that kind of oversees all of this. But as other witnesses have also pointed out, I think the problem is always going to be accountability.

So even if you are identifying shortcomings, promoting best practices, and an agency or department doesn't follow through, the worst thing that could happen to them is they get a failing mark on a scorecard, or there is a newsletter or publication or a site somewhere that says you didn't do very well.

But it has been my experience, working with Chairwoman Nydia Velaquez, that scorecards don't mean very much to an agency or

a department if there aren't any consequences. The example I always give is that on bundling in federal contracting, which is a real problem, whether you are Republican or Democrat, we believe small businesses should have these opportunities.

Over and over again, each and every department out there of the Federal Government fails to meet its contractual obligations, as we see it, to make sure the opportunities are extended to small businesses. So we give them an F, we give them a D. The highest one I think is a C. Nothing ever changes. And I have always said, "Well, there is no accountability. There is no consequence."

And I don't want to say there should be punishment. I am not sure what we do about accountability. I don't know what an agency or a department that fails to institute that which you are promoting and identified as good practices and continue to fail and be more aggressive in meeting numbers on diversity, I don't know what you do. I am not even going to give you that answer. I am not real sure. You know, I always think it is always about budgets, but that is an argument for another day.

So I think Congressman Davis—and I am not speaking for Mr. Davis, or any of the other members of the Oversight Committee, but I think what they are trying to say is, well, maybe if we have someone within OPM that will be—may be more aggressive about the manner in which you identify different approaches that you will be recommending to agencies, and you still follow through, and even then, within those agencies or departments, even having, again, a more diverse panel that will be looking at hiring practices, so that whatever you promulgate, as it filters down to agencies and departments, you actually are mirroring a panel that will be composed—obviously, I think the way Mr. Davis has it I think he has, you know, a woman and then a person of color, and so on, that would be on this panel.

I think at the last hearing that I attended with Mr. Davis you did not embrace that piece of legislation. I am not speaking for you. Do you oppose that particular recommendation or suggestion?

Ms. KICHAK. We believe very strongly that the panels should consist of diverse individuals. We do—we agree in principle that that is important. We have issued guidance that tells folks to comprise their panels and SES selection from a broad spectrum of employees to make sure that there is representation.

What we object to, or don't support in that legislation, is the mandatory nature of that. Every time the way—the way we read the legislation every time a panel is drawn, it has to have a certain makeup. And we just think that is too restrictive. You might know that OPM has been working very hard. We have an SES pilot starting to try to do things in a more efficient manner, try to encourage hiring by making the process not so cumbersome. And we think that's just too restrictive.

Chairman GONZÁLEZ. Okay. Thank you. The next question in the following up is going to be with Mr. Gil and Mr. Osegueda. I think there is a perception out there that it takes a little bit more work, a little bit more effort, to identify a minority applicant. The pool may not be as great, it takes a greater effort, it definitely is more targeted. For instance, I think we have already had Ms. Kichak in-

dicate that they go to these universities that have high minority representation in the Latino community and such.

Recognizing that—and, again, I don't speak for Mr. Davis—but I would imagine that the motive behind this is to, in a way, institutionalize within OPM and within every department and agency the sensitivity based and predicated on the composition of these panels.

Do you believe that that is an appropriate approach to make sure that whatever OPM is doing is—one, that it does identify that which is most effective; and, secondly, that the departments and agencies to which they are communicating these suggestions are in fact taking them seriously and implementing those policies? Mr. Gil? Or Mr. Osegueda?

Mr. OSEGUEDA. We think that we should have an opportunity to be there when those decisions are made. But the thing here is that if we don't have this access to this data that says that—how many people are applying, who these people are applying for these SES positions, we can't really tell you whether Hispanics are applying or not.

But we have contended every since—for the last couple of years that there is no lack of talented and qualified Hispanics for SES positions. We are out there. We are not—the Federal Government is not making the effort to in fact prepare, develop, and provide opportunities for development for these people to actually compete for SES positions.

I don't think that it is the fact that we are not there. I don't think it is the fact that we are not applying. I don't think it is the fact that we are not qualified for that and we are not interested in being in SES positions. Our position is that there are now opportunities, and we have been discriminated for a long time, and we have been passed for promotions for a long time, as we have indicated here with the data.

So we think that without those measures of accountability, and ever since Executive Order 13171 came up, we don't see this accountability being in place. We think that by having these panels then that measure of accountability is incorporated into the agency diversity initiatives.

Chairman GONZÁLEZ. And, Mr. Gil, do you have an opinion on this?

Mr. GIL. Mr. Chair, I will address it more in the aspect of opportunity regarding within the Federal Government. Studies show that less than 25 percent of all college students ever think about working for the Federal Government as a career choice, the largest employer in the United States.

What we have seen, as a result of participating in opportunities such as the ones that we offer, is that their interest in working for the Federal Government increases tremendously. As I reported, 90 percent now would consider working for the Federal Government as a career choice. That is a tremendous chasm that has been bridged with just a 10-, 15-week opportunity.

I think that this is is important as a pipeline issue, because it is easier to get in at the entry level than through the more senior ranks. So what we are trying to do is provide a pipeline for those individuals for the long-term viability of a workforce in the United States.

So I commend OPM and other federal agencies that look at this as a long-term human resource issue, because they are starting to see that they need to go where the Latino students are by partnering with Hispanic-serving institutions.

Chairman GONZÁLEZ. Okay. Thank you very much, Mr. Gil.

The chair is going to recognize the Ranking Member, Mr. Westmoreland.

Mr. WESTMORELAND. Thank you, Mr. Chairman. This will be my last round of questions. I have got to go somewhere else.

But it is very interesting. I am interested to know what Mr. Gil and Mr. O would do with these numbers that you get. I mean, how would you use those numbers to help you better understand if Hispanics were being discriminated against or not? Because unless you really read the whole job application and had—you know, you wouldn't really understand how those numbers related.

Mr. OSEGUEDA. First of all, we need to know exactly how many SES positions are vacant. And we need to know what are the efforts of the agencies as recruitment is concerned. But, then, we need to know how many or who are the people who are applying for these SES positions. Are Hispanics actually applying for these positions and are not being selected on a consistent basis? If that is the case, then we can have an argument that either we are not prepared to compete for those positions or there is a discriminatory practice.

Now, if we are not present when those evaluations are made at the panel level, then we don't even know why is it that this particular applicant was not selected.

Mr. WESTMORELAND. Mr. Gil, with HACU, you have an intern program that I guess you have got some agreements with the government or this is something that you offer Hispanic students, to go into this internship, correct?

Mr. GIL. Correct. Those are public through RFP process with federal agencies, that they set up their own individual requirements, and then they put it out in the Federal Register for associations or companies or individuals to compete for.

Mr. WESTMORELAND. Do you have any problem with those numbers?

Mr. GIL. In regards to specifically what, sir?

Mr. WESTMORELAND. Is it enough? I mean, you have got I think you said 4.8 million students, and I don't know how many are offered these internships.

Mr. GIL. We place approximately 620 students per year. We have every summer, for example, sir, nearly 2,000 eligible applicants. Those are individuals that have over 3.0 and above and over a multitude of different disciplines that would be perfect candidates for not only the public sector but for the private sector.

So what we do is to open doors of opportunity, and for all of these students to get valuable work experience.

Mr. WESTMORELAND. Who controls those numbers, though, is what I am asking I guess.

Mr. GIL. It comes straight from the federal agencies. They provide us with their interest and their specific requirements, what they are looking for, X, Y, or Z individual in Washington, D.C., or it can be Alaska or it can be Forest Service, you know, in Provo,

Utah, and they let us know what type of individual they are looking for. We then facilitate those individuals.

Mr. WESTMORELAND. And I am assuming that the historical black colleges and universities have these same opportunities with the federal—

Mr. GIL. That is correct.

Mr. WESTMORELAND. —program also.

Mr. GIL. That is correct. There are also Native American and African-American. It is identified in many federal agencies as minority-serving programs.

Mr. WESTMORELAND. Thank you. I yield back the balance of my time.

Chairman GONZÁLEZ. Thank you very much. Appreciate your participation today.

And the chair will recognize Ms. Moore.

Ms. MOORE. Well, thank you again for the opportunity to have a second round. I just wanted to mention to Ms. Kichak that I can see from your testimony that you have never been to Milwaukee, Wisconsin. I see that as a terrible failure of the Federal Government to recruit on very fertile ground.

We have a very fast Hispanic—growing Hispanic population. I think we are only second to Indiana in terms of the fastest-growing Hispanic population. We have I think the youngest African-American population in the country. It would be a fantastic and welcoming activity to have someone from the personnel management agency come out.

I guess I wanted to sort of ask Mr. Gil—and I think my colleague, Mr. Westmoreland, has asked a lot of questions about the internships—these internships are funded for all of the agencies, for any agency?

Mr. GIL. Each individual agency makes their own internal decision on how many students that they have. Usually it is a federal agency-wide procurement opportunity, and individual bureaus utilize that mechanism to hire the students.

Ms. MOORE. Okay. Do you find that you always have enough students to fill these slots, or are you—do you find yourself short of slots or waiting lists, or are there adequate numbers? Do you wish there were more opportunities?

Mr. GIL. Absolutely.

Ms. MOORE. Okay. Let me ask a question. In terms of the types of students that are recruited for these programs, are there—many of these students may come from—may be very capable but may come from families who don't necessarily have money to totally and completely support this activity.

I mean, they can't—you know, I think they—every parent sort of hustles up enough money to get clean underwear for their kids, so that they won't be embarrassed when they come to Washington, D.C., or go wherever. But are all of the expenses paid so that you don't find yourself only recruiting those middle class students who can take advantage of this opportunity?

Mr. GIL. Thank you, Congresswoman, for allowing me to expand on the nuances of the program. It is truly unique that all of these internships are paid, 100 percent paid.

Ms. MOORE. Okay.

Mr. GIL. In addition to we help facilitate roundtrip airfare for the student at no cost to the student. We also help facilitate housing. I always put it in the lowest common denominator. This may be the first time they are flying in a plane, much less arrive to Washington, D.C., Reagan National Airport, and know exactly where they are going to live for the summer.

And so we actually meet with the student at the airport, transport them to their location, transport them for a full two-day orientation so they feel much more fully prepared, create a sense of a safety net, for lack of another word. We also provide them with access to alumni.

So we are happy to report that once a student starts a program, we have a less than one percent attrition rate for the students that leave the program. But I do believe that the critical aspect is that they are all paid.

Ms. MOORE. Ms. Kichak, I just want to ask you a question before my time expires. You know, we have—and I think, you know, Mr. Westmoreland may have touched on this a little bit. We sort of have sort of schizophrenia in this country as it relates to affirmative action and creating opportunities for minorities, the whole immigration policy.

Are these conflicts in the American political dialogue, do you think that they hamstring the agency in terms of actually implementing the executive orders and actually—because we heard a lot of frustration from Mr. Osegueda that in fact we are woefully behind, and Mr. Gil is saying we could do more.

Do these cultural sort of warfare issues, do you believe that they perhaps impede your ability to fulfill this mandate?

Ms. KICHAK. I don't think so. I think, number one, we do agree that there needs to be more progress. So we are not comfortable with where we are. But we think we have the opportunity to do that.

I think we feel that if we do more job fairs in the right places, if we participate in more activities with folks like HACU—and OPM does have a contract with HACU—that we can make progress. And, again, it is some of the—yes, we are schizophrenic. We don't like mandates. But we don't think that stands in our way. We think we can do better. We think we can make progress.

Ms. MOORE. Thank you so much. My time has expired.

Chairman GONZÁLEZ. Thank you very much.

And before we adjourn, just—you don't have to stick around, if you have to be somewhere else. But I just wanted to follow up and end it with a couple of questions and still give my colleagues an opportunity.

Ms. Kichak, going back to accountability, if an agency or a department receives whatever suggestions and findings that you make as OPM, as the overseer, as the monitor, as the one that promulgates best practices or identifies them, and they do nothing and they get a failing score on that scorecard that you are referring to. And maybe in a newsletter or a web site, again, their failings or shortcomings are highlighted, but they still do nothing. Where do you go from there?

Ms. KICHAK. Well, I think the publication of the data and the publication of the scorecard mean a lot, and I think there is a com-

mitment at the highest level to that. We work with OMB. OMB sits down as we score. And you mentioned you think there is a budget, you know, there is a budget impact there.

I think there is a great incentive with the people involved in doing these scorings, in doing these reviews, to try to work on these issues. And I know the data is not good, but we are showing some improvement, very slow improvement, in the number. I mean, there is attention being paid to this issue, and it is making a difference.

Chairman GONZÁLEZ. Okay. Mr. Stalcup, and I don't want you to go beyond—I know you won't anyway, because you guys are so darned disciplined over there.

[Laughter.]

What do we do about the accountability factor? Obviously, Congress is frustrated. I think Mr. Davis is looking at a way of working and setting in place some mechanism that he thinks will pay more attention to the problem, and maybe it will percolate and be better monitored, and maybe they will come up with some sort of consequence.

But what about accountability? What if no one adopts best practices? Someone continues having a low score and just doesn't improve on making sure that they expand the diverse nature of their workforce.

Mr. STALCUP. Well, thank you, Mr. Chairman. We have done a lot of work, and we have come at this with just a little bit different perspective. Numbers are important. Numbers don't lie, as long as they are accurate. And we need to know where we stand, whether it is against the CLF or against the relevant CLF. There are ways to analyze numbers.

A few years ago EEOC issued a new Management Directive 715, which we thought was a major step forward in providing the requirement for agencies to do more in-depth analysis. My point being that the first step is for agencies to analyze their workforces and to understand where they are and to understand where—if there are problems in terms of numbers, that indicates that there are barriers of some kind. What are those barriers? And what can we do to get at those?

I don't have a ready answer for you in terms of the accountability, but our work has gone a long way in identifying the value of agencies knowing where they are in terms of their workforce, how that workforce matches up with their mission, where there are gaps, developing a strategic plan and a human capital plan—that is going to get at those things.

And so, again, for us step one is a better understanding of not only where we are but why and what can be done to change that.

Chairman GONZÁLEZ. And thank you again. And I just want to—again, I want to compliment you for the fine work, and I think you do identify the shortcomings and the problems and where we can improve. But you do leave it up to Congress, which is appropriate, for us to find some of the answers to it all.

Mr. Hairston, I did not mean to ignore you through this whole proceeding. SBA obviously is very dear to us, because, you know, we—this Committee wouldn't basically exist, because that is our

chief charge of what we are doing with the Small Business Administration. I commend you for the effort.

I think that there is room for some improvement and such, but we are looking at SBA potentially being a model for other agencies. Obviously, there are much bigger departments and agencies out there. But is there anything that you would like to add as we wrap up the hearing?

Mr. HAIRSTON. Well, thank you, Mr. Chairman. Yes, I would like to just echo some of the comments that I have heard across the panel. I think what is important to this process is a demonstration of commitment to a diverse workforce. And I think our numbers bear out that historically there has been a commitment to a diverse workforce at SBA.

And I believe that our practices are consistent with the guidance that we have received from OPM in respect to how we manage our SES candidate—our SES program as well as our candidate development programs, which is demonstrated by the diversity and the makeup of our SES workforce.

There are always areas that we can improve in. We believe that—we strongly believe that as we go forward that more targeted recruitment is necessary, not only for recruiting from the various diverse populations, but maintaining those levels of diversity in our workforce.

We are committed to doing that, the commitment is there, and we will continue to practice what we consider to be the best practices that have enabled us to achieve the results we have demonstrated so far.

Chairman GONZÁLEZ. Well, I want to again thank you, and, to all of the witnesses, thank you so much. And, of course, your written statements will be made part of the record. Again, there will be some follow up, if we have any additional questions. For many of the members that either were here today or they may have written questions, I appreciate a timely response from you.

Again, thank you for everything that you do, and we will continue the conversation, and we will see where the legislation goes.

And the Subcommittee will now stand adjourned.

[Whereupon, at 1:22 p.m., the Subcommittee was adjourned.]

CHARLES A. GONZALEZ, TEXAS
CHAIRMAN

LYNN A. WESTMORELAND, GEORGIA
RANKING MINORITY MEMBER

Congress of the United States
U.S. House of Representatives
Committee on Small Business
Subcommittee on Regulations, Health Care and Trade
2361 Rayburn House Office Building
Washington, DC 20515-0515

OPENING REMARKS FOR THE CHAIRMAN GONZALEZ
Committee on Small Business
Subcommittee on Regulations, Healthcare and Trade
Hearing on: Minority and Hispanic Participation in the Federal Workforce and the Impact on the Small Business Community
April 23, 2008 – Noon – Room 1539 Longworth HOB

I call this hearing to order on *Minority and Hispanic Participation in the Federal Workforce and the Impact on the Small Business Community*

Thank you all for coming today to this oversight hearing on diversity in the federal workforce and its impact on the small business community.

It has been our policy for 40 years that the federal government should recognize the importance of diversity. One of the cornerstones of the Small Business Act, for example, is making credit, contract opportunities and business assistance available to all small business owners, whatever their background. That is the American way.

But another area where diversity is important is in the hiring and promoting of a diverse group of highly qualified federal employees. Such a policy ensures that minority groups feel welcome to participate fully in national programs.

Although we will talk today about government policy that sets rules for all federal hiring, I also want to focus attention on Hispanic federal employment and the importance it plays in serving the growing Hispanic small business community. The witnesses will offer testimony today on how it remains clear that Hispanic employment lags significantly behind other minorities and well below their representative share in the civilian labor force. This is a problem and it does not seem to be getting better.

I represent a district in a state that has a large, vibrant and growing Hispanic American community. They are proud Americans and it is important to them to feel connected to their government. In the not too distant future one in four Americans will be Hispanic Americans.

Existing Law requires the federal government to make special efforts to evaluate and oversee agency programs for diversity programs. The law provides that recruitment processes prepare those who have the potential but do not presently meet valid qualification requirements for job openings through development programs. Federal agencies are supposed to proactively seek out and prepare those who will help meet the agency needs for succession of leadership and competence in the future.

Unfortunately, the data paints a picture of how the federal government is missing the mark. In the pathway positions for top executive level, Senior Executive Service, Hispanic hiring has dropped by 2.8 percent. The latest OPM report cites a reduction from 5.8% to 3.2% of Latinos in management positions entering the SES. It appears that the majority of Hispanic hires in the federal workforce are concentrated in the GS 1- 8 categories.

So Congress in our oversight capacity needs to hold agencies accountable. We are working on some proposals that would strengthen the hiring process, particularly for leadership succession.

There have been proposals to address this problem. H.R. 3774 the Senior Executive Service Diversity Assurance Act introduced by our colleague Mr. Davis of Illinois has been reported favorably from his subcommittee on the Oversight and Government Reform Committee. The legislation would go a long way to strengthening the federal system of selecting our Senior Executive Service, however I believe further efforts are needed.

This Small Business Committee has oversight over the Small Business Administration and I believe there are ways to implement reforms at SBA to serve as a model for improving overall federal hiring practices.

This could be achieved by setting up an office in SBA that will coordinate and focus on diversity hiring and outreach. It would also promote efforts to ensure that the review panels and the selection panels for SBA executives are themselves diverse. Additionally, there needs to be added transparency to SBA's executive selection process with data reporting and direct annual accountability to Congress. This transparent process not only to the Senior Executive Service but also to GS 13, 14 and 15 levels where SBA's future leaders are retained, trained and encouraged.

These are just some of the ideas I think we could start discussing as a basis for improving hiring practices. I would be also interested in the opinions of the panelists here today.

It is clear further progress is needed. While there have been great strides made in the past forty years for women and minorities in securing senior positions in the federal government, it appears that more need to be done. Without additional reforms now, it may create even greater challenges down the line.

I look forward to the testimony of the witnesses today and thank them for their participation. I yield to Ranking Member Westmoreland for his opening statement.

U.S. House of Representatives
SMALL BUSINESS COMMITTEE
Subcommittee on Regulation, Health Care and Trade

Wednesday,
April 23, 2008

Opening Statement of Ranking Member Lynn A. Westmoreland

Minority and Hispanic Participation in the Federal Workforce and the Impact on the Small Business Community

Thank you, Mr. Chairman, for holding this hearing today. I would also like to thank all of the witnesses for their participation. I am sure that today's testimony will prove to be very helpful.

One of the most celebrated aspects of our nation is its diversity, and nowhere is that diversity evident display than in our workforce. People from all walks of life have helped to make their mark on our country, adding a piece of themselves into the collection of ideas we call America.

I believe that it is vital that the composition of the federal workforce resembles the great nation that it serves. It is extremely important that we continue to attract the best and brightest citizens into federal employment in order to address the many challenges we face.

I welcome this distinguished panel, and thank you all for your willingness to testify.

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Statement of Rep. Jason Altmire
Committee on Small Business Subcommittee on Regulations,
Health Care and Trade Hearing
"Minority and Hispanic Participation in the Federal Workforce
and Its Impact on the Small Business Community"
April 23, 2008

Thank you, Chairman Gonzalez, for holding today's hearing to discuss minority and Hispanic participation in the federal workforce and its impact on the small business community. For over thirty years, it has been the policy of both Congress and the Executive Branch to make efforts to attract, employ, train and promote a diverse federal workforce. By increasing diversity in the federal workforce, we can better represent the makeup of the American population and the constituencies that that are served by our federal agencies.

While the federal government has participated in wide outreach efforts over the last three decades, more can still be done to address the shortage of diversity in our federal workforce. I would like to thank today's witnesses for offering their time and ideas for how we can better use our resources to attract and retain qualified employees. I look forward to the discussion we will have today.

Chairman Gonzalez, thank you again for holding this important hearing today. I yield back the balance of my time.

# # #

Testimony of Darryl Hairston
Deputy Associate Administrator
For
Management and Administration
US Small Business Administration

Hiring Policies and Minority Recruitment
At the SBA

Chairman Gonzalez, Ranking member Westmoreland, members of the committee my name is Darryl Hairston, Deputy Associate Administrator for Management and Administration at the US Small Business Administration. Thank you for inviting me here to testify on SBA's hiring policies and our continuing efforts at minority recruitment. SBA takes seriously both the spirit and the intent of federal guidelines regarding the promotion of diversity in the federal workplace and SBA is committed to addressing the diversity of our workforce and to increasing the representation of women, minorities, and persons with disabilities.

As of September 30, 2007, the Agency's workforce totaled 5,056 which include our temporary disaster workforce. Minority groups which accounted for 39.63% of the total workforce, decreased in number by 631 from 2,635 in FY 06 to 2,004 in FY 07, due mostly to losses in our temporary workforce that was hired to service disaster loans from Hurricane Katrina.

SBA had a population of 48.22% male and 51.78% female employees. 7.61% are Black males, 18.39% are Black females, 3.72% are Hispanic males, 4.75% are Hispanic females, 1.76% are Asian males, 2.41% are Asian females, 0.40% are American Indian/Alaska Native American males and 0.53% are American Indian/Alaska Native American females.

Of these groups, Black males, Black females, Asian females, American Indian/Alaska Native American male and female representation are above the Civilian Labor Force. Reviews of the grade levels for permanent employees indicate that a significant number of the employees (28.88%) at the SBA are at the GS-12 level or above.

Current FY 2008 data indicates that SBA's total staffing is 5,034, of which 2,307 are other than Disaster employees. Of this group, 1,220 are at the GS 13 level or above. 58.9% are male, 41.1% are female, 21.88% are Black Americans, 8% are Hispanic Americans, 5.49 are Asian Americans, and 0.73% is American Indian/Alaska Native American.

SBA has a total of 39 career employees at the SES level, of which 41% are minorities. Of these senior executives, 12.8% are Hispanic, 25.6% are Black American and 2.56% are Asian. Most SES positions at SBA are located in our headquarters offices here in

Washington, DC. However, seven SES positions are located in our major metropolitan district offices.

The SBA is a small Agency and does limited hiring on an annual basis. For example, in FY 06 SBA hired 113 permanent employees and 128 in FY 07. When hiring, SBA's Office of Human Capital strives to ensure diversity on our ranking panels. We have found that this strategy pays off in increasing diversity in our workforce.

In FY 07, through the Office of Human Capital Development, the Agency employed several recruitment strategies to build a diverse workforce. One of the most effective tools we use to accomplish this is to actively participate in job fairs and Federal career days at colleges and universities, and we often target schools that are likely to help us establish a pipeline of diverse and highly-qualified individuals. We continued to target community colleges because of their strong ties to their local communities and their potential for providing a diverse applicant pool.

Some of the events SBA participated in are the Presidential Management Fellows Job fair, the Congressional Black Caucus Diversity Fair, the LatPro National Society for Hispanic Professionals, and the Thurgood Marshall Scholarship Fund Recruitment Event.

These efforts only reflect efforts here in DC, but nationwide our staff participated in Job Fairs and networked with colleges, universities, and professional organizations to broaden SBA's reach to attract a diverse group of high caliber applicants for its mission critical positions. Additionally, we also utilize USA Jobs as a recruiting tool. Because of the technical nature of many of our mission critical occupations, (lending, government contracting) we found that the best recruiting tool is and has been word-of-mouth. By utilizing our network of resource partners, educational institutions and other professional organizations, we have achieved great success in attracting a diverse group of highly qualified applicants.

SBA's recruitment initiatives are complemented by two things, training and succession planning. The Administrator has made training a major priority at SBA and has instituted a new personnel-focused training program called SBA University. This initiative came as a direct response to employee surveys that showed that this was one of their top needs as a workforce. Through training, SBA seeks to develop a more highly skilled workforce with the tools they need for advancement and career development.

This training is directly tied to succession planning, which is an essential method for SBA to nurture and retain a diverse workforce that will serve as a foundation of the senior executive ranks. This is critical as SBA notes an increasing number of employees who are reaching retirement eligibility. The Office of Personnel Management has been re-evaluating the federal Human Capital Scorecard, including those for leadership succession and for diversity, and SBA is working hard to achieve a "green" in all categories.

SBA also has an SES candidate development programs (CDP) to facilitate leadership succession.. The last SBA SESCDP was completed in FY 04. A total of 18 individuals were selected to participate in this program of which 14 graduated. Of the 18 selected t participate, 2 were Hispanic Americans and 3 were Black Americans, and 6 were females. Of the graduates, 8 have been placed in SES positions within SBA.

Be assured that SBA has been and will continue to be proactive with its recruitment efforts by building and strengthening external partnerships; eliminating barriers that ma be exclusive; and, providing challenging and rewarding career opportunities. Thank you for inviting me to testify, I would be happy to answer any questions you might have.

STATEMENT OF
NANCY H. KICHAK
ASSOCIATE DIRECTOR FOR STRATEGIC HUMAN RESOURCES POLICY
U.S. OFFICE OF PERSONNEL MANAGEMENT

before the

SUBCOMMITTEE ON REGULATIONS, HEALTH CARE ANDTRADE
COMMITTEE ON SMALL BUSINESS
U.S. HOUSE OF REPRESENTATIVES

on

WORKFORCE DIVERSITY

APRIL 23, 2008

Chairman Gonzalez, and Members of the Subcommittee:

I appreciate your inviting me to discuss our efforts to improve the overall diversity of the Federal workforce. I welcome the opportunity to discuss with you our efforts to build and sustain the most effective Federal civilian workforce possible. We have long recognized that reaching the broadest possible pool of applicants for Federal jobs is essential to meeting this goal.

Of course, our efforts in this regard are conducted within the framework of the merit system principles. We must ensure that all Americans have equal access to Federal employment opportunities at all levels of the workforce, and that their knowledge, skills, and abilities are evaluated fairly. Our efforts to build the most effective corps of senior executives still depend, in part, on ensuring an effective pipeline into the Senior Executive Service. Many of our efforts are aimed at supporting agencies' development of future leaders through leadership training and succession planning programs.

I would like to highlight for you the Office of Personnel Management's (OPM's) vigorous efforts to promote Federal employment expansively, including in areas where the potential applicant pool is very diverse. One of the techniques we use to accomplish this is conducting job fairs and Federal career days at colleges and universities, and we often target schools that are likely to help us establish a pipeline of diverse and highly-qualified individuals. For example, two of the four Federal career days OPM sponsored last fall took place at the University of New Mexico and New Mexico State University. These are two of the nation's leading Hispanic-serving institutions. Earlier this year, OPM supported career fairs at Alabama State University and the Tuskegee Institute, two historically-black institutions.

We also continue to target community colleges because of their strong ties to their local communities and their potential for providing a diverse applicant pool. For example, we

conducted a Federal career day last year at Northern Virginia Community College, one of the Nation's largest and most diverse community colleges, with students representing over 150 nationalities.

As part of our effort to cast the widest possible net, OPM also launched a television ad campaign to spark interest in Federal employment. We aired these ads in targeted markets where we believe there is likely to be an ample supply of individuals who have the qualifications, skills, and experience the Federal Government needs in its workforce. We have seen a consistent spike in visits to our USAJOBS web site after the ads have aired. The ads have had a strong impact in raising awareness of, and generating interest in, the array of important and rewarding careers in the Federal Government. In addition to helping recruit new talent, the ads have showcased the impressive variety of public services provided by Federal employees every day. The series of ads, entitled "What Did You Do at Your Job Today?," have been aired in 17 markets, including El Paso and Waco, Texas; Las Cruces, New Mexico; Champaign, Illinois; Raleigh, North Carolina; Biloxi and Gulfport, Mississippi; Greenville and Spartanburg, South Carolina; Rochester, New York; Pittsburgh; Kansas City; Spokane, Washington; and other cities. The ads feature Federal employees drawn from a wide variety of professions and agencies.

In addition to those television ads, OPM later held a unique webcast called the Virtual National Career Services Conference. The purpose of this initiative, conducted in cooperation with the Partnership for Public Service, was to introduce college and university career services professionals, and their students, to information about Federal job opportunities. Again, we expect that these measures to promote Federal employment to targeted audiences will also contribute to our effort to create the strongest possible pipeline for future leadership positions.

These recruitment initiatives are complemented by succession planning, which remains an essential component of developing and nurturing a strong senior executive corps. This is all the more important because of the increasing numbers of employees who are reaching retirement eligibility. Since last summer, OPM has been re-validating all checkmarks on the Human Capital Scorecard, including those for leadership succession and for diversity. Based on results so far, we are confident that agencies are engaging in significant efforts to institutionalize effective leadership succession strategies.

Federal agencies often include SES candidate development programs (CDP) in the leadership succession strategies they are required to implement. During the period between January 2000 and July 2007, there were 953 graduates of agency SES candidate development programs, and 623 of these were placed in the SES. Our data clearly show that these programs are proving to be an excellent vehicle for minority entry into the SES. During this same 7-year period, 27 percent of the individuals placed in SES positions after graduating from OPM-approved agency SES candidate development programs were minorities. This compares to the 15 percent of the total current SES population (as of July 2007) identified as minorities. Similarly, 39 percent of the graduates of these candidate development programs who were placed in the SES during the same period

were women, compared to the overall female representation in the SES, which stood at 28 percent as of last July.

Mr. Chairman, let me take a brief moment to also address the latest Governmentwide data on minority representation in the Federal Government. OPM is required to report to Congress annually on minority representation in the Federal Government in relation to the overall Civilian Labor Force. Our most recent report was submitted to the Congress, and to your subcommittee, in January. The report shows that the Federal Government continues to compare favorably to the Civilian Labor Force in employing minorities, with the exception of Hispanics. The Federal Government is also slightly behind the non-Federal sector in the employment of women.

In conclusion, I want to assure you that OPM shares your goal of a Federal workforce that is effective in large part because it draws on the strengths that a broad and diverse applicant pool offers. This will continue to be our goal with respect to developing and recruiting senior executives, as well as the rest of the Federal civilian workforce.

I would be happy to respond to any questions you may have.

United States Government Accountability Office

GAO

Testimony

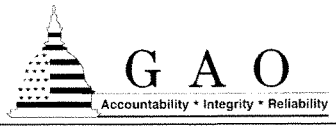
Before the Subcommittee on Regulations, Health Care, and Trade, Committee on Small Business, House of Representatives

For Release on Delivery
Expected at 12:00 noon EDT
Wednesday, April 23, 2008

HUMAN CAPITAL

Workforce Diversity Governmentwide and at the Small Business Administration

Statement of George H. Stalcup
Director
Strategic Issues



GAO-08-725T

GAO
Accountability* Integrity* Reliability
Highlights

Highlights of GAO-08-725T, a testimony before the Subcommittee on Regulations, Health Care, and Trade, Committee on Small Business, House of Representatives

Why GAO Did This Study

Hispanics are the fastest-growing segment of the civilian labor force, which is defined as those 16 and older (including federal workers) who are employed or looking for work and are not in the military or institutionalized. In August 2006, GAO reported on factors affecting Hispanic representation in the federal workforce and efforts being taken by the Equal Employment Opportunity Commission (EEOC), the Office of Personnel Management (OPM), and other agencies, including the Small Business Administration (SBA)—an independent agency that aids, counsels, assists, and protects the interests of small business concerns (GAO-06-832). In May 2007, GAO issued a report that contained data on Hispanic representation in the federal government through fiscal year 2006 (GAO-07-493R). In April 2008, GAO testified on diversity in the Senior Executive Service (SES) and the senior ranks of the U.S. Postal Service (GAO-08-609T).

In response to a request to provide updated information on minorities and Hispanics in the federal workforce, GAO is providing demographic data—with an emphasis on Hispanic representation—related to the federal government as a whole and SBA's workforce. GAO obtained these data from OPM's Central Personnel Data File (CPDF).

To view the full product, including the scope and methodology, click on GAO-08-725T. For more information, contact George Stalcup at (202) 512-6806 or stalcupg@gao.gov.

April 23, 2008

HUMAN CAPITAL

Workforce Diversity Governmentwide and at the Small Business Administration

What GAO Found

Data in OPM's CPDF show that Hispanic representation governmentwide for permanent and nonpermanent employees increased from 6.6 percent in 2000 to 7.7 percent in 2007. At SBA, Hispanic representation for 2007 among permanent and nonpermanent employees was 8.6 percent, which exceeded Hispanic representation governmentwide, but represented a decline from 9.7 percent in 2000.

For the SES, the highest nonpolitically appointed leaders in the federal workforce, GAO recently looked more closely at the workforce diversity of those who were career, or permanent, appointments (GAO-08-609T). Data in OPM's CPDF show that as of September 2007, the overall percentages of women and minorities, including Hispanics, have increased in the career SES governmentwide and the SES developmental pool for potential successors since October 2000.

Governmentwide	October 2000			September 2007		
	Number	Percent		Number	Percent	
		Women	Minorities		Women	Minorities
SES	6,110	23.6	13.8	6,555	29.1	15.8
SES potential developmental pool (GS-15s and GS-14s)	135,012	28.2	17.0	149,149	34.3	22.5

Source: GAO analysis of OPM's CPDF.

As part of GAO's recent analysis of the diversity of the SES and the SES developmental pool, GAO looked more closely at career, or permanent, SES appointments at federal agencies, including SBA.

SBA	October 2000			September 2007		
	Number	Percent		Number	Percent	
		Women	Minorities		Women	Minorities
SES	39	33.3	33.3	36	27.8	38.9
SES potential developmental pool (GS-15s and GS-14s)	548	34.1	24.6	541	40.7	31.8

Source: GAO analysis of OPM's CPDF.

Unlike the increase in the number of career SES governmentwide and those in the SES developmental pool for potential successors for October 2000 through September 2007, the number of career SES and those in the SES developmental pool at SBA declined. For this testimony, GAO did not analyze the factors that contributed to changes in SBA's workforce from October 2000 through September 2007. However, OPM and EEOC in their oversight roles require federal agencies, including SBA, to analyze their workforces. As part of a strategic human capital planning approach, agencies need to develop long-term strategies for acquiring, developing, motivating, and retaining staff. An agency's human capital planning should address the demographic trends that the agency faces with its workforce, especially retirements.

Chairman Gonzalez, Ranking Member Westmoreland, and Members of the Subcommittee:

I am pleased to be here today to provide the Subcommittee with information on diversity, including Hispanic representation, of the federal workforce and at the Small Business Administration (SBA). Earlier this month, we reported on the diversity of the senior ranks of the federal government and the U.S. Postal Service.[1] In August 2006, we reported on factors affecting Hispanic representation in the federal workforce and efforts being taken by the Equal Employment Opportunity Commission (EEOC), the Office of Personnel Management (OPM), and other agencies, including SBA—an agency that aids, counsels, assists, and protects the interests of small business concerns.[2] In May 2007, we issued a report that contained data on Hispanic representation in the federal government through September 2006.[3] While we have not done any additional analysis on Hispanic representation since our August 2006 report, for this testimony, we have added data on Hispanic representation for September 2007.

As we have previously reported, Hispanics are the fastest-growing segment of the civilian labor force (CLF),[4] with their representation increasing from 8.5 percent in 1990 to 13.3 percent in 2007.[5] Our August 2006 report identified citizenship and education as the two measurable factors having the greatest impact on Hispanic representation in the federal workforce.

[1]GAO, *Human Capital: Diversity in the Federal SES and Senior Levels of the U.S. Postal Service and Processes for Selecting New Executives*, GAO-08-609T (Washington, D.C.: Apr. 3, 2008).

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

[3]GAO, *Data on Hispanic Representation in the Federal Workforce*, GAO-07-493R (Washington, D.C.: May 18, 2007).

[4]The CLF is defined as those 16 and older (including federal workers), regardless of citizenship, who are employed or looking for work and are not in the military or institutionalized. A minimum age of 18 years is required for most federal employment.

[5] In 2005, Hispanics who were United States citizens comprised 7.6 percent of the CLF.

OPM reported that Hispanic representation in the federal workforce increased from 5.3 percent in 1990 to 7.8 percent for 2007.[6]

Driven by long-term fiscal constraints, changing demographics, evolving governance models, and other factors, the federal government is facing new and more complex challenges in the 21st century, and federal agencies must transform their organizations to meet these challenges. Strategic human capital management must be the centerpiece of any serious change management strategy. We currently have work under way reviewing SBA's organizational transformation efforts. Today, as requested, my remarks will focus on demographic data related to the federal government as a whole and SBA's workforce, with an emphasis on Hispanic representation.

For our analyses of governmentwide and SBA demographic data, we extracted data from OPM's Central Personnel Data File (CPDF). We believe the CPDF is sufficiently reliable for the informational purpose of this testimony.[7] We conducted this performance audit in April 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

[6]OPM's percentages are based on the permanent, or career, federal workforce. Including both career and noncareer employees results in governmentwide Hispanic representation of 7.7 percent for 2007.

[7]See GAO-08-609T for a fuller discussion of the reliability of CPDF data.

Representation of Hispanics Increased Governmentwide and at Most Agencies from 2000 through 2007

Hispanic representation in the governmentwide workforce increased from 6.6 percent in September 2000 to 7.7 percent in September 2007.[8] Table 1 shows a breakdown of the representation of Hispanics by Chief Financial Officers (CFO) Act agencies for those years.[9]

Table 1: Hispanic Representation by CFO Act Agency for 2000 and 2007

CFO Act agency	Percent in September 2000	Percent in September 2007
Agriculture	5.8	6.7
AID	3.5	4.1
Commerce	4.0	3.9
Defense	6.0	6.3
Education	4.6	4.4
Energy	5.4	6.4
EPA	4.7	5.0
FEMA	10.5	[a]
GSA	4.9	5.4
HHS	3.1	3.5
DHS	[b]	18.3
HUD	7.0	7.2
Interior	4.7	5.1
Justice	12.9	9.0
Labor	6.9	6.8
NASA	5.0	5.6
NRC	2.5	5.0
NSF	2.7	2.5
OPM	3.9	3.9
SBA	9.7	8.6
SSA	10.1	13.1
State	4.1	4.7
Transportation	4.9	6.2

[8]Governmentwide data on Hispanic representation include permanent and nonpermanent employees.

[9]The CFO Act agencies are 24 major executive agencies that are subject to the CFO Act. In 2006, the CFO Act agencies employed 98 percent of federal employees. Pub. L. No. 101-576, 104 Stat. 2838 (Nov. 15, 1990), as amended.

CFO Act agency	Percent in September 2000	Percent in September 2007
Treasury	8.8	8.9
VA	6.3	6.9

Source: GAO analysis of OPM's CPDF

Notes: Data on Hispanic representation by agency include permanent and nonpermanent employees. AID is the Agency for International Development; EPA is the Environmental Protection Agency; FEMA is the Federal Emergency Management Agency; GSA is the General Services Administration; HHS is the Department of Health and Human Services; DHS is the Department of Homeland Security; HUD is the Department of Housing and Urban Development; NASA is the National Aeronautics and Space Administration; NRC is the Nuclear Regulatory Commission; NSF is the National Science Foundation; SSA is the Social Security Administration; and VA is the Department of Veterans Affairs.

[a]FEMA was an independent agency and 1 of the 24 CFO Act agencies until the formation of DHS in 2003.

[b]DHS did not exist before March 2003. It was created from 22 agencies or parts of agencies, including the U.S. Customs Service, which was formerly located in the Department of the Treasury; FEMA; the Coast Guard; and part of the Immigration and Naturalization Service, which was formerly located in the Department of Justice.

Hispanic representation increased at 16 CFO Act agencies from September 2000 through September 2007. As of September 2007, Hispanic representation in 5 CFO Act agencies exceeded the 7.7 governmentwide percentage: the Department of Homeland Security, the Department of Justice, SBA, the Social Security Administration, and the Department of the Treasury. Of those 5, representation at 2—the Department of Justice and SBA—declined from 2000 through 2007.[10]

Table 2 shows the representation of Hispanics under another subset of the federal workforce, by pay plan/grade, for 2000 and 2007.

[10]It should be noted that the loss of Hispanic employees at the Department of Justice could have been the result of staff reorganization because of the formation of the Department of Homeland Security, which was created in March 2003 and which exceeded the fiscal year 7.7 governmentwide percentage of Hispanic representation.

Table 2: Hispanic Representation Governmentwide by Pay Plan/Grade for 2000 and 2007

Pay plan/grade	Percent in September 2000	Percent in September 2007
Blue collar	7.6	7.8
Grades 1-4	8.7	9.2
Grades 5-8	8.0	9.5
Grades 9-12	6.6	8.4
Grade 13	4.3	5.5
Grade14	3.7	4.6
Grade 15	3.3	4.1
SES[a]	3.1	3.7
SL/ST[b]	1.9	2.3
ES[c]	6.4	5.6
Other[d]	5.6	7.0

Source: GAO analysis of OPM's CPDF.

Note: These data include permanent and nonpermanent employees.

[a]The SES consists of both permanent and nonpermanent appointments, paid according to the SES pay schedule and those in the Federal Aviation Administration (FAA) who have equivalent positions. These are the highest nonpolitically appointed leaders in the federal workforce.

[b]SL/ST includes those in the Senior Level and Senior Technical pay plans and those in FAA who have equivalent positions. These are primarily engineers, scientists, and other top-level professionals. They do not have the leadership role of the SES.

[c]ES consists of Executives, who are politically appointed agency leaders paid according to the Executive Schedule.

[d]Other includes those who could not be placed in one of the above pay plans or grades.

Hispanic representation increased in all plans/grades governmentwide but one, ES, which consists of Executives, who are politically appointed agency leaders paid according to the Executive Schedule. For this testimony, we did not analyze factors that contributed to the changes in Hispanic representation from 2000 to 2007 or changes by pay plans or grade levels.

Data presented up to this point have been for both permanent and nonpermanent employees. For the Senior Executive Service (SES), the highest nonpolitically appointed leaders in the federal workforce, we recently looked more closely at those who were career, or permanent,

appointments.[11] As we have reported, leadership in agencies across the federal government, especially at senior executive levels, is essential to providing accountable, committed, consistent, and sustained attention to human capital and related organizational transformation issues. Having a diverse SES corps, which generally represents the most experienced segment of the federal workforce, can be an organizational strength that can bring a wider variety of perspectives and approaches to bear on policy development and implementation, strategic planning, problem solving, and decision making. Table 3 shows the changes in the representation of career SES governmentwide from October 2000 through September 2007.

Table 3: Changes in the Career SES Governmentwide

Equal employment opportunity group	Career SES governmentwide				Changes in career SES governmentwide	
	October 2000		September 2007			
	Number	Percent	Number	Percent	Number	Percent
African American	512	8.4	560	8.5	+48	+0.1
American Indian/Alaska Native	75	1.2	88	1.3	+13	+0.1
Asian/Pacific Islander	103	1.7	153	2.3	+50	+0.8
Hispanic	155	2.5	236	3.6	+81	+1.1
White	5,261	86.1	5,502	83.9	+241	-2.2
Unspecified/other	4	0.1	16	0.2	+12	+0.1
Total[a]	**6,110**	**100.0**	**6,555**	**100.0**	**+445**	**+0.0**

Source: GAO analysis of OPM's CPDF.

Notes: Governmentwide includes civilian employees of all cabinet-level departments, independent agencies, commissions, councils, and boards in the executive branch except the intelligence agencies, the U.S. Postal Service, and the Foreign Service (as of 2007).

[a]Percentages may not add to 100 because of rounding.

As shown in table 3, the two greatest percentage changes among equal employment opportunity (EEO) groups within the career SES governmentwide from October 2000 to September 2007 were a decrease among Whites and an increase among Hispanics.

The vast majority of potential successors for career SES positions will come from the general schedule (GS) pay plan for grades GS-15 and GS-14,

[11]Career SES members are individuals with civil service status (permanent) who are appointed competitively to SES positions and serve in positions below the top political appointees in the executive branch of government. See GAO-08-609T.

the levels that serve as the SES developmental pool.[12] Table 4 shows the changes in the representation of the SES developmental pool governmentwide from October 2000 to September 2007.

Table 4: Changes in the SES Developmental Pool Governmentwide

Equal employment opportunity group	SES governmentwide developmental pool (GS-15s and GS-14s)				Changes in SES governmentwide developmental pool	
	October 2000		September 2007			
	Number	Percent	Number	Percent	Number	Percent
African American	10,679	7.9	15,547	10.4	+4,868	+2.5
American Indian/ Alaska Native	1,254	0.9	1,528	1.0	+274	+0.1
Asian/Pacific Islander	6,361	4.7	9,808	6.6	+3,447	+1.9
Hispanic	4,668	3.5	6,611	4.4	+1,943	+0.9
White	111,936	82.9	115,368	77.4	+3,432	-5.5
Unspecified/other	114	0.1	287	0.2	+173	+0.1
Total[a]	**135,012**	**100.0**	**149,149**	**100.0**	**14,137**	**+0.0**

Source: GAO analysis of OPM's CPDF.

Notes: Governmentwide includes civilian employees of all cabinet-level departments, independent agencies, commissions, councils, and boards in the executive branch except the intelligence agencies, the U.S. Postal Service, and the Foreign Service (as of 2007). We included GS-15, GS-14, and equivalent employees. GS-equivalent employees are those in equivalent grades under other pay plans that follow the GS grade structure and job evaluation methodology or are equivalent by statute.

[a]Percentages may not add to 100 because of rounding.

As shown in table 4, the two greatest percentage changes among EEO groups within the SES governmentwide developmental pool from October 2000 to September 2007 were a decrease among Whites and an increase among African Americans.

[12]We included GS-15, GS-14, and equivalent employees. GS-equivalent employees are those in equivalent grades under other pay plans that follow the GS grade structure and job evaluation methodology or are equivalent by statute.

Hispanic Representation Increased at SBA from 2000 through 2007, and Retirement Eligibility Presents Opportunities for Affecting Workforce Diversity

SBA was established as an independent agency of the federal government by the Small Business Act of 1953, among other things, to assist small business concerns.[13] In pursuing its mission of aiding small businesses, SBA provides small businesses with access to credit, primarily by guaranteeing loans through its 7(a) and other loan programs, and provides entrepreneurial assistance through partnerships with private entities that offer small business counseling and technical assistance. SBA also administers small business development and procurement programs, which are designed to assist small businesses and small disadvantaged businesses in their development and in obtaining federal contracts and subcontracts. In addition, SBA makes loans to businesses and individuals trying to recover from disasters. In fiscal year 2007, SBA carried out its programs with about 5,000 employees in headquarters and field offices.[14] Based on your request, for this testimony as shown in table 5, we are providing data on Hispanic representation at SBA by pay plan/grade for 2000 and 2007.

[13]See Title II of Public Law 163, 67 Stat. 232 (July 30, 1953) (codified as amended at 15 U.S.C. §§ 631 et seq.).

[14]According to SBA, its permanent staff in fiscal year 2007 equaled 2,531, and temporary staff equaled 2,525.

Table 5: Hispanic Representation at SBA by Pay Plan/Grade for Fiscal Years 2000 and 2007

Pay plan/grade	Percent in September 2000	Percent in September 2007
Blue collar	[a]	[a]
Grades 1-4	10.5	[b]
Grades 5-8	12.6	10.7
Grades 9-12	10.3	8.1
Grade 13	6.6	9.1
Grade14	6.2	5.6
Grade 15	9.4	8.8
SES	8.0	12.2
SL/ST	[c]	[c]
ES[d]	[a]	[a]
Other[e]	6.1	2.3

Source: GAO analysis of OPM's CPDF.

Notes: These data include permanent and nonpermanent employees. The SES consists of four categories of appointments: career, which is a permanent appointment, and noncareer, limited term, and limited emergency, which are nonpermanent. SL/ST includes those in the Senior Level and Senior Technical pay plans and those in FAA who have equivalent positions. These are primarily engineers, scientists, and other top-level professionals. They do not have the leadership role of the SES.

[a]Because the total number of individuals employed in this category was less than 20 (i.e., 1 to 19), we are not reporting Hispanic representation at this grade level or in this pay plan, as there is an issue of sensitivity of percentages related to small numbers.

[b]The total number of individuals employed in this category or in this pay plan ranged from 20 to 50.

[c]SBA did not employ individuals at this grade level or pay plan during the indicated year.

[d]ES consists of Executives, who are politically appointed agency leaders paid according to the Executive Schedule.

[e]Other includes those who could not be placed in one of the above pay plans or grades.

In both 2000 and 2007, Hispanic representation in pay plans/grades 5 through 8, 13, 14, 15, and the SES at SBA exceeded Hispanic representation governmentwide for these pay plans/grades (see table 2 for Hispanic representation governmentwide by pay plan/grade). From September 2000 through September 2007, Hispanic representation at SBA increased in pay plans/grades 13 and SES.

As part of our governmentwide analysis of the diversity of the SES and the SES developmental pool, we looked more closely at career, or permanent, SES appointments at federal agencies, including SBA. Table 6 shows the

changes in the representation of the career SES at SBA from October 2000 to September 2007. See appendix I for more information on career SES diversity at SBA.

Table 6: Changes in the Career SES at SBA

Equal employment opportunity (EEO) group	Career SES at SBA				Changes in career SES at SBA	
	October 2000		September 2007			
	Number	Percent	Number	Percent	Number	Percent
African American	10	25.7	8	22.3	-2	-3.4
American Indian/ Alaska Native	0	0.0	0	0.0	0	0.0
Asian/Pacific Islander	0	0.0	1	2.8	+1	+2.8
Hispanic	3	7.7	5	13.9	+2	+6.2
White	26	66.7	22	61.1	-4	-5.6
Unspecified/other	0	0.0	0	0.0	0	0.0
Total[a]	**39**	**100.0**	**36**	**100.0**	**-3**	**0.0**

Source: GAO analysis of OPM's CPDF.

Notes: Governmentwide includes civilian employees of all cabinet-level departments, independent agencies, commissions, councils, and boards in the executive branch except the intelligence agencies, the U.S. Postal Service, and the Foreign Service (as of 2007).

[a]Percentages may not add to 100 because of rounding.

Similar to governmentwide career SES, the two greatest percentage changes among EEO groups within the career SES at SBA from October 2000 to September 2007 were a decrease among Whites and an increase among Hispanics. However, with fewer than 40 total SES members, it should be noted that even small changes will have a notable impact on representation—for example, as seen in the September 2007 data, an increase of two Hispanics in the SES from October 2000 to September 2007 resulted in an increase in SES Hispanic representation at SBA from 7.7 percent to 13.9 percent. In addition, unlike the increase in the number of career SES governmentwide from October 2000 to September 2007, the number of career SES at SBA declined.

We did not analyze the factors that contributed to changes in SBA's workforce from October 2000 through September 2007. However, OPM and EEOC in their oversight roles require federal agencies, including SBA, to analyze their workforces, and both agencies also report on governmentwide representation levels. Under OPM's regulations

implementing the Federal Equal Opportunity Recruitment Program (FEORP),[15] agencies are required to determine where representation levels for covered groups are lower than the CLF and take steps to address those differences. EEOC's Management Directive 715 (MD-715) provides guidance and standards to federal agencies for establishing and maintaining effective EEO programs, including a framework for executive branch agencies to help ensure effective management, accountability, and self-analysis to determine whether barriers to EEO exist and to identify and develop strategies to mitigate or eliminate the barriers to participation.[16] Specifically EEOC's MD-715 states that agency personnel programs and policies should be evaluated regularly to ascertain whether such programs have any barriers that tend to limit or restrict equitable opportunities for open competition in the workplace. The initial step is for agencies to analyze their workforce data with designated benchmarks, including the CLF. If analysis of their workforce profiles identifies potential barriers, agencies are to examine all related policies, procedures, and practices to determine whether an actual barrier exists. EEOC requires agencies to report the results of their analyses annually.

Table 7 presents changes in SBA's SES developmental pool of GS-15s and GS-14s.

[15]5 U.S.C. § 7201 and 5 C.F.R. Part 720, Subpart B.

[16]EEOC defines barriers as agency policies, principles, or practices that limit or tend to limit employment opportunities for those of a particular gender, race, or ethnic background or based on an individual's disability status.

Table 7: Changes in the SES Developmental Pool at SBA

Equal employment opportunity (EEO) group	SBA's SES developmental pool (GS-15s and GS-14s)				Changes in SBA's SES developmental pool	
	October 2000		September 2007			
	Number	Percent	Number	Percent	Number	Percent
African American	77	14.1	104	19.2	+27	+5.1
American Indian/ Alaska Native	3	0.5	3	0.5	0	0.0
Asian/Pacific Islander	17	3.1	29	5.4	+12	+2.3
Hispanic	38	6.9	36	6.7	-2	-0.2
White	413	75.4	369	68.2	-44	-7.2
Unspecified/other	0	0.0	0	0.0	0	0.0
Total*	548	100.0	541	100.0	-7	0.0

Source: GAO analysis of OPM's CPDF.

Notes: We included GS-15, GS-14, and equivalent employees. GS-equivalent employees are those in equivalent grades under other pay plans that follow the GS grade structure and job evaluation methodology or are equivalent by statute.

*Percentages may not add to 100 because of rounding.

Similar to the governmentwide SES developmental pool, the two greatest percentage changes among EEO groups within SBA's developmental pool from October 2000 to September 2007 were a decrease among Whites and an increase among African Americans. Hispanic representation in the SES developmental pool declined at SBA from October 2000 through September 2007 but remained above Hispanic representation for the governmentwide SES developmental pool for the same period (see table 4).

As we have previously reported,[17] as part of a strategic human capital planning approach, agencies need to develop long-term strategies for acquiring, developing, motivating, and retaining staff. An agency's human capital planning should address the demographic trends that the agency faces with its workforce, especially retirements. In 2006, OPM reported that approximately 60 percent of the executive branch's 1.6 million white-collar employees and 90 percent of about 6,000 federal executives will be

[17]GAO, *Human Capital: Federal Workforce Challenges in the 21st Century*, GAO-07-556T (Washington, D.C.: Mar. 6, 2007).

eligible for retirement over the next 10 years. SBA, like most federal agencies, will face these challenges.

Rather than simply recreating the existing organization, as we have previously reported, effective succession planning and management, linked to the strategic human capital plan, can help an organization become what it needs to be. Leading organizations go beyond a "replacement" approach that focuses on identifying particular individuals as possible successors for specific top-ranking positions. Rather, they typically engage in broad, integrated succession planning and management efforts that focus on strengthening both current and future capacity, anticipating the need for leaders and other key employees with the necessary competencies to successfully meet the complex challenges of the 21st century.

In an October 2007 report,[18] the SBA Inspector General identified effective succession planning as a management challenge for SBA and found that the agency lacked effective human capital strategies needed to enable SBA to successfully carry out its mission and become a high performing organization. In its fiscal year 2007 annual performance report, SBA acknowledged that, among other actions, it needed to develop a more systematic workforce planning process and to better align its human capital plans, strategies, and systems to achieve organizational effectiveness and accomplish its mission. In fiscal year 2007, SBA reported achieving such outcomes as completing an occupational skills gap analysis and revising its SES Candidate Development Program.[19] SBA also identified strategies for fiscal years 2008 and 2009 to further its progress in strategic human capital management.

In addition, succession planning is tied to the federal government's opportunity to affect the diversity of the executive corps through new appointments. In September 2003,[20] we reported that agencies in other countries use succession planning and management to achieve a more diverse workforce, maintain their leadership capacity, and increase the

[18]U.S. Small Business Administration, Office of Inspector General, *Fiscal Year 2008 Report on the Most Serious Management and Performance Challenges Facing the Small Business Administration*, Report No. 08-01 (Washington, D.C.: Oct. 16, 2007).

[19]The last SBA SES Candidate Development Program was completed in fiscal year 2004.

[20]GAO, *Human Capital: Insights for U.S. Agencies from Other Countries' Succession Planning and Management Initiatives*, GAO-03-914 (Washington, D.C.: Sept. 15, 2003).

retention of high-potential staff. From 1991 through 2001 at SBA, a District Director Candidate Development Program recruited and developed a diverse group of highly qualified and trained managers at the GS-15, GS-14, and GS-13 levels to fill district director positions on a noncompetitive basis as they became vacant.[21] An SBA official stated that over that time the program had over 25 graduates and that in 2007 SBA expanded the program into a Management Development Program to fill management and leadership positions.

Chairman Gonzalez, Ranking Member Westmoreland, and Members of the Subcommittee, this concludes my prepared statement. I would be pleased to respond to any questions that you may have.

Contacts and Acknowledgments

For further information regarding this statement, please contact George Stalcup, Director, Strategic Issues, on (202) 512-6806 or at stalcupg@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals making key contributions to this statement included Belva Martin and Kiki Theodoropoulos, Assistant Directors; Nicholas C. Alexander, Karin Fangman, Jessica Thomsen, and Greg Wilmoth.

Appendix I: Demographic Profiles of Career SES, GS-15, and GS-14 Employees Governmentwide and at the Small Business Administration

[21]At SBA, district director positions are key managerial career positions responsible for providing agency services to the small business community.

Demographic Profiles of Career SES, GS-15, and GS-14 Employees Governmentwide and at the Small Business Administration

Table 8: Demographic Profiles of Career SES, GS-15, and GS-14 Employees Governmentwide

Equal employment opportunity (EEO) group	SES				GS-15				GS-14			
	October 2000		September 2007		October 2000		September 2007		October 2000		September 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
African American men	333	5.5	328	5.0	1,711	3.3	2,123	3.6	3,401	4.1	4,316	4.8
African American women	179	2.9	232	3.5	1,500	2.9	2,374	4.1	4,067	4.9	6,734	7.4
American Indian/ Alaska Native men	54	0.9	60	0.9	278	0.5	353	0.6	579	0.7	585	0.6
American Indian/ Alaska Native women	21	0.3	28	0.4	103	0.2	193	0.3	294	0.4	397	0.4
Asian/Pacific Islander men	70	1.1	96	1.5	2,063	4.0	2,904	5.0	2,426	2.9	3,401	3.7
Asian/Pacific Islander women	33	0.5	57	0.9	836	1.6	1,604	2.8	1,036	1.2	1,899	2.1
Hispanic men	112	1.8	176	2.7	1,197	2.3	1,660	2.8	2,117	2.5	2,758	3.0
Hispanic women	43	0.7	60	0.9	470	0.9	760	1.3	884	1.1	1,433	1.6
White men	4,097	67.1	3,976	60.7	33,567	64.8	32,931	56.5	49,548	59.6	46,787	51.5
White women	1,164	19.1	1,526	23.3	10,062	19.4	13,326	22.9	18,759	22.6	22,324	24.6
Unspecified/other	4	0.1	16	0.2	39	0.1	87	0.1	75	0.1	200	0.2
Total[a]	**6,110**	**100.0**	**6,555**	**100.0**	**51,826**	**100.0**	**58,315**	**100.0**	**83,186**	**100.0**	**90,834**	**100.0**
Minorities	845	13.8	1,037	15.8	8,158	15.7	11,971	20.5	14,804	17.8	21,523	23.7
Men	4,666	76.4	4,646	70.9	38,816	74.9	40,030	68.6	58,071	69.8	57,973	63.8
Minority men	569	9.3	660	10.1	5,249	10.0	7,040	12.1	8,523	10.2	11,060	12.2
Women	1,440	23.6	1,909	29.1	12,971	25.0	18,285	31.4	25,040	30.1	32,861	36.2
Minority women	276	4.5	377	5.8	2,909	5.6	4,931	8.5	6,281	7.6	10,463	11.5

Source: GAO analysis of the Office of Personnel Management's Central Personnel Data File.

Notes: Governmentwide includes civilian employees of all cabinet-level departments, independent agencies, commissions, councils, and boards in the executive branch except the intelligence agencies, the U.S. Postal Service, and the Foreign Service (as of 2007). We included GS-15, GS-14, and equivalent employees. GS-equivalent employees are those in equivalent grades under other pay plans that follow the GS grade structure and job evaluation methodology or are equivalent by statute.

[a]Percentages may not add to 100 because of rounding.

Table 9: Demographic Profiles of Career SES, GS-15, and GS-14 Employees at the Small Business Administration

EEO group	SES				GS-15				GS-14			
	October 2000		September 2007		October 2000		September 2007		October 2000		September 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
African American men	6	15.4	6	16.7	13	7.3	14	7.3	26	7.0	24	6.9
African American women	4	10.3	2	5.6	11	6.1	21	10.9	27	7.3	45	12.9
American Indian/Alaska Native men	0	0.0	0	0.0	3	1.7	2	1.0	0	0.0	1	0.3
American Indian/Alaska Native women	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Asian/Pacific Islander men	0	0.0	0	0.0	2	1.1	5	2.6	8	2.2	7	2.0
Asian/Pacific Islander women	0	0.0	1	2.8	0	0.0	3	1.6	7	1.9	14	4.0
Hispanic men	2	5.1	4	11.1	11	6.1	11	5.7	13	3.5	6	1.7
Hispanic women	1	2.6	1	2.8	4	2.2	6	3.1	10	2.7	13	3.7
White men	18	46.2	16	44.4	99	55.3	96	49.7	186	50.4	155	44.5
White women	8	20.5	6	16.7	36	20.1	35	18.1	92	24.9	83	23.9
Unspecified/other	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total[a]	**39**	**100.0**	**36**	**100.0**	**179**	**100.0**	**193**	**100.0**	**369**	**100.0**	**348**	**100.0**
Minorities	13	33.3	14	38.9	44	24.6	62	32.1	91	24.7	110	31.6
Men	26	66.7	26	72.2	128	71.5	128	66.3	233	63.1	193	55.5
Minority men	8	20.5	10	27.8	29	16.2	32	16.6	47	12.7	38	10.9
Women	13	33.3	10	27.8	51	28.5	65	33.7	136	36.9	155	44.5
Minority women	5	12.8	4	11.1	15	8.4	30	15.5	44	11.9	72	20.7

Source: GAO analysis of the Office of Personnel Management's Central Personnel Data File.

Note: We included GS-15, GS-14, and equivalent employees. GS-equivalent employees are those in equivalent grades under other pay plans that follow the GS grade structure and job evaluation methodology or are equivalent by statute.

[a]Percentages may not add to 100 because of rounding.

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Mr. William Rafael Gil
Associate Vice President of Collegiate Programs and Federal Relations
On behalf of the Hispanic Association of Colleges and Universities (HACU)

Testimony to the Committee on Small Business,
Subcommittee on Regulations, Health Care and Trade

On Minority and Hispanic Participation in the Federal Workplace and the Impact on the Small Business Community

April 23, 2008

Good morning Chairman Gonzalez, Ranking Member Westmoreland, and other distinguished members of the Committee on Small Business, Subcommittee on Regulations, Health Care and Trade.

My name is William Rafael Gil and I am the Associate Vice President of Collegiate Programs and Federal Relations for the Hispanic Association of Colleges and Universities, also known as HACU. I welcome the chance to provide insight on the critical role that HACU is playing to assist increase Hispanic representation in the federal government.

About HACU and Hispanic Serving Institutions (HSIs)

HACU represents over 400 colleges and universities committed to Hispanic higher education success in the United States and Puerto Rico. Collectively, these institutions enroll more than 4.8 million students. There are almost 2 million Hispanics enrolled in college today with HACU member institutions enrolling 1.2 million of these students.

HACU is also the only national educational association that represents Hispanic-Serving Institutions (HSIs).

Our nation's economic and social success rests on the level of skills and knowledge attained by Hispanics. U. S. Census Bureau reports that Hispanics comprise the youngest and largest ethnic population in the United States, making up one of every three new workers joining the U.S. labor force today; by 2025, Latinos will make up one of every two new workers joining the U.S. workforce.

Education, indisputably, is the key. HACU is committed to Hispanic success in education, from kindergarten through graduate school and into the work force of tomorrow.

To this end, HACU maintains more than 30 formal Memoranda of Understanding (MOUs) and Partnership Agreements with federal agencies, offices, and business organizations to increase the infrastructure at member institutions and create opportunities for their students.

The HACU National Internship Program

One of the most highly regarded programs to introduce Hispanics into careers in federal government is the HACU National Internship Program (HNIP). HNIP began in 1992 with 24 students working in Washington, D.C. The success of this initial endeavor led to the rapid expansion of the program to other federal agencies.

The HACU National Internship Program is designed to enhance awareness of opportunities in the public and private sectors. Through the 10 and 15-week paid internship sessions, HNIP engages academically qualified students from colleges and universities in challenging professional and educational experiences.

During 2007, HNIP welcomed 626 student participants at twenty-five federal agencies and six private corporations in Washington, D.C., and throughout the country. These individuals came from 34 states and Puerto Rico, with 431 interns working in the Washington, D.C., area and 195 in other locations throughout the United States. The average grade point average (GPA) was 3.37. The academic backgrounds of these students were also diverse in that they represented over 100 different academic majors, including engineering, human resources, communications, business/finance, electronics, computer science, law/law enforcement.

The HNIP program has also been recognized for its contributions. In the fourth annual *Hispanic Employment in the Federal Government*, the OPM Director reported to the President of the United States that she was again encouraging agencies to look at all the tools available to them to recruit well qualified Hispanics into the federal government and specifically mentioned OPM's nine-point Hispanic employment plan as a foundation. The HACU National Internship Program is point four of that plan.

Moreover, the OPM Director recognized HNIP and the HACU Cooperative Education Program (HCEP) as "best practice" tools for the recruitment of Hispanics into the federal workforce. Both programs directly respond to Executive Order 13171, which requests agencies to increase their outreach to the Hispanic community and support programs that help address the under-representation of Hispanics in the federal workforce ranks.

The benefit of partnering with HACU is that we complete a lot the ground work for federal agencies by recruiting at member institutions, prescreening and matching a student's academic background with an agency's mission critical occupation needs. We

also coordinate the student's travel and facilitate housing. Through partnering with HACU, federal agencies have been able to offer internship and permanent positions to thousands of Hispanics. They also have expanded federal agencies' name recognition and mission with students, families, and the Hispanic community.

Output vs. Outcome – A 15 Year Analysis of the HACU National Internship Program

Over the past fifteen years, the program has provided professional developmental opportunities to over 7,000 students with superior academic credentials. To measure the impact the program, an independent analysis of past program participants was completed in 2007. The results show that the program clearly increases professional career opportunities for program participants and is truly a "best practice" in the recruitment of Hispanics into the federal government. Survey highlights include:

- As a result of their internship experience, over 90 percent of the participants considered a career with the federal government, a 44-percentage-point increase compared to their intentions prior to completing their internship assignment.
- Nearly 38 percent of survey respondents now work in the federal government.
- 60 percent of the participants reported that their HNIP experience assisted them in finding their current jobs.
- 72 percent of the participants reported that their current employer values the experience they had as an HNIP intern.
- 85 percent of the participants expect that their HNIP experience will be useful to them ten years from now.

The report's conclusion was that the HNIP program has changed many lives for the better. It has fostered learning and development of career abilities and provided the federal government and other agencies with an educated, experienced pool of potential employees.

The survey result proved to be so compelling that they were also recognized by the Congressional Hispanic Caucus in the Congressional Record by the Chair of the Caucus, Congressman Joe Baca.

With such proven results, it is easy to ascertain why this program is seen as an important tool in assisting the federal government increase Hispanic representation, which is the only under-represented ethic group in the federal government.

Internship programs like the HACU National Internship Program are critical to bridging the chasm that currently exist between college students and federal agencies, by introducing college students to the opportunities that exist in the federal government and addressing their desire to become part of the federal workforce.

A Once-In-A-Generation Opportunity

Since 2000, Hispanics have accounted for half of the population growth in the United States. However, Hispanics are the only under-represented ethic group in the federal workforce, comprising 7.5% (according to the December 2006 report of the Office of Personnel Management to the President on Hispanic Employment in the Federal Government), versus 12.7% of the Civilian Labor Force. As the numbers and roles of Hispanics in the United States increase and improve, the percentage of Hispanic representation in the federal workforce is not keeping pace.

Studies estimate that the federal government may lose almost half of its workforce in the next decade as the baby-boom generation reaches retirement age. We also know that once individuals get hired into the federal workforce, their chances of remaining in federal employment also increase. We are in the midst of a once-in-a-generation opportunity to ensure equitable Hispanic representation in the federal government. That is why federal agencies must start to implement effective recruitment strategies immediately if they wish to increase the percentage of Hispanics in the federal government and create a workforce reflective of the United States.

The competition to recruit and hire top young American talent from an increasingly multicultural pool has become fierce. Private industry and the public sector are competing for the same talent. To lose the competition for Hispanics would be a double loss to the federal government: not only would top young Hispanics not enter the federal workforce, but the government's ability to perform its mission well would be constrained.

Effective Recruitment Strategies

The most obvious recruitment strategy is that federal agencies should conduct outreach and recruitment activities where Hispanic students are found in higher numbers. Specifically, federal agencies need to develop strategic partnerships with Hispanic-Serving Institutions (HSIs), since they enroll the majority of Hispanics in college today.

Federal agencies should also look to establish and maintain lasting relationships with HSIs who have departments and/or schools where they will find students in their anticipated workforce needs, skills or majors, such as the schools of engineering, language departments, etc. While on campus, they should develop in-depth relationships with career centers and on-campus Hispanic student groups and organizations.

Agencies should establish a visible positive presence on campus and utilize local/regional agency recruitment staff to ensure a presence on campus and to cultivate

long-lasting relationships, while also ensuring diverse representation on the recruitment team.

Agencies should also look to increase the number of Hispanic students that participate in existing federal students programs, which facilitate the hiring of students to permanent employment non-competitively. These programs include the Federal Career Internship Program (FCIP), the Student Career Experience Program (SCEP), the Student Temporary Employment Program (STEP), the Presidential Management Fellows (PMF) Program, as well as federal scholarships.

Lastly, federal agencies should develop an effective student/internship programs with Hispanic organizations, such as HACU, that have access to Hispanic college students and can serve as third party internship providers. We would strongly suggest that internships be paid, as students are more attracted to paid internships.

Conclusion

A truly representative government workforce is an important public policy goal since it affects the government's ability to meet the needs of its citizens. The federal government has a responsibility to ensure that all Americans have access to social and economic programs and services. The underrepresentation of Hispanics impacts the development and implementation of policies and programs and impedes the effective participation of the Hispanic community in federally funded programs, services, and procurement opportunities.

This is why HACU congratulates Congressman Gonzalez on holding a congressional hearing on this important issue. Our entire membership stands ready to assist in this important endeavor.

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Promoting the Senior Executive Service for Hispanics

April 23, 2008

Congressional Hearing Testimony on SBA Executive Diversity

Chairman Gonzalez and Members of the House Subcommittee on Regulations, Health care and Trade of the House Committee on Small Business, thank you for the opportunity to appear before you today.

My name is José Osegueda and I am the President and Chief Executive Officer of the National Association of Hispanic Federal Executives, or NAHFE. I recently retired from the Federal government and I am a live witness of the difficulties facing Hispanics in our quest to reach the highest ranks of Public Service. NAHFE represents all senior level Hispanics in the Federal workforce and speaks on their behalf here today. The mission of the organization is to identify, develop and support initiatives for Hispanics to achieve senior level, policy-making positions in the Federal government.

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The current selection methodology for senior level positions in the federal government has not produced any improvements of Hispanic representation at the senior levels of the federal government workforce. Hispanics represent 3.6% of the career SES cadre while making up 13.8% of the national civilian labor force. Using the most conservative calculations, this means that Hispanics today are underrepresented by close to 500 career SES positions.

To make matters less encouraging, Hispanic representation at the feeder positions leading to the career SES level, the GS 13-15 grades, is declining. According to the most recent OPM reports, Hispanic representation declined by 2.8%, or 579 positions, from 2006 to 2007.[1] Without a robust presence in the feeder pipelines, and strong measures of accountability, future Hispanic representation at the senior level positions of government will only get worse.

[1] Office of Personnel Management, Federal Equal Opportunity Recruitment Program (FEORP) Annual Report, September 30, 2007

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NAHFE believes one answer to successfully diversifying the senior level ranks of government is to set in place and to enforce meaningful systems of accountability, so that managers and supervisors may be held accountable for effectively carrying out their legal mandate to implement and promote equal employment opportunity and diversity programs. In fact, a number of accountability tools are already in place, they just haven't been effectively monitored or enforced. For example, the EEOC has failed to enforce the Uniform Guidelines on Employee Selection Procedures to monitor agency selection practices; OMB and OPM have seemingly rubber-stamped Agencies' progress in implementing the diversity component of the President's Management Agenda for the Strategic Management of Human Capital; and OPM has failed to effectively monitor and enforce agencies' implementation of Executive Order 13171, *Hispanic Employment in the Federal Government.* In short, no agency is enforcing diversity practices in the hiring, development, retention and promotion of Hispanics in the federal workforce. This culture of non-accountability has resulted in disgraceful levels of Hispanic representation at SES levels in federal agencies that should be leaders in diversity.

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That Hispanic underrepresentation in the federal workforce has reached crisis proportions clearly illustrated by these telling statistics: Hispanics remain the only underrepresented ethnic group, at 7.7%, in the overall government workforce. When compared to their present level of representation in the national civilian labor force, 13.8%, there is a Hispanic underrepresentation gap of 6.1% in the federal workforce, which represents the loss of 120,000 jobs, or $5.5 billion in salaries alone, to the Hispanic community each year.

This dismal picture of underrepresentation, with an average annual hiring rate of 0.13% over the past 40 years, Hispanic representation in the federal workforce will never reach parity with their numbers in the national civilian labor force unless dramatic measures are taken to improve the broken federal personnel hiring system.

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NAHFE fully supports this Subcommittee's initiative to introduce legislation to establish an Executive Resource Office within the Small Business Administration to ensure that SBA executives reflect the Nation's diversity. NAHFE also supports the establishment of diverse executive evaluation panels which members will evaluate and certify the qualifications of each candidate for career SES positions. NAHFE has consistently emphasized the need for accurate and timely data of current SES positions filled, vacant and candidates for career SES positions.

The responsibility for accountability in diversity selections rests with the recruitment and selection process. And, the record speaks loud and clear that leaving independent authority for ensuring diversity in career SES selections with agencies will not improve the dismal bottom line. One need only look at the current levels of Hispanic representation in several key executive agencies to understand why it is time to abandon the failed SES selection methods of the past and turn to new, creative ideas for improving diversity at the senior levels of government.

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At the Department of Education and the General Services Administration, each agency has but one Hispanic in their career SES cadre, or a representation level of 1.4%; The Department of Transportation, with two Hispanics at the career SES level, has a representation level of 1.0%; The Department of State, with two Hispanics at the career SES level, has a representation level of 1.8%; and the Department of Defense, with over 1200 career SES employees, has but 1.4% Hispanic representation at the career SES pay level.[2] Nearly all other Executive and Legislative Branch Agencies have similar levels of Hispanic representation at the career SES levels.

For these reasons, NAHFE supports and commends the Subcommittee for introducing legislation that will create the accountability part of the process that has been missing all along: The Executive Resource Office, inclusion of minorities and women in executive evaluation panels, and the collection of data on executives by race, ethnicity, gender, age and persons with disabilities

[2] "Diversity in the Federal SES and the Senior Levels of the U.S. Postal Service", GAO Report, May 10, 2007

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NAHFE shares the goal of bringing greater diversity to the federal executive corps, and support the inclusion of women and minorities in the SBA executive evaluation panels. We do not believe that continuing to rely on the failed SES selection methodology of the past will yield different, more positive results. It is time to turn over a new leaf and dramatically improve the SES selection process. We believe that they will signal a welcome change toward improving diversity at the senior levels of government.

Chairman Gonzalez and Members of the House Subcommittee on Regulations, Health care and Trade of the House Committee on Small Business, we thank you for the opportunity to share our views and support for the "SBA Executive Diversity Act". We look forward to continue to work with you, other committees, and with federal agencies to ensure that our federal workforce truly reflects the diversity of America's population at all levels, but especially at the senior ranks of Public Service

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