

**INVESTING IN AN EFFECTIVE
FEDERAL WORKFORCE**

HEARING

BEFORE THE

OVERSIGHT OF GOVERNMENT MANAGEMENT,
THE FEDERAL WORKFORCE, AND THE
DISTRICT OF COLUMBIA SUBCOMMITTEE

OF THE

COMMITTEE ON
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

SEPTEMBER 19, 2012

Available via the World Wide Web: <http://www.fdsys.gov>

Printed for the use of the Committee on Homeland Security
and Governmental Affairs



U.S. GOVERNMENT PRINTING OFFICE

76-069 PDF

WASHINGTON : 2013

For sale by the Superintendent of Documents, U.S. Government Printing Office
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WEDNESDAY, SEPTEMBER 19, 2012

U.S. SENATE,
SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT
MANAGEMENT, THE FEDERAL WORKFORCE,
AND THE DISTRICT OF COLUMBIA,
OF THE COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 2:37 p.m., in Room 342, Dirksen Senate Office Building, Hon. Daniel K. Akaka, Chairman of the Subcommittee, presiding.

Present: Senators Akaka and Johnson.

OPENING STATEMENT OF SENATOR AKAKA

Senator AKAKA. This hearing of the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia will come to order.

Aloha and thank you all for being here today as the Subcommittee examines a number of issues that are vitally important to our Federal workforce. We will discuss the progress that has been made in many agencies and the steps we must take to make sure the Federal Government is effective and efficient now and for future generations.

The Federal Government is facing some of the most complex challenges in our Nation's history and dealing with serious budget constraints. To do more with less, it is critical that we have a first class Federal workforce. The government must make the proper investments in its employees and take the steps necessary to recruit, retain, and develop its talent.

The media often focuses on what goes wrong in government, but today I want to take a moment to recognize the important work of two million civil servants who provide essential services to the American people. The tragic deaths of Ambassador Stevens and three other civil servants remind us of the sacrifices public servants make on our behalf, unfortunately and occasionally the ultimate sacrifice, and we certainly think of them and their families and their honor to the country with their lives.

Over the years, I have met and worked with so many inspiring men and women who work hard every day to serve this great country. Our country is stronger, and that is thanks to their service. It has truly been my privilege to support them and move our government forward.

I am pleased that we have made progress in a number of areas that have been priorities for me and for this Subcommittee, including enacting and implementing the Non-Foreign Area Retirement Equity Assurance Act and the Telework Enhancement Act, as well as making important strides in reforming the Federal hiring and security clearance processes. We are also doing a better job matching Federal employment opportunities to the important skills of veterans and people with disabilities and in making sure all employees get the training they need to help agencies meet critical missions. But, as you know, there is more work to be done.

As many of you know, I will be retiring at the end of this year and this will be my last hearing as Chairman of this Subcommittee. It has been a great honor for me to serve as Chairman of this Subcommittee and work on issues that, although they may not always make headlines, are crucial to improving the lives of our citizens.

Throughout my career in Congress, I have used the spirit of aloha to get things done. In Hawaii, the Aloha Spirit is a feeling that we need to bring people together and solve problems. I may not always have the same priorities or perspectives as my Republican counterparts, but I always try to look for common ground, and we have. Recently, I have been working closely with Representative Issa to pass the Whistleblower Protection Enhancement Act (WPEA), which has been a priority for me for years, before Congress adjourns.

Over the years, I have often said that I believe that the Federal Government, as the Nation's largest employer, has a responsibility to lead by example, to be a model employer. It is my hope that the work of this Subcommittee has moved us toward that goal.

I love serving in Congress and I have been so privileged to work closely with the witnesses here today to address the needs of our country and the Federal workforce, and I am so glad to be working today with my partner here, a Senator who has worked hard with me since he has been elected. Ron has been such a good partner in what we are trying to do here for the people of our country.

Today, we have two panels of star witnesses, including some of the most dedicated, effective leaders in Federal workforce issues. I know each of you cares deeply about our Nation and these issues and I want to thank you for being here today and for the work you do every day to improve our government and our workforce. So I look forward to your testimony.

I want to say thank you very much for these leis for all of you. I just want to be sure you know that a lei like this is very significant to a person from Hawaii. This is not any lei. It is a special lei because of its makeup. This is called maile, the leaves, taken from vines, and the flowers are kukuna o ka la, which is "the rays of the sun" in Hawaiian. So, together, this makes it an important lei. Normally, they give a lei like this to the officials, and I must say that this is an honor to receive one like this and I thank John Berry for this lei and for his good wishes well and honor that they give me here.

And so I would like to at this time thank our star witnesses so much for all the help you have given me while I am here. This has made a huge difference.

And now, I would like to call on Senator Johnson, my partner, for any statement he may have.

OPENING STATEMENT OF SENATOR JOHNSON

Senator JOHNSON. Well, thank you, Mr. Chairman, and aloha.

Senator AKAKA. Aloha.

Senator JOHNSON. As you mentioned, today is a very memorable day for you because this is your last Subcommittee hearing in terms of when you will be Chairman, and for me, also, because it will be the last time I will have the privilege of serving with you on this Subcommittee before you retire.

In the Aloha Spirit that you have brought to not only the Senate but your service here in Congress for many years, I would like to start this hearing by decorating you further with my own lei, out of affection, appreciation, and deep respect for your service to the country.

Senator AKAKA. Thank you so much. [Applause.]

Senator JOHNSON. That color combination goes well together. [Laughter.]

Senator AKAKA. Yes.

Senator JOHNSON. But I just want to say that when I started in the U.S. Senate less than 2 years ago, Senator Akaka gave me a warm and friendly welcome to the Homeland Security and Governmental Affairs Committee (HSGAC). His cheerful smile, encouraging attitude, and genuine desire to make a difference has been a hallmark of his many years of service to this country. The affection we all have for Senator Akaka is heartfelt and is well deserved.

During my time here, I have always enjoyed joining Senator Akaka at the Senate's Wednesday morning prayer breakfasts. Many of you do not know this, but Chairman Akaka started the tradition of singing a hymn at the beginning of every prayer breakfast. Everyone in attendance looks forward to hearing Senator Akaka's explanation of the hymn's history and hearing his fine voice lead us in singing. Your presence at the weekly prayer breakfast will be sorely missed.

Senator Akaka has demonstrated his commitment to public service throughout his life. His entry into public service began during World War II, where he served in active duty in the U.S. Army. From there, Senator Akaka continued his service in the State of Hawaii's Department of Education before first being elected to the U.S. House of Representatives in 1976. Today, 36 years later, it is clear to see the countless contributions that Senator Akaka has made during his many years of service.

As one of the longest-serving Senators currently in the Senate, Senator Akaka has forged many friendships, including with a number of U.S. Presidents. He served with every President since Jimmy Carter and has maintained friendships with many of them. Senator Akaka has strong ties across the aisle, from his common bond with President George H.W. Bush as a World War II veteran, to playing many rounds of golf with President Clinton, and apparently those things went on quite a while.

As Chairman of the Subcommittee on Oversight of Government Management (OGM), the Federal Workforce, and the District of Co-

lumbia, it has been his goal to attract, retain, and motivate a skilled Federal workforce. I applaud the work Senator Akaka has done to ensure that Federal employees are protected from retaliation when they disclose government waste, fraud, and abuse.

Senator Akaka has also worked hard to ensure that the Federal Government process retirement claims in a timely and efficient manner. He has advocated for the modernization of information technology (IT) infrastructure to achieve this goal. These are common sense advancements that are good for the Federal workforce and good for the American taxpayer.

It is Senator Akaka's "Aloha Spirit" that has earned him the recognition of many organizations. Time will not allow me to name every award he has received, but I would like to mention just a few.

In 1999, he received the Adam Smith Medal of Distinction from the National Council on Economic Education for his work in improving our youth's education and economic principles.

In 2008, he received the Inspirational Leadership Award from the Military Order of the Purple Heart for his dedication to our Nation's veterans.

And in 2011, he received the Public Service Award from the Government Accountability Project for his work in protecting the rights of whistleblowers.

Senator Akaka, all too often, the public spotlight is on the differences between Members of Congress, but your record in Congress points to a different reality. Your tireless efforts to streamline Federal processes and making agencies more accountable have found broad bipartisan support. In other words, the Aloha Spirit has worked.

Senator Akaka, I know you will be missed by all of your colleagues here in Congress, every staff member, and everyone who has had the pleasure of working with you here in Washington and throughout America during your dedicated years of service. In particular, I will miss you. During our short time of service together, you have been most kind and gracious to me and I will always consider you my friend.

I know you are looking forward to spending more time with your family, including your 15 grandchildren and 15 great-grandchildren. I cannot think of a more fitting, satisfying, and well deserved retirement. So I would like to extend my appreciation and congratulations to you and your family and wish you all the best in the years ahead. Aloha.

And I guess just in terms of mentioning family, I would like to point out that my wife, Jane, my sister, Lynn, and my sisters-in-law Kathy and Mary are here. They also are saying aloha to you, as well.

So at this point, I would like to welcome our witnesses, and it is a star cast, I think two of our favorite witnesses, Director Berry and Gene Dodaro. I would like to thank you for being here. I look forward to hearing your testimony on how we can continue to implement and improve upon the many reforms that Chairman Akaka has worked so tirelessly on. So thank you.

Senator AKAKA. Thank you very much. In Hawaii, we say mahalo, which is thanks. It is not enough, so we added the word

“nui,” and “nui” in Hawaiian means big and huge. So to say mahalo nui is a huge thanks. But we do not think that is enough, so we added another word, “loa,” which is long, like Mauna Loa, which is a long mountain. And so I want to say mahalo nui loa, Ron, for your friendship and your work here, as well. I certainly am so happy your family can be here, as well, and want to say aloha to you, as well.

And thank you so much for the kind words. There is no question, I will miss all of this and the friendships and the work here, but I know you will carry it on and continue to help our country in the future. And so thank you so much, Ron—

Senator JOHNSON. Thank you.

Senator AKAKA [continuing]. You and your staff.

So at this time, I welcome John Berry, Director of the Office of Personnel Management (OPM), and Mr. Gene Dodaro, Comptroller General of the United States and head of the Government Accountability Office (GAO). These gentlemen have been terrific in continuing to help our country and especially the people who work in it. So it is always good to see both of you. I want to share my aloha with you and wish you well in your work in the future, as well. Thank you so much for being with us here today.

As you know, it is the custom of this Subcommittee to swear in all witnesses, so I ask you to please stand and raise your right hands.

Do you swear that the testimony you are about to give this Subcommittee is the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. BERRY. I do.

Mr. DODARO. I do.

Senator AKAKA. Thank you very much. Let the record show that our witnesses answered in the affirmative.

Before we start, I want you to know that your full written statements will be part of the record, and I would like to remind you to please limit your oral remarks, as you normally do anyway.

Director Berry, will you please proceed with your testimony.

**TESTIMONY OF HON. JOHN BERRY,¹ DIRECTOR, U.S. OFFICE
OF PERSONNEL MANAGEMENT**

Mr. BERRY. Aloha, Chairman Akaka—

Senator AKAKA. Aloha.

Mr. BERRY [continuing]. And mahalo for inviting me and Gene to discuss with you the state of our Federal workforce today. I am particularly honored to be invited to testify today. As you have mentioned, this will be your last hearing.

Mr. Chairman, I have been very fortunate to have worked with you since 1985, when I was a very junior staffer for Congressman Steny Hoyer and the two of you served on the House Appropriations Committee. During that time, I witnessed firsthand your commitment to our Federal workers and ensuring that the Federal Government was an employer of choice. As long as I have known you, you have been a champion of good management practices and employee rights. You have encouraged labor-management partner-

¹The prepared statement of Mr. Berry appears in the appendix on page 37.

ships. You have improved whistleblower protections. You have ensured fair pay and benefits, promoted domestic partner benefits. You have increased telework in our government, pushed for hiring reform, enhanced the diversity of our workforce, expanded our financial literacy, and strengthened employee training and mentoring programs.

For example, I know how hard you have worked to ensure that Federal workers outside of the DC area are provided with the same benefits and protections as those closest to this building. Your work with Federal executive boards across the United States has ensured that we all remain mindful that the bulk of government work, approximately 88 percent of it, is carried on outside of the beltway. And Federal employees live and work in every county of the United States.

I know you are particularly proud of your work on the Non-Foreign Area Retirement Equity Assurance Act, which simply provides equity in retirement benefits for Federal workers in Hawaii, Alaska, and our United States Territories.

I was also deeply honored to work with you, Mr. Chairman, on an issue that I know is extremely close to your heart, the reconciliation process between the Federal Government and our Native Hawaiians. Following the passage of your Native Hawaiian Apology Resolution, President Clinton asked me to represent our government in a series of formal hearings throughout the State of Hawaii, where more than 40 hours of public testimony were heard on every island. In October 2000, the Department of Justice (DOJ) and the Department of Interior (DOI) released our report entitled, "*From Mauka to Makai: The River of Justice Must Flow Freely*," which summarized our meetings and detailed the history of Native Hawaiians and the need for further reconciliation through the establishment of a government-to-government relationship. I know that this report aided in the development of your bill to establish that relationship, and I am extremely honored to have been a partner with you in this effort.

I have also enjoyed working with you on another issue that I know is dear to your heart, and that is ensuring that our veterans get the benefits that they have earned and deserve. As one of only three remaining World War II veterans in the Senate, and as the former Chairman of the Senate Veterans Affairs Committee, you have made the care and services provided to our veterans one of your top priorities. I am very proud that OPM has been able to do its part by improving employment opportunities for our veterans and providing assistance to veterans and their families who are seeking information about Federal employment.

I do not know if you remember, Mr. Chairman, but at my confirmation hearing for this job, I promised you and the Members of this Subcommittee that we would do a better job in hiring veterans in our civilian agencies. In 2009, veterans comprised 24 percent of our total new hires in the government. In 2011, they comprised 28.3 percent. That is the highest percentage since we have been keeping records on veterans' employment.

Mr. Chairman, in your speeches, and as Senator Johnson has noted, you often begin by greeting crowds, as you did here today, with the word "aloha," which the audience may not know means

love. Your love for others has been as constant as the North Star, and it has made you one of the most beloved members of our U.S. Senate. In an age where partisanship is the norm, you stand out by sharing your aloha with everyone and serving as an example to all of us of what we can be if we work with aloha in our hearts.

The motto for the State of Hawaii is “Ua Mau ke Ea o ka Aina I ka Pono, “may the life of our land be perpetuated in righteousness.” Mr. Chairman, you are a great leader. Your righteousness has improved not only the State of Hawaii, but the United States of America. The people of Hawaii, all of our Federal workforce, and I personally want to say a very big thank you from the bottom of my heart for everything that you have done for this Nation. We wish you so much aloha as you begin this next chapter of your life. You will be sorely missed. God bless you, sir.

Senator AKAKA. Thank you so much. Mahalo nui loa for your statement. It is a great honor for me to receive that from you. I thank God for you and all those that work with you, your staff, as well. You make a huge difference. Thank you.

Mr. Dodaro, will you please proceed with your statement.

**TESTIMONY OF HON. GENE L. DODARO,¹ COMPTROLLER
GENERAL, U.S. GOVERNMENT ACCOUNTABILITY OFFICE**

Mr. DODARO. Thank you very much, Mr. Chairman. Good afternoon to you and Senator Johnson.

Before I turn to the subject of today’s hearing, though, I would like to reiterate the comments I made before this Subcommittee in June when I was here to testify on the personnel security clearance area, and that is to express my and all my GAO colleagues’ deep appreciation for your exceptional record of public service. It has been a distinct privilege to work with you on a wide range of issues, including veterans’ issues, radiological source issues—we completed an important report for you recently about that—and all the human capital issues that are the subject of today’s hearings. We thank you for your dedicated service to improving government and we want to wish you, on behalf of all my colleagues at GAO, the best of health and happiness in your retirement to you and your family.

Senator AKAKA. Thank you.

Mr. DODARO. Now, turning to today’s hearing, in the area of human capital management, we took the extraordinary step back in 2001 to designate strategic human capital management as a high-risk area across the entire Federal Government. The reason we did that was because of a lack of leadership and attention to those issues. Since then, along with this Subcommittee’s leadership and your personal attention, Congress has passed a number of significant pieces of legislation that have begun to focus on this very important area, establishing Chief Human Capital Officers (CHCOs) in each Federal Department and agency, creating a Council of them to work with the Office of Management and Budget (OMB) and OPM in order to make sure that these issues get attention, granting greater workforce flexibilities in 2004, and most recently the telework legislation that passed in 2010. And all these

¹The prepared statement of Mr. Dodaro appears in the appendix on page 44.

pieces of legislation have provided more important tools and attention to help agencies deal with a wide range of human capital issues.

Recently OPM also initiated a number of initiatives in the hiring area, the training area, workforce-life-family balance issues, and training programs. We have done a series of reviews at this Subcommittee's request and pointed out those areas where they have made good progress and are on track and made some recommendations to help make further improvements.

Now, while great progress has been made, much more remains to be done and there is a lot of need for continued attention. Among the reasons that we have kept the human capital area on the High-Risk List, although we have narrowed the scope of it, is to focus on critical skills shortages. For example, we have pointed out such areas as cybersecurity, and this is particularly true with computer forensics and network analysis capabilities, the acquisition workforce, and foreign language capabilities. In all these areas there are existing skill gaps that need to be filled. It is very critical that this be done. And I am pleased that OPM has led a working group with the Chief Human Capital Officers to begin to address this issue governmentwide and with the individual departments and agencies.

But in addition to that, right now, of the workers who were on the Federal payroll at the end of September 2011, 30 percent of them will be eligible to retire between now and 2016. And in some agencies, such as the Department of Housing and Urban Development (HUD) and the Small Business Administration (SBA), it is 40 percent. And also, among the Senior Executive Service (SES), or the career leadership, 58 percent of those individuals will be eligible to retire between now and 2016. So this is a huge challenge with already existing skill gaps. This also all occurs against the backdrop of enormous fiscal pressures for the Federal Government to get its fiscal path on a more sustainable basis, and that will require a lot of adjustments, as well.

So attention to the strategic human capital management practices is more important than ever. I believe we are entering a crucial period now when all these issues are going to have to be dealt with concurrently because they are providing a confluence of significant challenges to the Federal Government. And it will be really important for the Executive Branch to provide good leadership in this area, and it will be important for Congress to carry on the legacy of this Subcommittee, which is to have continued attention and oversight to all these matters.

GAO will be there to do its part and to support everyone in carrying out this important responsibility and make sure our government works effectively and efficiently for the benefit of the American people.

So thank you very much. I appreciate the opportunity to be here today and look forward to your questions.

Senator AKAKA. Thank you very much, Comptroller General Dodaro, for your testimony, and your kind words, as well.

Mr. Dodaro, as you mentioned in your testimony, in 2001, GAO identified strategic human capital management as a high-risk area at that time. In 2011, you narrowed the focus to the need to iden-

tify and address critical skills gaps within the Federal workforce. This Subcommittee has focused on several of the most pressing gaps, including in foreign language skills and staffing of acquisition professionals and veterinarians. What strategies or steps would you recommend to OPM, the Chief Human Capital Officers Council, agencies, and Congress to address this high-risk issue going forward?

Mr. DODARO. Yes. I think that is a very important question. What we focused on in a number of discussions that we have had, both with OPM and OMB and the agencies on all the areas in the high-risk area to make greater progress, is the need to do effective planning in this area. There is a real need to understand the root causes of the skill gaps—why they occurred, the size of the skill gap, is it pervasive across the government, targeted to individual agencies or a subset of agencies, and to develop common, efficient, effective solutions to addressing the skill gap.

Second, there need to be effective strategies for recruitment and retention on key skills in this area, including the assistance that OPM could provide to the agencies on effective use of the hiring flexibilities that are in place, especially special pay rates and other things that are in the law so they are effectively and properly used, given the legal parameters of those flexibilities that are in the law.

And third, there needs to be follow up to make sure that they have really solved the problem, are operating effectively, and this needs to be a continuous process because additional skill gaps will occur as the challenges change over time. And so there needs to be a robust process in place of continual planning, effective development of strategies, targeted recruiting and retention, and then evaluation to make sure that the issues have been properly addressed.

Senator AKAKA. Director Berry, I would like to hear from you on this issue, as well. Would you please discuss the specific actions that OPM is taking to assist agencies in addressing mission critical skill gaps, as well as how OPM will measure progress in filling these gaps.

Mr. BERRY. Mr. Chairman, first of all, I want to turn to something that you and Senator Voinovich created, and that is our Chief Human Capital Officers Council, which is made up of our HR professionals across the government. And this is a case where that Council has really stepped up and stepped forward, and I want to thank Gene, and Gene, your whole team sitting here in the front row, who have worked so closely with us to help us try to get this right.

And another friend who is not here today is Pat Tamburrino, who, over at the Department of Defense (DOD), led the working group on the Chief Human Capital Officers Council on this issue. And what they did first was to identify critical areas where we were having these skill gaps, is the first step. Just so you and Senator Johnson are familiar, what they ended up doing was identifying five occupations and three competencies that are strategic in terms of the overall Federal Government. They impact literally every Federal agency. They are IT or cybersecurity, as Gene mentioned; HR, human resources; acquisition, something every Federal agency is involved with, some to a much larger scale than others;

program auditors, making sure that we can track and account for these resources for our taxpayers; and economists.

All of these areas are areas that we regularly have a hard time recruiting. And they are areas that, when we look at the identification of where are those biggest retirement bubbles coming, some of those are in these areas that we just must address because they are governmentwide in nature.

In addition to those core areas, there was agreement from the working group that we would also include science, technology, engineering, and mathematics (STEM) fields or functional areas. They span a number of occupations, but all taken together are critical to our strategic operation of our government.

The three governmentwide competencies that we believe share across the Federal family are strategic thinking, problem solving, and data analysis. These are the tools that we are working with to make sure that as we recruit the next workforce, that they are rich in these talents and skills.

Now, we are looking at this from sort of a cradle to grave perspective. We cannot just expect that these skills are going to come to us. So we are going out and working with the universities and working through the associations at the universities to see if we can work with them to help make sure that the graduates they are putting out have these three key elements to it. They are—I believe, Senator Johnson, with your private sector experience, you would probably agree—these are competencies that are critical in the private sector, as well. And to the extent that our universities can help by making sure our graduates are rich in these skills, the more effective our future government will be.

Now, those are the governmentwide approaches. At the same time, what we have done is each of the government agencies have drilled down for their own unique workforce and they are to identify what additional skill gap areas they might have in their department that might not be governmentwide in nature.

A good example of that, for example, is veterinarians at the Department of Agriculture. They have a very difficult time hiring a sufficient number. So that would be one of their additional skill gap areas that they would identify on their list, in addition to the ones identified governmentwide.

Now that we have developed these categories, each of the Federal agencies has to come up with a work plan of how they are going to address each of these categories, both in terms of recruitment and retention and ongoing training. And so because each of these fields, especially when you think of IT and cybersecurity, we need to have ongoing regularized training, because, Mr. Chairman, as you and Senator Johnson know, the bad guys are always changing their game. We need to change with them. We need to always be at the top of our game in that sense from the Federal Government's perspective. And so ongoing training is going to be a critical element in this.

We will be tracking each of these elements, Mr. Chairman, reporting them both to GAO and to the Subcommittee so that you will know sort of where exactly we stand, and those plans will come down with their metrics and their accountability, so we will be tracking those and reporting to you on a regular basis.

But I am extremely grateful. I think this is a classic case of bipartisanship in the Congress. This is a case where we do not see the Government Accountability Office as a “gotcha.” We see them as a partner in helping us get this right. And they have really worked with us. We appreciate it. Jeff Zients at OMB and I have worked with Gene and his team. We take this very seriously. It is one of the highest priorities and we are going to press it. And my hope is, a year from now, we may be coming off that list. But that is Gene’s determination.

Senator AKAKA. Well, thank you very much for your responses. I am so glad to hear the bells ringing in your statement now and the importance of partnership and of your work together with other departments and agencies, as well. This has been great.

Mr. Dodaro, as you know, I worked to increase training for supervisors and employees in the Federal Government. In a study released on Monday examining Federal employee training, GAO found that, often, Chief Human Capital Officers are not communicating with other agency leaders. As a result, the agencies are duplicating certain training investments. What can be done to improve communication among leaders so that we are providing needed training without wasting money on duplicative training?

Mr. DODARO. Thank you for noting the report, Mr. Chairman. There are a number of recommendations that we made in that report, one of which is to make sure—and this is a role that both OPM can play as well as the Chief Human Capital Officers Council, and that is to share information across government as to what some of the common training requirements are and then to efficiently develop programs that could be shared and put online. OPM has a Web site, and there are other tools that could be used to do this. Online training courses are becoming much more common and much more efficient.

And there is a need for common training requirements. For example, in the computer security area, by law, each year, every employee in the Federal Government is required to take training on computer security and to protect the information. There could easily be a common course developed that could meet the needs across the Federal Government and perhaps tailored to meet each individual agency.

We also pointed out in that report within departments and agencies, while there is a focus on what training should be centralized and what training should be decentralized, there is not enough information overall in the department about what the total investment is in training in the department and agency. There also is a need to develop better data so that those investments can be prioritized properly and then evaluated carefully going forward.

And so those are the recommendations that we have made. We will be following up on those recommendations with OPM and with the individual agencies. And I think this is really important, because we invest a lot of money. Why not make sure, just like everything else, that we are investing it properly and we are carrying out these activities that are essential in the most efficient manner. This is terribly important, given our fiscal condition right now.

Senator AKAKA. Thank you very much for your response.

Let me call on Senator Johnson now for his questions.

Senator JOHNSON. Thank you, Mr. Chairman.

Mr. Berry, let us kind of go back to the recruitment on universities. Can you talk to me specifically about activities that you engage in with the universities and colleges in terms of specific recruitment?

Mr. BERRY. Absolutely, sir. One of the biggest reforms that we have been able to accomplish, and again, under the leadership of this Subcommittee, was reforming how students could enter the Federal Government. It was a very confusing program. We had a lot of programs that had a lot of acronyms. We had the Student Career Experience Programs (SCEPs) and we had the Student Temporary Employment Programs (STEPs). We had some hours counted towards conversion and Federal service, some did not. It was a confusing panoply that, unfortunately, many of our students were just—when they were going online and seeing this, they would just walk away.

Both this Subcommittee and the President said, we have just got to do better, and so we crafted a program called Pathways where we created three entry programs now for students. If you are in school, no matter what degree program you are in school with, you are an intern and you are welcome to work for the Federal Government while you are in school, either during your spring or Christmas break or your summer break. And your hours count towards conversion if you are doing a good job. So we have created that clean category. If you are in school, you are an intern and your hours count. We have taken away the acronyms.

The second category we have made is called Recent Graduates, and what we were finding is—I mean, most—the principle behind Federal employment is that you want to allow the public to have open competition to be able to apply for positions, and what we were finding is that students, because the bulk of their resumes was academic work, did not have the work history to successfully compete through open competition. And so in hearings around the country and working with universities, the National Academy of Public Administration, the Society of Public Administration, and a number of the schools counseled us that we needed to have sort of an entry ability for students to get into the Federal family or they would not successfully be able to join and we were denying ourselves that talent pool.

And so we created the Recent Graduates Program, which creates a 2-year window after any degree, and you have a 2-year opportunity where a Federal agency can hire you. You are competing with other students and you are competing with student veterans who have gone back to school, but you are not competing against the world at large based on work experience. And that then allows students to join the Federal family. And again, if your hours you accumulate after that 2-year period, if you have done a good job, you can be converted into the permanent civil service.

The third is a junior management development program called the Presidential Management Fellowship Program. It has been around for a long time. It had fallen on hard times and, quite frankly, it had been sort of—in previous budget cuts, the quality of the program had suffered. We have restored that. We have put back a direct interview so the quality of the candidates is lifting

up. It is a great program and it allows graduate-level students to join the Federal family and have what we call a career ladder. You would come in at a 7, but if you do a good job, you can be promoted to a 9 and then ultimately to an 11, where you can then assume management responsibilities. And so it is a lead program. We have about 10,000 applicants across the country for it. We pick around anywhere between 600 and 1,000, depending on the year. And then that program is our third pathway.

So those are the three pathways we have now created. The regulations are up and running. Agencies have 6 months to convert. I forgot to mention one thing, and that is the 2-year Recent Graduates Program, if you are a veteran and you have gone back to school and you are required to do a service commitment, your window can be up to 6 years. So we are trying to make sure we are being very careful to protect and preserve the veterans' preference program within these programs, and we are going to be following that very carefully in the data to make sure there is no negative impact.

But I think wherever I go now—I have visited, I think—well, I have lost count at this point, Senator, it has been so many schools where I am going out personally to State institutions, community colleges, whether I am speaking at a graduation or speaking with students and speaking with veterans. I always meet with the student veterans on campus. We always meet with the teachers and the guidance counselors, and then we meet with the students as a way to try to build the awareness and knowledge of these programs.

But I think once the agencies get used to them, once the word gets out on the street, these are going to be very effective ways for us to take advantage of the talents coming out of this new generation. When you talk cybersecurity, do not look to my generation. We have to look to the next generation. They are where it is happening, and we need them.

Senator JOHNSON. How many ports of entry are there to the Federal system? In other words, how many gatekeepers? If you are a student looking to start a career in the Federal Government, do you just go to OPM? Do different agencies have also ports for entry? How streamlined or how confusing is that process?

Mr. BERRY. Part of this reform is that all agencies would agree to post these opportunities on USAJOBS so that students can go to a one-stop shop and find out what opportunities are available for either internships, Recent Graduates Programs, or what the opportunity for PMF is.

Senator JOHNSON. That is the goal. What is happening right now?

Mr. BERRY. That is happening now, and agencies—well, this program, we just issued the final regulations in July, and departments are now standing up their programs. And so I do not want to say that every agency has theirs set up yet. We have to certify that they have thought through veterans' preference and these other programs, and I think we have certified at least 15 agencies out of the 24 major ones so far. So we are making good progress. My hope is that by the end of the calendar year, we will have everybody, and then everybody will be there centralized in USAJOBS and that

will be the central board where students can go and be connected in with everything that is happening across the government.

Senator JOHNSON. OK. I am out of time. Are we going to be doing a second round?

Senator AKAKA. Yes, we will have a second round.

Senator JOHNSON. Well, I will wait for the second round, then. Go ahead.

Senator AKAKA. Director Berry, you discussed OPM progress on eliminating the retirement claims backlog since this Subcommittee's February hearing. I am pleased with the reforms that are underway now. However, as you know, concerns remain about the paper-based retirement processing model. What recent steps has OPM taken to address the management challenges that contributed to past IT modernization failures?

Mr. BERRY. Yes, Mr. Chairman. First, if I could answer both those questions, we have been submitting monthly to you our report on how we are doing on the plan that we submitted, worked out with the Subcommittee. You will recall that our goal is to get to where every retirement can be processed within 60 days, and so that is our target, and we promised that we would reach that by next summer, and we mapped out how we would get out of the backlog of over 60,000 cases we had when we had the last hearing on this.

I am proud to report we are now at 40,000 in terms of the backlog. We have come down 20,000 cases. And we have managed to stay ahead of schedule, even though retirements have been higher than we had originally projected in the plan. This last month, we got hit with a big infusion of Postal retirements, and our hope is that, without more surprises, we can continue to stay ahead on this plan.

But so far, so good. We are on track to meet our commitment to you ahead of schedule. And so I am going to continue to drive that. It continues to be my highest priority and we will not take our eye off that ball.

The other thing we submitted, you will remember Senator Warner, who came to the last hearing on that, also asked that we would supply the accuracy of the forms that we were getting from the agencies and whether we were getting complete files or not. And I promised that by September, we would be reporting on that, and the report that you just received shows now agency by agency as to the inaccuracy rates among each of the agencies in terms of the incomplete files that we are receiving.

My hope is that some of the agencies that do not look so good in that report are going to tighten their game and greatly help us, because that has been one of—there have been many ways we have been able to drive this backlog down, but that has clearly been one of them, having agencies give us better files to start.

On the IT strategy, because, clearly, we cannot keep going like we are doing. This, as Senator Johnson—as we were explaining during the last hearing, we are stuck in this paper-pencil process because that is where we are in terms of the records we have are not automated in many cases. Some of the files we get have some automated data, but not all. And so we have this. These issues are going to be ongoing for a while.

But because there had been so many false starts—I remember I promised you at that hearing we would not move forward with wasting more money because millions of dollars had been wasted in previous attempts to automate this. We have been working with Steve VanRoekel and the IT experts over at OMB, and Kathy Dillaman, who has been helping us develop this. We are developing an IT strategy that we will be presenting to OMB through the 2014 budget that, depending on our negotiations there, I hope to be able to look forward to presenting in terms of the President's budget to you, the Congress, next spring with an IT strategy that will have short-term, medium-term, and long-term approaches to how we can ultimately be where we need to get, which is to have this be a totally electronic process. It is incredibly crazy that it is not already, but we have to deal with reality, and getting there, this plan will lay out how that is going to occur.

Senator AKAKA. Director Berry, as you mentioned, my Non-Foreign AREA Act provided Federal workers in Hawaii, Alaska, and the Territories with much-needed retirement equity. I want to thank OPM and especially thank you and your staff for your work in implementing it. The Act can sometimes interact with other laws in unforeseen ways. Recently, Congress passed the phased retirement initiative that OPM is in the process of implementing. How will phased retirement interact with the Non-Foreign AREA Act and what steps is OPM taking to prepare itself and the workforce for these changes?

Mr. BERRY. Mr. Chairman, as you know, we are at the tail-end of converting from the cost of living adjustment (COLA) system to the retirement equity program that you put into place and our locality increases will now be covering that system and the workers in both Alaska and Hawaii will now—previously, Senator Johnson, those workers did not have those adjustments counted towards their retirement and so they were sort of disadvantaged when it came time to calculating their retirement. The Senator put in place a system to provide equity across all Federal employees in that regard, and we had to convert from that system to a new one over a period of 3 years.

We are now on the third year of that conversion. It is going smoothly and our staff—and I want to thank your staff, Senator, for—they have been so great to work with. It is a very complicated situation and we could not have gotten the word out to retirees and active employees had it not been for the help of your great staff, sir, so thank you extremely much.

But my expectation is that phased retirement should not affect this system because whether you are in a phased retirement program or a full retirement program, the application of the locality adjustment should be the same. So we are in the process now of drafting the regulations of the law that you recently passed, thanks to, again, your leadership, Mr. Chairman, of phased retirement. We thank you, and Senator Johnson, thank you. I think it is going to be a great tool in our toolbox for keeping—I think Gene would agree with me on this. When he talks about 50 percent of our SES being eligible to retire, well, we all—a lot of folks want to go play golf, and that is fine. Obviously, that is their right. But many would say, golf once or twice a week would be enough. I would like

to work for 3 days a week still. And by giving us that phased retirement bill, we can now give that opportunity. And so we are going to be able to keep the skill set and some of those higher-trained workers longer through using phased retirement.

We are in the process of drafting those regulations, Mr. Chairman. I hope to have the first round of those regulations issued by the end of the year, because many workers, as you know, in January make their decision as to whether to retire or not, and I would like to at least be able to put out there—the regulations will clearly not be finished, through the public comment process, et cetera, by that point, but they will have a good idea of how the program will run and they can then make their retirement decision based on whether they want to stay or take their option in January.

So that is my goal, Mr. Chairman, and our expectation is that the adjustments should be the same regardless of whether they are on the phased system or the full retirement.

Senator AKAKA. Thank you very much.

Senator JOHNSON, your questions.

Senator JOHNSON. Thank you, Mr. Chairman.

Let us go to the issue of hiring veterans. Obviously, I am pleased that the statistic has gone from 24 percent to 28.3 percent. In my previous life as an employer, we certainly found hiring members of the military, veterans, were just our best hires. I mean, the United States military is really one of the finest training organizations in the world, and, of course, people leave there with a wonderful esprit de corps. What are the impediments for increasing that? I mean, is this kind of the high-water mark? Could we dramatically increase it? Is it a mismatch to job skills, lack of interest on the part of veterans willing to work in the Federal workforce?

Mr. BERRY. I do not think we are at the high-tide mark. I think a lot of it is skills translation and we have been working. We have a Veterans Hiring Council that we work across agencies with that is helping—working with DOD to translate. A good example is med techs. Med techs have some of the most amazing training on emergency medical procedures, et cetera, that have to be faced, and yet they come back and they are not certified as R.N.s or nurses because they do not have the academic credential.

And so what we have been working on is programs, pilot programs, where we can hire them based on their experience and say, look, we will help you go to school part-time so that you can get the R.N. degree, get your certification, qualification, and pursue a career in this field if you like. You have a great start and let us help you go the whole way.

And so some of these things, especially a lot of the cybersecurity issues and communications issues, need that kind of skill translation that can be available. Nursing is an area where our veterans hospitals, we are always looking for talent. Here is a great place where we could grow that talent by using our veteran corps returning, from our med techs, is a good example.

Senator JOHNSON. Do you—

Mr. BERRY. So you are exactly right. They are phenomenally trained. We spend billions of dollars in training them. We would be damn idiots to ignore them. And so bringing them in has been essential. It has improved the quality of our workforce. What is not

captured in that number—out of a workforce of 1.8 million full-time, 570,000 of them are veterans. And so it is a great contribution. They get—both our men and women in the civil service and our men and women in uniform take the exact same oath, to defend and protect the Constitution. This way, what we tell our veterans is, when you take the uniform off, you can still continue your oath and serve.

Senator JOHNSON. And again, that half-million people is outside the Department of Defense? That is just other agencies?

Mr. BERRY. Yes. This is across the government.

And one last—if I could, just one more, one last statistic, Gene—that I am very proud of, Senator, is we have also maintained a separate focus on hiring of disabled veterans. The disabled percentage numbers went from 7 percent in 2009 to 9 percent in 2011. So we have increased our hiring of disabled veterans over that period of time, too. So both numbers have gone up in terms of our veterans hiring. We are looking good. And that is thanks—again, to our partnerships with the American Legion and the Veterans of Foreign War (VFW) and others who have helped us get the word out, Vietnam Veterans, others, are working with these great people.

Senator JOHNSON. Great. Mr. Dodaro.

Mr. DODARO. I just wanted to add that the Defense Business Board, which is a group of private sector individuals and the business community that advises the Secretary of Defense—I sit as an observer on the Board, they have done a study talking about how this area could be addressed. For example, to make sure that DOD's training programs are pre-certified to help people then get jobs when they reenter back into the civilian world. They provide a lot of this training—let us take, for example, repairing aircraft—but a lot of them are not necessarily in sync to be certified for activities, which means that when they come out of the service, they have to spend time getting recertified. So they are trying to bring the DOD programs in sync to have them pre-certified, and that, I think, will more easily facilitate their reentry back into the civilian workforce.

Senator JOHNSON. One thing that I have always found drives performance is actually having goals. Do individual agencies have specific goals? Does OPM have a specific goal that is going to measure your success in this area?

Mr. BERRY. Yes, and in fact, the President's Executive Order (EO) on this has been what I think has been a very—what has made this program different, why we have had this wonderful over 4 percent increase, which is unprecedented, is because we took an approach that treated agencies differently. Rather than sort of saying, everybody have, like, a 1 percent increase, we said, if you are doing a great job, we are not going to ask—you just need to keep pace. Keep doing what you are doing, and if you can do a little better, great.

A good example of that is—what agency in the Federal Government hired the highest percentage of disabled veterans' hiring in the United States Government last year was not the Department of Defense and it was not the Department of Veterans Affairs (VA). It was little old OPM. We had the highest percentage of hiring of disabled veterans. So I am already in a pretty good category, and

so my goal is—what I have told our people—let us stay or get better.

Now, there are some—I am at a 20 percent, almost 30 percent category of my hires, all right. So I am in that block, the 20 to 30 percent block. There are a number of civilian agencies in the below 10 percent block. What we have done is created a model and say, if you are in that block, you need to lose weight and pick up the pace, and your goal increase is 5 percent this year. And then in the mid range, you have an increase of 2 to 3 percent. And then for those who are already doing a great job, stay there and do better.

And that has been—we break this out. I can get you a report that will show you, department by department, where they stand, what their percentage hiring is, what their goal for the year is, how they are doing, and we can report on that to you. We now follow it that closely, sir.

And, quite frankly, the other thing that has really helped—I have to say a great thanks to the President, because when I went to him, I said, Mr. President, we can have meetings on this and I can invite people to meetings, but I am getting the C team. We need the A team focused on this. And the President's response was, "What if we have the meeting in the Roosevelt Room and I chair it?" I said, that will get me the A team. And he did it, and it has brought that level of focus. When he brought every cabinet Secretary and Deputy Secretary into the room, it got attention, and that is what—so why has this happened? It has been good leadership. It has been a great strategic plan. It has been accountability and metrics with numbers. And I can get you—we can report on that for the record.

Senator JOHNSON. OK. Thank you very much.

Senator AKAKA. Thank you very much, Senator Johnson.

This has been a great hearing. Responses have been great. It is so good to hear what you have been doing, the progress you have made already, and the practices you have been in have been working out better than before. So the future looks good, and I am glad to hear all of this at this time.

I want to thank the two of you for your excellent work that you have been doing for our country and some of these ideas you mentioned that we are doing. We need to press forward and try to carry them out and meet the need that is coming. As you both pointed out, in a few years, we will have huge retirements, and just think about that. I mean, who is going to come in and replace them? And we want, of course, the best that we can, so working with the colleges and universities is a great answer to that, and again, partnership with another group in the community.

So this is great, and again, I cannot thank you folks enough for all you have done, you and your staff. It has been a tremendous effort and it has been a privilege for me to work with you. So I want to thank you very much at this time, you and your families, as well. It is good to have Senator Johnson's family here, as well, and friends and supporters. So thank you again and much aloha to you.

Mr. BERRY. Aloha, Senator. Thank you so much.

Mr. DODARO. Thank you.

Senator AKAKA. On our second panel this afternoon, we have Ms. Colleen Kelley, President of the National Treasury Employees Union; Mr. J. David Cox, the newly elected President of the American Federation of Government Employees; Max Stier, President at the Partnership for Public Service; and Mr. William Bransford, who is representing the Government Managers Coalition.

I want to welcome all of you back, each of you. It is good to see you. As you know, it is the custom of this Subcommittee to swear in all witnesses, and so I ask you to please stand and raise your right hand.

Do you swear that the testimony you are about to give the Subcommittee is the truth, the whole truth, and nothing but the truth, so help you, God?

Ms. KELLEY. I do.

Mr. COX. I do.

Mr. STIER. I do.

Mr. BRANSFORD. I do.

Senator AKAKA. Thank you very much. Let the record show that our witness answered in the affirmative.

Let me just remind you that, as you normally do, please limit your oral statements to 5 minutes, and your full statements will be included in the record.

I look forward to hearing from you, Ms. Kelley. Please proceed with your statement.

**TESTIMONY OF COLLEEN KELLEY,¹ PRESIDENT, NATIONAL
TREASURY EMPLOYEES UNION**

Ms. KELLEY. Thank you very much, and aloha, Chairman Akaka. Senator AKAKA. Aloha.

Ms. KELLEY. It is an honor and a pleasure for me to be here today. As the President of the National Treasury Employees Union (NTEU), I am very proud to represent over 150,000 Federal employees in 31 agencies and departments. And on behalf of NTEU and all of our members, I am very sorry that this will be my last opportunity to testify in front of you, my good friend, Senator Akaka. Your advocacy on behalf of Federal employees, from your efforts to ensure fair pay and benefits to your actions to protect collective bargaining rights, will be truly missed.

The Federal employees represented by NTEU are budget analysts, overseeing multi-billion dollar budgets. They are physicians undertaking cutting-edge research to cure deadly diseases. They are law enforcement officers guarding our borders. And they are scientists safeguarding our food and our water supplies.

We all know that our country faces serious challenges. Federal employees have not been exempt from those challenges or immune from efforts to resolve our fiscal difficulties. NTEU has been very pleased to work with you, Senator Akaka, during your long career in the House and the Senate on so many Federal workforce issues, including the effort to achieve retirement equity that you mentioned for Federal workers in Hawaii, Alaska, and the U.S. Territories. Your Non-Foreign Area Retirement Equity Assurance Act

¹The prepared statement of Ms. Kelley appears in the appendix on page 67.

corrected an inequity that NTEU members and many others had suffered for years.

Similarly, you have long understood the Federal Government's need to compete with the private sector for the best talent. You have worked tirelessly to improve the hiring process and to make sure that the Federal Government employs the full range of workplace flexibilities that are available to most private sector workers. Your Telework Enhancement Act, signed into law in 2010, was a major step forward.

Another of your major achievements was the Federal Employees Retirement System (FERS) change, permitting employees to include their unused sick leave when determining their length of Federal service for retirement. When the provision is fully phased in at the end of 2013, FERS employees will be treated the same as their counterparts in the Civil Service Retirement System (CSRS) system.

Your legislation also corrected a longstanding flaw in how the government valued part-time service.

Earlier this year, you held a hearing on the Office of Personnel Management's processing of Federal retiree annuity payments, which we heard about in the prior panel. You brought much-needed attention to the backlogs that OPM faced, and your hearing resulted in OPM's plan to reduce the backlog, and improve services to Federal employees and retirees.

You have also championed legislation eliminating the Open Season for employees to enroll in the Thrift Savings Plan (TSP), providing retirement and financial literacy programs for employees, and allowing Federal employees over the age of 50 to make catch-up contributions to their Thrift Savings Plan accounts, putting them on equal footing with their private sector counterparts.

And your Whistleblower Protection Act, which passed the Senate earlier this year, will restore and expand protections for Federal employees who disclose waste, fraud, or abuse in the Federal Government.

NTEU also strongly supported your opposition to unfair changes to the Federal Employees Compensation Program (FECA). Your amendment to the Senate Postal reform legislation sought to fix a provision cutting benefits to workers who were injured on the job and those who are older or have family obligations. And NTEU also salutes your support of legislation to allow Federal workers with domestic partners to participate in employee benefit programs.

Your career has also been marked by your leadership efforts to right size the Federal employee workforce compared to the contractor mix. NTEU has long maintained that Federal employees, given the appropriate tools and resources, do the work of the Federal Government better and more efficiently than any private entity.

NTEU is also grateful for your leadership with regard to the Safeguarding American Agriculture Act, recognizing the mission of Customs and Border Protection (CBP) agriculture specialists in safeguarding our Nation's food and agriculture from foreign pests and disease.

Finally, I commend you for your strong support for the rights of Federal employees to organize and to collectively bargain. NTEU

believes that the best way to achieve agency missions and optimal work-life balance is for an organization to involve its employees, and you have always supported that.

On behalf of Federal employees across the Nation, Senator Akaka, thank you for your dedication and your commitment to making sure that employees are treated fairly and have the tools they need to provide the services the American public expects. We were so pleased we had the opportunity to honor you with an award recognizing your leadership on behalf of Federal employees and retirees at our legislative conference earlier this year. It has been a distinct honor and privilege to work with you. Your voice will be missed, but your accomplishments on behalf of Federal employees will live on.

Thank you, Senator Akaka.

Senator AKAKA. Thank you. Thank you very much for your kind words, President Kelley. I certainly will miss you, as well.

Mr. Cox, will you please proceed with your statement.

**TESTIMONY OF J. DAVID COX, SR.¹ PRESIDENT, AMERICAN
FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO**

Mr. COX. Thank you very much, Senator Akaka. It is a great joy and pleasure of mine for the first time that I am the AFGE National President to be able to testify before my favorite Chairman and my favorite Senator from my favorite State. But most of all, I am proud to represent the 670,000 Federal employees that work Nationwide serving this country and serving the American people.

As we talk today about investing in Federal employees, Chairman Akaka, you were the one that truly knows about investing in Federal employees. To get the best and the brightest, we have to pay a fair wage. We have to have good benefits. We have to have all the things that attract Federal employees to do a great job and to work for the Federal Government and to commit themselves to civil service. You have been the champion of that through the years, sir, and AFGE applauds you and thanks you for all of those things that you have done.

You have stood firm when folks have said, cut Federal employee pay. Cut their retirement. Cut their benefits. And Congressman, you led the way when it came to standing firm for the Federal Employee Health Benefit Plan (FEHBP). You said "no" a dozen times. That will not be an example or a test pilot for a voucher system for Medicare. And every Federal employee and retiree Nationwide thanks you very much for standing firm on those issues and thanks you for their health care that they receive on an ongoing basis.

Mr. Chairman, you have been the best through the years. When I look at all the accomplishments that you have done, you have stood firm on the issues of sequestration. And I know that as we enter those days in the very near future that we will be able to count on you every day that you serve in the U.S. Senate.

And I would certainly today point out to you that the Simpson-Bowles plan is not the only plan that is out there. Each time we talk about cutting Federal employee pay, cutting Federal employee benefits, cutting everything about them, I am sure everyone under-

¹The prepared statement of Mr. Cox appears in the appendix on page 75.

stands you are not going to recruit these folks as long as you cut. All other companies, all other corporations and entities in this country are trying to figure out how to do better by their employees, and Mr. Chairman, you have always been there for Federal workers Nationwide.

And, when I look at the fact about the non-foreign COLA, you were the one that championed that. But also, when I look at the Thrift Savings Plan, there are many Federal Government workers that will say, thank you, Chairman Akaka, that you encouraged me to save for my retirement, and no one will ever criticize you that you made them save too much by getting in there and rolling automatically and moving forward with the escalator to eventually reach the maximum that they can contribute.

I also have to say thank you, how you stood firm on the Transportation Security Administration (TSA), sir. You have always believed that collective bargaining was the right way to go for Federal employees and you have championed that cause repeatedly, over and over. And I am proud to report to you today that TSA is in the final stages of bargaining a contract that they have a dispute resolution process, and they will be ratifying that contract in the very near future, in a matter of days, sir. And it happened because of your leadership in the U.S. Senate and believing that the government and the public's best interest is served through collective bargaining.

And not only with TSA and the whole Homeland Security, sir, the National Personnel Security System, MAX HR, all of those systems were built upon the fact of, hey, national security, let us destroy collective bargaining. You stood firm and said, no, it is about protecting Federal employees and championing those employees who serve this government every day with everything that they have.

And, Mr. Chairman, on a personal note, my 23 years of service in the VA as a registered nurse, I was proud to serve those years, taking care of America's veterans, and you were always the champion of serving America's veterans. And I think the most applaudable legislation that I have seen passed in the U.S. Senate is the advanced appropriations for the Department of Veterans Affairs, sir. And every veteran in this country and their family thanks you and all the Members of Congress that led that charge, sir. And I would say, if we want to hire more veterans, more disabled veterans, create more government jobs for those men and women that served this country and put that service continuing for the Federal Government and the American people.

Senator Akaka, I do not know if I am going to let OPM process your retirement. I may talk to Mr. Berry and say, no. How do I thank you for all the years of service? You are the best Chairman and the best Senator, and you are still from the best State, sir. And aloha, and I plan to come visit you often.

Senator AKAKA. Please do.

Mr. COX. Thank you very much.

Senator AKAKA. Thank you very much for your testimony and your kind words and your recollection of what we have been through the years. It is good for our country. And I want to congratulate you. I know you have worked hard all these years and

now I need to call you Mr. President of the AFGE. I wish you well in your work.

Mr. COX. Nothing gives me more pleasure than for you to say Mr. President, sir. Thank you very much.

Senator AKAKA. Thank you.

And now, Mr. Stier, will you proceed with your testimony, Max.

TESTIMONY OF MAX STIER,¹ PRESIDENT, PARTNERSHIP FOR PUBLIC SERVICE

Mr. STIER. Thank you, Mr. Chairman. It is truly a great honor to be here to testify at your last hearing. When you hear what everyone has said, it is not just what you have done, but it is how you have done it that is remarkable. You are truly a public service hero in all respects and it has been a personal pleasure to have had an opportunity to work with you. I am confident and am filled with hope that you will keep your oar in the water here and continue advising folks on the critical issues that you have been paying attention to up until now.

I want to take this opportunity to offer a few thoughts, and press on three principles that I think are really important as we enter into the critical phase in government that we are in today. The first is that we need to continue the good work that you and this Subcommittee have started and that is being done right now. There is far too much of a tendency to move on to new initiatives and not to carry forth with those that have already been started. The truth is that the real returns will come from carrying on work that has already begun, and that includes the hiring reform work, where we have seen a 15 percent drop in the time to hire. We have a ways to go, but we need to press forward on the work that is already being done and that this Subcommittee has focused on.

Clearly, there is a critical need to bring in a new generation of talent to the Federal Government. What we know today is that about 8 percent of the Federal workforce is from the millennial generation. In the private sector millennials represent 25 percent of the workforce. We also know the Federal Government today only converts 6 percent of its interns into full-time employees, while the private sector converts 50 percent of its interns. The government needs to do a lot of work to ensure that it has that next generation of talent in its workforce and is more in line with the private sector.

Clearly, the issue of telework is an important one, one that you have championed and that I think also presents real opportunities for government to be better.

The second principle I would propose is that we need to respond to the budget pressures that we have today. We need to focus on smarter and better government rather than just less government. That requires at least three different things.

First, this approach requires a strategic long-term view about what kind of investments we need to make rather than across-the-board cuts, which is the tendency in most instances.

The second is a recognition that people are really the most important asset in government. This is true in almost every knowl-

¹The prepared statement of Mr. Stier appears in the appendix on page 88.

edge-based organization. The Patent and Trademark Office is a good example of this. Their telework program has already saved \$20 million and it saved it through increased productivity and more engaged employees, which is something that we should see across government.

Similarly, the VA has been an incredible investor in the training of talent. They have shown over the past year \$200 million in return on investment (ROI) through the reduced turnover of critical talent, and \$100 million in costs saved through their alternative dispute resolution mechanisms. This kind of demonstrated savings is absolutely critical. The ROI is very strong. We need to be able to make that case for these investments, because if we do not make those investments, we are not going to get out of government what we want.

Third, and I would propose this is probably the more contentious proposition, and that is that we have had a great government, but to keep up with the world that we are operating in, we are going to need some changes, and that is going to involve a broader review of our civil service system.

The third principle I want to press on is that we need to build on the good inside government. We will never get out of our government what we want if all we do is tear it down. As a father of young children, I know that positive reinforcement works a lot better than the negative and we have a lot of amazing things that are going on in government. The Service to America Medals, which we just conducted last week serve as a reminder of the incredible things Federal employees are doing within government.

For examples. Charles Scoville, who works at Walter Reed, has applied sports medicine principles to veteran rehabilitation. He has had 1,500 veteran amputees come through his program. There are over 300 that have returned to active duty, including 55 that have returned to Iraq because of his work. They are doing extraordinary things like climbing mountains, running triathlons, and doing Ironmen.

A second example is Susan Angell and Mark Johnston, one from the VA and one from HUD, and the team that they worked with to end veterans' homelessness. In the past year, they have reduced veterans' homelessness by 12 percent. This is remarkable given that there are a lot more veterans coming back and having challenges. As you can see, there are a lot of amazing things that are going on and we need to highlight those examples. We need to recognize those people and we need to build on their success.

So finally, Senator, I may get this wrong but mahalo nui nui loa, because you deserve extra big thanks for all the amazing things you have done. I have been at the Partnership now for 11 years and you have been there from the beginning. Working with you has been one of my greatest pleasures, so thank you.

Senator AKAKA. Thank you very much, Mr. Stier, another President, and thank you for your work.

Mr. STIER. A tiny one.

Senator AKAKA. Yes, well, thank you very much for your kind remarks.

Mr. Bransford, would you please proceed with your statement.

**TESTIMONY OF WILLIAM L. BRANSFORD,¹ REPRESENTATIVE,
GOVERNMENT MANAGERS COALITION**

Mr. BRANSFORD. Chairman Akaka, thank you for the opportunity to provide the views of the Government Managers Coalition (GMC) on the management challenges facing the Federal workforce. I am representing the GMC here today, which includes the Senior Executives Association (SEA), the Federal Managers Association (FMA), the Professional Managers Association (PMA), the FAA Managers Association (FAAMA), and the National Council of Social Security Management Associations (NCSSMA).

Before addressing the areas of focus, I would like to take a moment to thank you on behalf of the GMC. You have been a champion of the Federal workforce for many years. It has been our pleasure to work with you and your staff. Your leadership on workforce issues will be missed and we wish you well in retirement.

In an era of diminishing resources, it is essential that Federal managers and executives are given the tools to effectively manage the workforce. I would like to highlight a few of the most pressing issues facing Federal managers and executives.

The first is reform of the Senior Executive Service. The GMC as a group has not taken a stance on SES reform. However, as you know, this is the signature initiative of a GMC member, the Senior Executives Association. SEA has several recommended areas of reform which appear in legislation that you have introduced which is pending in both the Senate—you have introduced in the Senate and there is a companion bill in the House. These include principles to restore career leadership, create a fairer and more transparent pay-for-performance management system, provide training and continuing development for the SES, and create diversity within the SES. Each proposal is outlined in more detail in our written testimony. Making such reforms to the SES will help all agencies recruit, particularly help them recruit the next generation of senior executives, and will help all agencies retain the best senior executives and ensure that they have the necessary leadership to successfully accomplish the missions of their agency.

Another area of strong interest to the GMC is supervisory training. Often, supervisory employees are promoted based on their technical skills in a certain area, not management capabilities. Upon reaching a supervisory position, these employees must take on the added responsibility of managing complex personnel systems, conducting performance reviews, and dealing with performance issues, such as adverse actions. Most employees do not receive initial or ongoing training in the areas critical to effective management.

We have worked with you, Senator Akaka, to craft the Federal Supervisor Training Act to require that supervisors be provided initial training within 1 year of promotion to a supervisory position, with training updates every 3 years. The measure establishes competency standards to ensure the training is conducted effectively. Progress on supervisory training has been made, but the GMC continues to believe that legislation is necessary to ensure that proper investment into training is made.

¹The prepared statement of Mr. Bransford appears in the appendix on page 98.

Over the past year, the GMC has grown increasingly concerned about the existing retirement backlog at OPM. Given increased use of early retirement authority and the potential changes to retirement benefits being considered by Congress, we expect the retirement numbers will continue to increase. OPM has made significant progress in addressing the current backlog and the GMC applauds these efforts. However, much remains to be done. We have proposed several measures to help ease the backlog. These are outlined in our written statement.

The GMC also understands that OPM is working under the same constraints as other Federal agencies, limited funding and personnel directed at this issue. Resource investment is necessary for OPM to tackle the outstanding problems with the retirement processing systems.

Of continuing concern to the GMC is the ongoing general exclusion of management associations from agency labor-management forums. Regulations allow agencies to consult and communicate with non-labor organizations representing Federal employees. While the regulation does not require agencies to include management associations in forums, the GMC believes that such inclusion leads to increased effectiveness when all stakeholders are brought into the decisionmaking process. The GMC would like to see the broader inclusion of management associations in labor-management forums and continues to look for ways to work together toward more effective agency policies.

In conclusion, the Federal Government is faced with increasingly complex problems and mandates. The Federal workforce is being asked to do more with less. The attention to these problems and the investment to address them is often uneven. The GMC would like to see the necessary conversation about the priorities of the Federal Government, what resources each agency needs to carry out its mission, and the tools that the Federal workforce needs to be effective. The GMC looks forward to continuing this conversation with the Subcommittee.

Thank you very much.

Senator AKAKA. Thank you very much, Mr. Bransford, for your testimony.

Mr. Bransford, you state in your testimony that progress in training supervisors and managers has been uneven across the government, and often training is the first thing to go when the budgets are cut. Will you please discuss why you believe it is important to have uniform training standards across the government and how this might be done in a cost effective manner.

Mr. BRANSFORD. Chairman Akaka, I think steps are already being taken by the Office of Personnel Management. They have created the HR University (HRU), where they provided some very significant and quality online training. And I know that through the CHCO Council, there are efforts being made to work with other agencies to share this training.

What is lacking is an enforcement mechanism where agencies actually require their new supervisors to take this training, where it is communicated to them. Also, what is lacking is any effective feedback from agencies, from OPM, about how effective the training has been.

I do applaud OPM for what it has done with the HR University. It has created a free training mechanism. I do believe with legislation to actually require this training, that it will continue to be more effective. And I think it is just very basic as we deal with performance management as a whole that supervisors learn how to do a performance evaluation, they learn how to deliver performance feedback, they learn when and how to do an adverse action when it is necessary, because by having this competency across the supervisory ranks throughout the Federal Government, it will make the Federal Government more effective, reduce Equal Employment Opportunity (EEO) complaints, reduce adverse actions because managers will actually manage more effectively.

So I continue to believe, and I think the GMC does, that legislation is necessary, while progress has been made.

Senator AKAKA. Thank you, and thank you very much for your responses. It is good to hear from the trenches as to whether some of these programs work well. And if we can refine it and improve it, well, that is great. So I am glad we are moving in that direction.

Ms. Kelley and Mr. Cox, last year, this Subcommittee held a hearing on the President's Executive Order on labor-management relations and the work of the National Council. As you know, I support labor-management forums and encouraged the President to issue this Executive Order. I am interested to hear from each of you about the feedback you have received from your members on the establishment of forums at the agency level. Ms. Kelley.

Ms. KELLEY. In our agencies, I would say that the majority of employees would say that it has gotten off to a pretty slow start. They are aware of the Executive Order and they, along with NTEU, have high hopes that we will be able to breathe life into this and to make a real change in how we do business. But we are not there yet. And it is different in every agency, and it definitely is about the tone that is set at the top and also how long it takes to get through all the layers of management. Much depends on the size of the agency and the structure of the agency.

I think in most agencies, the commitment to it is there, but everybody defines it a little bit differently. We have had to do, in my view, more work than we should have had to on things like defining what is pre-decisional involvement. I think the Executive Order is very clear in what pre-decisional involvement is, and yet we struggled with it at the national forum level for entirely too long and we are also struggling with this in a lot of our agencies.

But I do believe that the agencies know that the Executive Order is there and they believe that it is to be acted on. It is not like flipping a light switch, however, we could not just flip it and go back to the way things were under the old Executive Order under partnership, which is what some hoped would happen. I knew that would never happen, but in my view, it has just been a little slower start than I had hoped. I am determined that we are going to give it a kick start and breathe life into it because it will be a win for the agencies, a win for the employees, and a win for the taxpayers.

Senator AKAKA. Thank you very much. Mr. Cox.

Mr. COX. Mr. Chairman, I think we would also agree that it has been off to a slow start, and I had my first meeting with the national forum this morning. What I am hearing from our folks out

in the trenches, that yes, they know about the Executive Order. Our locals are very much aware of it. I believe at agency head levels, Secretaries and those type levels, that, yes, there is a strong awareness of the President's Executive Order.

But it seems to stop at the management careerist level, with the SES-ers and the higher level managers, that there is not the desire to embrace labor-management forums or partnerships—and I actually like the word “partnership” much better, because I do believe labor and management has to form a partnership, work together, and design and resolve problems cooperatively. When we have protracted litigation, very bad relationships, those all prove to be an expense and a deterrent to morale.

So I believe strong labor-management forums, partnerships, can resolve a lot of that. But we also believe that it is moving a little too slow. We believe that there was stronger emphasis from the career managers, and we believe we could get that stronger interest from a stronger push from the top, from the Secretaries, Deputy Secretaries, and agency heads.

Senator AKAKA. Thank you, Mr. Cox.

Mr. Bransford, last year, I held a hearing to examine the Senior Executive Service. You mentioned that in your testimony. Witnesses testified about the need to reform pay, hiring, candidate development, and also mobility. As your testimony notes, I introduced the SES Reform Act to address issues facing our government's senior managers. Of the issues covered by the legislation, which do you believe are the most in need of reform and why?

Mr. BRANSFORD. Mr. Chairman, I think our feedback from the Federal community, particularly the pipeline into the Senior Executive Service, is that many of the highest quality potential candidates are losing interest in coming into the Senior Executive Service and they are losing interest because they do not view the increase in pay and the extra work that they have to do to be commensurate with the risk that they take in going into the Senior Executive Service. There is a loss of interest in coming into the SES.

Therefore, I think the two most significant parts of the SES Reform Act are, first, to increase the stature of the Senior Executive Service by requiring agencies to fill certain high-level positions that are positions where you would expect continuity and expertise with career senior executives. This raises the stature. It raises the visibility. And it makes the SES, I think, as a whole—the career SES, as a whole, more attractive to GS-14s and 15s.

And I also, quite frankly, think that we have to have some reform to the pay system. I know that is not something people like to talk about at these times, but I think when Federal pay increases, annual pay increases, are eventually restored, for a fully successful performing senior executive to receive at least that much of an increase, to be assured of that, it takes away a little bit of the risk and the uncertainty about applying for the SES.

And then one of the very important provisions in the SES Reform Act is including the performance awards as part of the high three calculation toward retirement. We think that is extremely important because that will encourage the very best GS-14s and 15s to apply to the Senior Executive Service, believing that they are likely candidates for a performance award that will count for and in-

crease their annuity. It will provide that extra incentive to recruit the next generation of government leaders.

Senator AKAKA. Thank you, Mr. Bransford.

Mr. Stier, as you testified, the Partnership for Public Service supports rotational experience as part of candidate development and entry into the SES. Will you please discuss why you believe diverse work experience is important to be an effective leader and manager?

Mr. STIER. Thank you, Mr. Chairman. Absolutely. I think that one of the great conundrums for government is that most of the critical problems that government has to address are horizontal problems, but the government itself is organized vertically. Things like food safety or cybersecurity all involve multiple organizations inside the Federal Government, multiple levels of the government, and multiple sectors. Yet we have a senior career executive corps that largely understands only the agency they have grown up in. Ninety-two percent come from within government, four out of five come from within the same agency, and only 8 percent actually move agencies once they become an SES member.

I believe that the way to promote the kind of integration that we need in government, the kind of collaborative activity, is to have more people who have experienced multiple environments, multiple challenges, multiple levels of government, multiple sectors, and multiple agencies. I think the way you do that is by addressing some of the problems that Mr. Bransford talked about in terms of the pipeline, by ensuring that those folks coming into the SES have that broader base of experience. I think that would do more to integrate across government, get rid of duplication, and create more collaboration than any other single intervention.

Senator AKAKA. Thank you.

Mr. Stier, as we have discussed, the media and some Members of Congress spend a lot of time pointing out what is wrong with the government. The Partnership plays an important role, not only pointing out what is right in government, but also in working with Congress and others to find solutions to problems that do exist. What resources can we use to find more examples of what is going right as well as best practices that could and should be emulated?

Mr. STIER. Mr. Chairman, I would offer two thoughts on that score, and thank you for raising this issue. It is striking. We have a great architecture in the media, and even within government to identify things that are wrong yet we do very little in terms of identifying what is right that can be built on and can be spread.

So the two thoughts I would offer would be, first, when you look at the Inspector Generals (IGs), they focus nearly exclusively on finding those things that are wrong. It is terrific to find things that are wrong if we can fix them, and one way you fix things is finding things that are right that you want others to emulate. GAO has started the practice of including a best practices part of their portfolio. If Congress actually directed IGs to do the same kind of thing, I think that would actually improve the effectiveness of government. It would help identify things that are going well and can be applied elsewhere in government.

The second area that I think we really need to focus on is internal communications. I mentioned the Service to America Medals

program. Everybody who was in that room on Thursday evening of last week walked away just floored by the incredible things that the Federal workforce had done. They walked away saying, I wish more Americans knew these stories. I share that view, but I also wish that more Federal employees knew it. I do not think we focus as much on internal communication, inside the Federal Government, as we need to.

When I talk to folks from great organizations outside the government, they tell me their organizations spend a lot of time making sure that their employees really understand what is going right inside their organization. I would love to see more of that activity in the Federal space, as well. Thank you.

Senator AKAKA. Thank you very much for your response.

Ms. Kelley, I am a longtime advocate of financial literacy and believe it is important to give people the tools they need to be financially responsible. As you know, I introduced the Save More Tomorrow Act, which will encourage Federal employees to add to their retirement savings by automatically increasing TSP contributions to receive full agency matching. Employees could also opt out at any time, as well. How do you believe my bill could impact your membership's ability to increase their retirement security?

Ms. KELLEY. I think it would be a big help to many because I think, too often, employees just do not think about retirement until they are planning it, and by then, it is a little too late. Getting into the habit of saving for retirement is critical. And often you think, well, next pay period, maybe I can afford to do it, or maybe next month, I can afford to do it. But with your legislation, increased savings would become automatic. It would let employees see what happens when it becomes automatic and then they could make a conscious decision if that just does not work for them right now.

So I think it is really kind of a best of both worlds scenario and will really put saving for retirement in the forefront for them, something that a lot of people might not even pay attention to until they are 50 or 60 years old. And by then, they have missed the opportunity that your legislation would create for them.

Senator AKAKA. Does anyone else have any comment to make about that? [No response.]

Well, Mr. Cox, it is my understanding that AFGE and the Transportation Security Administration recently completed bargaining on a new contract and that it will be submitted to employees for ratification next month. I would like to hear your thoughts on the bargaining process with TSA and how, if ratified, the new contract will benefit TSA, its employees, and the public.

Mr. COX. You are exactly right, Mr. Chairman. The contract will go out for ratification the first of October. The bargaining with TSA, it has been a brand new experience because it has been different rules than what we have bargained contracts in the past. But we have successfully bargained the contract.

I think that it will improve many things. I think it provides for employee input into the workplace, a way to resolve workplace disputes, which there is nothing wrong with workplace disputes. We need a mechanism to resolve those types of issues so that people can go on with the work that they need to do. There are provisions that deal with uniforms, parking, those types of issues, which are

very big issues to employees. Many of the Transportation Security Officers (TSOs) work in very large hub airports where parking and those types of things are a real issue and a real concern.

The one thing that I have valued the most from the negotiations is the dedication of the officers themselves and to the job that they do. They realize they are the front line defense of this country every second of every day. We have all seen what can happen in the past, and these men and women are so dedicated to the work that they do. And with bargaining a contract, there were many issues that they just believed that were pretty routine. I am supposed to always be available for work, to do a great job no matter when. And it was kind of amazing to see the dedication that these employees have to protecting this country 24 hours a day.

But we are very excited about the contract, looking forward to completing the ratification and getting it implemented and showing that a unionized workforce is an absolute best workforce for protecting this country, just like the men and women that went to the top of the World Trade Towers on September 11, sir. Thank you very much.

Senator AKAKA. Well, thank you so much for your efforts because that has been a problem for me, personally, too, with the TSA. And so I am glad we have come this far now and it looks as though it can work out well for TSA, as well. So thank you so much for your efforts.

And I want to thank all of you for what you have been doing all of these years. You have made a tremendous difference, and your organizations, also, have made a difference in the workforce. As you know, on the prior panel, we talked about the number that will be retiring, and so we need to look at how we can bring into the workforce employees that can really help our government. So we are going to have to work on that together and look forward to you and all of us trying to do our best in that effort.

So I want to thank all our witnesses today for your testimony and for all the work you have done with me and with this Subcommittee. I want to thank you and your staff as well as my staff and the staff for Senator Johnson and other staffs that have worked with us from other Members, as well, to carry on the work that we needed to do in these areas.

As I stated earlier, it has been a great honor for me to serve as Chairman of this Subcommittee and I hope that some of the things we have accomplished together have helped to move our government and our country forward.

I also want to encourage our witnesses, along with future Members of this Subcommittee, to continue to work together so that the Federal Government can be the employer of choice in our country.

The hearing record will remain open for 2 weeks for Members to submit any additional statements or questions.

And again, I want to wish you all well in your work. I know the future is exciting and we need to continue to do the best we can for the workers of our country because they are the ones that deliver and produce what the country needs and we need to take care of them and get the best that we can in our country, and so we can continue to work on this together.

Again, I want to wish all of you well in all that you do. Thank you again. Mahalo nui nui loa. Again, God bless you folks and our great country and its future.

This hearing is now adjourned.

[Whereupon, at 4:34 p.m., the Subcommittee was adjourned.]

A P P E N D I X

FOR IMMEDIATE RELEASE: September 19, 2012
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STATEMENT OF CHAIRMAN DANIEL K. AKAKA

Investing in an Effective Federal Workforce

Hearing Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Senate Committee on Homeland Security and Governmental Affairs

Aloha and thank you all for being here today as the Subcommittee examines a number of issues that are vitally important to our Federal workforce. We will discuss the progress that has been made on many issues and the steps we must take to make sure the Federal government is effective and efficient now and for future generations.

The Federal government is facing some of the most complex challenges in our nation's history – and doing it with serious budget constraints. To do more with less, it is more important than ever that we have a first-class workforce. The government must make the proper investments in its employees and take the steps necessary to recruit, retain, and develop its talent.

The media often focuses on what goes wrong in government, but today I want to take a moment to recognize the important work of two million civil servants who provide essential services to the American people. The tragic deaths of Ambassador Stevens and three other civil servants remind us of the sacrifices public servants make on our behalf – unfortunately, occasionally, the ultimate sacrifice.

Over the years, I have met and worked with so many inspiring men and women, who work hard every day to serve this country. Our country is stronger thanks to their service and it has truly been my privilege to support them and move our government forward.

I am pleased that we have made progress in a number of areas that have been priorities for me and for this Subcommittee, including enacting and implementing the Non-Foreign Area Retirement Equity Assurance Act and the Telework Enhancement Act, as well as making important strides in reforming the Federal hiring and security clearance processes. We are also doing a better job matching federal employment opportunities to the important skills of veterans and people with disabilities, and in making sure all employees get the training they need to help agencies meet critical missions. But there is more work to be done.

As many of you know, I will be retiring at the end of this year and this will be my last hearing as Chairman of this Subcommittee. It has been a great honor for me to serve as Chairman of this Subcommittee, and work on issues that – although they may not always make headlines – are crucial to improving the lives of our citizens.

Throughout my career in Congress, I have used the spirit of aloha to get things done. In Hawaii, the Aloha Spirit is the feeling that we need to bring people together and solve problems. I may not always have the same priorities or perspectives as my Republican counterparts, but I always try to look for common ground. Recently, I have been working closely with Representative Issa to pass the Whistleblower Protection Enhancement Act, which has been a priority for me for years, before Congress adjourns.

Over the years, I have often said that I believe that the Federal government, as the nation's largest employer, has a responsibility to lead by example, to be a model employer. It is my hope that the work of this Subcommittee has moved us toward that goal.

I have been so privileged to work closely with the witnesses here today to address the needs of our country and the Federal workforce. Today we have two panels of star witnesses including some of the most dedicated, effective leaders on federal workforce issues. I know each of you cares deeply about our nation and these issues, and I want to thank you for being here today and for the work you do every day to improve our government and our workforce. I look forward to your testimony.

-END-

Statement of Senator Ron Johnson

“Investing in an Effective Federal Workforce”

**Subcommittee on Oversight of Government Management,
the Federal Workforce, and the District of Columbia
Committee on Homeland Security and Governmental Affairs**

September 19, 2012

Mr. Chairman, thank you for holding this oversight hearing on Investing in an Effective Workforce.

Today is a memorable day for Senator Akaka, and for me, because it is the last time I will have the privilege of serving with him on this Subcommittee before he retires. In the Aloha spirit that you have brought to your work in the Senate and to this subcommittee, I would like to start this hearing by presenting you this lei as a sign of my appreciation and respect for your service to America.

When I started in the U.S. Senate less than two years ago, Senator Akaka gave me a warm and friendly welcome to the Homeland Security and Governmental Affairs Committee. His cheerful smile, encouraging attitude, and genuine desire to make a difference has been a hallmark of his many years of service. The affection we all have for Senator Akaka is heartfelt and well deserved.

During my time here, I have always enjoyed joining Senator Akaka at the Senate's Wednesday morning prayer breakfasts. Many of you may not know this, but Chairman Akaka started the tradition of singing a hymn at the beginning of every prayer breakfast. Everyone in attendance always looks forward to Senator Akaka's explanation of the hymn's history, and hearing his fine voice lead us in singing. Your presence at the weekly prayer breakfast will be sorely missed.

Senator Akaka has demonstrated his commitment to public service throughout his life. His entry into public service began during World War II, where he served in active duty in the U.S. Army. From there, Senator Akaka continued his service in the State of Hawaii Department of Education before first being elected to the U.S. House of Representatives in 1976. Today, 36 years later, it is clear to see the countless contributions that Senator Akaka has made during his many years of service.

As one of the longest serving senators currently in the Senate, Senator Akaka has forged many friendships, including with a number of U.S. Presidents. He has served with every President since Jimmy Carter and maintained friendships with many of them. Senator Akaka has strong ties across the aisle, from his common bond with President H.W. Bush as World War II veterans to playing many rounds of golf with President Clinton.

As Chairman of the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, it has been his goal to attract, retain, and motivate a skilled federal workforce. I applaud the work Senator Akaka has done to ensure that federal employees are protected from retaliation when they disclose government waste, fraud, and abuse.

Senator Akaka has also worked hard to ensure that the Federal government process retirement claims in a timely and efficient manner. He has advocated for the modernization of the information technology infrastructure to achieve this goal. These are common sense advancements that are good for the federal workforce, and good for the American taxpayer.

It is Senator Akaka's "Aloha Spirit" that has earned him the recognition of many organizations. Time will not allow me to name every award that he has received, but I would like to mention just a few.

In 1999 he received the Adam Smith Medal from the National Council on Economic Education for his work in improving our youth's education on economic principles.

In 2008, he received the Inspirational Leadership Award from the Military Order of the Purple Heart for his dedication to our Nation's veterans.

And in 2011 he received the Public Servant Award from the Government Accountability Project for his work in protecting the rights of whistleblowers.

Senator Akaka, all too often, the public spotlight is on the differences between members of Congress, but your record in Congress points to a different reality. Your tireless efforts to streamline federal processes and make agencies more accountable have always found broad bipartisan support. The Aloha spirit has worked.

Senator Akaka, I know you will be missed by all of your colleagues in Congress, every staff member, and everyone who has had the pleasure of working with you here in Washington and throughout America during your dedicated years of service. In particular, I will miss you. During our short time of service together, you have been most kind and gracious to me, and I will always consider you my friend.

I know you are looking forward to spending more time with your family, including your 15 grandchildren and 15 great-grandchildren. I cannot think of a more fitting, satisfying, and well deserved retirement. I would like to extend my appreciation and congratulations to you and your family, and I wish you all the best in the years ahead. Aloha.

I would also like to welcome our witnesses, and thank them for being here today. I look forward to hearing your testimony and how we can continue to implement and improve upon many of the reforms that Chairman Akaka has worked so tirelessly on. Thank you.



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

STATEMENT OF

JOHN BERRY

DIRECTOR

U.S. OFFICE OF PERSONNEL MANAGEMENT

before the

SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT, THE
FEDERAL WORKFORCE AND THE DISTRICT OF COLUMBIA

UNITED STATES SENATE

on

“Investing in an Effective Federal Workforce”

Chairman Akaka, Ranking Member Johnson, and Members of the Subcommittee,

Thank you for the opportunity to be here today to discuss the state of the Federal workforce. First and foremost, Mr. Chairman, I want to express my admiration and appreciation for your 36 distinguished years of service in the United States Congress. I especially want to thank you for your efforts throughout your career – and especially in your capacity as the Chairman of this Subcommittee – to be a champion for Federal employees, retirees, and their families.

The Federal workforce has been fortunate to have such a forward thinking advocate on its side. Your efforts and priorities have closely aligned with those of the Administration and have led the way to important changes in the Federal employment experience.

Some important efforts by this Administration, which were championed by you, include the following:

- The President has issued a Presidential Memorandum improving the Federal recruitment and hiring process. Hiring reform has long been an issue of importance to you, and I am happy to say that this Administration has helped to make your vision a reality.
- The President has signed Executive Orders improving pathways for students and recent graduates to gain access to Federal employment, increasing (to the highest percentage in twenty years) the number of veterans and those with disabilities who were hired by the

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Federal government, and increasing overall diversity and inclusion in Federal hiring. Your leadership has been crucial in this effort.

- The President has signed an Executive Order, in line with your priorities, creating the National Council on Federal-Labor Management Relations (the Council). The Council exists to advise the President on matters involving labor-management relations in the executive branch, support the creation of labor-management forums at the department and agency level, and promote partnership between labor and management in the executive branch.
- The President has issued two memoranda on same-sex domestic partners benefits that direct agencies to extend benefits to same-sex domestic partners of Federal employees whenever legally possible. As a result, we have changed regulations and policies at the Office of Personnel Management (OPM).
- OPM has implemented legislation passed by Congress and championed by you to implement telework government-wide in order to maximize flexible work arrangements, to aid in recruiting the next generation of Federal workers, and to allow agencies to maintain productivity in situations involving national security and other emergencies.
- OPM has led the effort to provide training, benefits, and work-life balance necessary for Federal employees to succeed, prosper, and advance in their careers. OPM also works to ensure the Federal workforce and its leaders are fully accountable, fairly appraised, and have the tools, systems, and resources to perform at the highest levels to achieve superior results.
- OPM has worked with the Department of Defense (DOD), the Office of the Director of National Intelligence, and the Office of Management and Budget to continue your efforts and reform the security clearance and investigation process to improve the efficiency and effectiveness of the program. These efforts have led to DOD's Personnel Security Clearance Program being removed from the Government Accountability Office's (GAO) "high-risk" list.
- OPM has worked through and with the Chief Human Capital Officers (CHCO) Council to help select, develop, train, and manage a high-quality, productive workforce. The CHCO Council, which you helped create, improves government-wide efficiency by pooling advice and facilitating coordination of the activities of members' agencies on such matters as the modernization of human resources systems and improving the quality of human resources information. OPM is also working with the CHCO Council to address closing critical skill gaps across the Federal government.
- OPM has built strategic partnerships with agencies and groups representing diverse populations of Federal employees, such as affinity groups and the unions, and provided them with financial education programs focused on helping employees understand the importance of savings and retirement planning. Mr. Chairman, you have been a leader in

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highlighting financial literacy among Federal employees, and OPM has enjoyed working with you on these efforts.

It has been a distinct honor and privilege to witness your leadership on all of these issues and to work with you and your staff to modernize the management of the Federal workforce and to empower Federal employees. Your legacy includes helping to make the Federal government the model employer for the 21st Century, and your service will be greatly missed.

I would like to further discuss a few areas where significant progress has been made by this Administration to achieve the OPM's mission to recruit, retain, and honor a world-class workforce to serve America.

Hiring the Best

Achieving a world-class workforce depends on the ability to recruit and hire the most talented and diverse workforce possible. The leadership of this Subcommittee has been crucial in supporting the modernization of the Federal hiring process, and I would like to especially thank you, Mr. Chairman, for your efforts to highlight the need for reform. On May 11, 2010, President Obama issued a memorandum which directed agency heads to take specific actions to improve recruiting and hiring in order to bring the best and brightest into the Federal civilian workforce. Among other things, we have eliminated requirements that applicants answer essay-style questions as part of their initial application for a Federal job, in favor of a streamlined approach of requiring resumes and cover letters. This change eliminated an unnecessary barrier in encouraging individuals to apply for Federal employment.

In addition, OPM developed a resume-based selection method to hire career appointees to positions in the Senior Executive Service (SES). This resume-based method streamlines the recruitment process and provides a more applicant-friendly experience. Agencies have reported to OPM that this new method has helped increase their applicant pools for executive hiring and, when combined with other strategic recruitment and marketing strategies, has helped agencies hire highly-qualified executives.

OPM has strengthened the accountability of managers and hiring officials for the hiring process, by increasing their input in workforce planning, recruitment, and interviewing and by evaluating managers on the quality and successful transition of their hires. Agencies are also continuing to make progress in reducing the time to hire so that we do not lose good people who want to work for America. The time it takes to hire an applicant has decreased by almost 11 percent (10.66 percent) government-wide, going from an average of 122 days in 2009 to 109 days today. In addition to reducing time to hire, agencies have improved the integrity and validity of their data.

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I am also happy to report that the USAJOBS website is experiencing continual and increasing customer satisfaction¹. Since the launch of USAJOBS 3.0 last October, 17.09 million applications have been submitted via the USAJOBS website. OPM continues to interact with USAJOBS applicants both through our agency's Help Desk and social media such as Twitter, Facebook and YouTube. We continue to improve and enhance the USAJOBS website based on customer feedback and look forward to continued success.

In further efforts to modernize the Federal hiring process, on December 27, 2010, President Obama signed an Executive Order outlining the Pathways Programs, which is designed to improve recruitment of students and recent graduates and opportunities for them to enter the Federal workforce. The final rule implementing the Pathways Programs has been published and took effect on July 10, 2012. We are very excited about the future of the Pathways Programs and look forward to their success.

Chairman Akaka, as a veteran yourself, you have long been a champion for expanding the opportunities for our men and women in uniform to be able to continue to serve their country after their military service ends. In November 2009, President Obama signed Executive Order 13518 launching the Veterans Employment Initiative. The order created the Council on Veterans Employment to advise and assist the President in improving employment opportunities for veterans in the Federal government. One key action required by the order was the establishment of a Veterans Employment Program Office within each of the 24 agencies represented on the Council. The mission of each of these offices is to provide assistance to veterans and their family members who seek information on employment in the Federal government. Thanks to these efforts, in FY11 veterans were 28.3 percent of total new hires in the Federal government, an improvement of approximately 2.7 percentage points over FY10 and 4.3 percent over FY09 and the highest percentage in over 20 years.

This Administration has also made the promotion of diversity and inclusion in the Federal workforce an important priority, and the early results of those efforts are positive, although there is still more work to do. For example, 14.7 percent of all new hires in the Federal workforce in FY11 were individuals with disabilities. During the same fiscal year, the number of minorities in the Federal workforce increased by 2.4 percent. While we have made great strides in increasing the hiring of veterans and those with disabilities and increasing diversity in the Federal workforce, we will continue to ensure that these hiring efforts remain a government-wide focus.

Your leadership and guidance have been critical in helping OPM overcome significant challenges associated with ensuring agencies have the information necessary to make decisions

¹ Average Job Seeker satisfaction scores have stayed at a "70" composite approval score or above since March, and averaged highs of "73" and "74" composite approval scores in August and September, respectively.

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regarding suitability and security clearance determinations for their employees. With your support, OPM took over the background investigative program for the Department of Defense and eliminated their significant backlog. In addition to eliminating their backlog, OPM continued to improve the quality of background investigations while meeting demanding timeliness goals mandated by the Intelligence Reform and Terrorism Prevention Act of 2004. The government-wide positive impacts are significant. The improved background investigative timeliness standards resulted in billions of dollars of previously lost productivity being returned to the Federal government and DOD's Personnel Security Clearance Program's removal from GAO's "high-risk" list.

Finally, OPM recognizes the need to address critical skills gaps. OPM partners with agencies to address critical skill shortages through government-wide and agency-specific recruitment, retention and measurement strategies. OPM conducts routine data analysis to identify emerging skill gaps and agency progress toward meeting gap closure targets. OPM has the lead responsibility for meeting the Office of Management and Budget's Cross Agency Priority Goal to close critical skills gaps. In April of this year, OPM completed, in partnership with the CHCO Council, a rigorous data analysis process to identify five high-priority government-wide occupations for gap closure: IT, HR, Acquisition, Financial Auditors, and Economists, in addition to Science, Technology, Engineering and Mathematics (commonly referred to as 'STEM'), as a functional area. OPM is now partnering with relevant interagency councils and working groups to design the most effective strategies to close gaps in these occupations, with the goal of closing 50 percent of skills gaps by the end of FY13.

In addition, Mr. Chairman, in line with your interest in the matter, OPM has begun an initiative to inventory the foreign language skills of the Federal workforce. Our goal is to ensure agencies can collect this information effectively, while enabling OPM to provide a coordinated response in the event of an emergency.

Respect for the Workforce

Mr. Chairman, our people are our greatest asset. To have a government that delivers the best services to the taxpayers in the most efficient way possible, we need to provide them the training, benefits, and work-life balance necessary to succeed, prosper, and advance in their careers. OPM has been able to accomplish many of our goals in respecting the workforce, with the assistance of the CHCO Council, which you helped create. OPM and the CHCO Council work best when they work closely together, and that's what we've done – laid out complementary agendas, pursued them together, and shown that we can accomplish big things.

I know improving training opportunities for Federal employees has been a priority for you. With your encouragement, we now require all supervisors to receive training within 1 year of their appointment and refresher training at least every 3 years.

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Also, as I testified in May of this year, part of the recent effort to work with human resources professionals has been the creation of the HR University (HRU) website, which provides an excellent foundation for human resources professionals to get training to help them do their jobs even better. I was happy to launch this endeavor with the full support of the CHCO Council, and I was particularly grateful for the specific assistance and tools we received in standing up the HRU website from DOD, the Department of the Treasury, the Office of the Director of National Intelligence, and NASA. The courses offered through HRU are a combination of classroom and online courses and are offered across the government. HRU's course catalog, which is approved by OPM, continues to grow, and we recently added college-level courses on human resources management.

HRU presents a savings to the Federal government. These savings are realized through the sharing of resources and economies of scale by reducing duplicative courses across the government, identifying the best human resources training, and by sharing these resources through HRU. Today, the cost savings figure is about \$18.6 million.

Mr. Chairman, I know mentoring has been an area of importance to you, and I would like to highlight a few efforts OPM has taken in this area. OPM is building on our successful human resources mentoring program by partnering with agencies to develop "HR Mentorship Clusters." These clusters will join large agencies with small agencies that share common mission and workforce characteristics. These mentorship clusters will enable human resources professionals from large agencies to mentor small agency human resources professionals who often do not have the resources needed to obtain outside support. These clusters will serve as a "big brother/big sister" type of mechanism to help human resources professionals develop lifelong partnerships with their colleagues and provide mentorship, coaching, and best practices. Another important tool we are developing is a government-wide mentoring "hub," which will afford Federal agencies a one-stop shop for their mentoring needs. The "hub" will be a resource to all Federal agencies, regardless of whether they have their own mentoring programs. It will provide tools, techniques, tips, and technical assistance relating to mentoring. The mentoring "hub" will promote a knowledge-sharing culture government-wide, ensuring that information is shared and retained within each agency and across the Federal government.

Mr. Chairman, I want to thank you for your support for the 28 Federal Executive Boards (FEBs) across the nation. The FEBs respond to member agency needs by providing coordinated, quality programs and activities, training being one focus area. By leveraging a large number of agency participants, FEBs are able to offer training sessions at little or no cost. They reduce costs even more by local delivery, negating the need for travel and lodging. In 2011, FEBs provided training opportunities to 33,499 Federal employees at an estimated cost avoidance to the Federal government of more than \$8.7 million. And in 2010 and 2011, FEBs supported President

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Obama's priority to improve the Federal hiring process by hosting a total of 153 training and briefing sessions on hiring reform for human resources specialists and hiring managers.

Mr. Chairman, I also know you have offered legislation addressing the relationship between management and labor. In seeking to improve this relationship, President Obama issued Executive Order 13522 to create a new era of collaboration and partnership between the Federal government and unions representing Federal employees. The Administration believes that a strong partnership between the Federal government and labor organizations in the civil service is in the public interest and promotes efficiency. The National Council on Federal Labor-Management Relations (the National Council) shares President Obama's belief that Federal employees are the Federal government's greatest asset and resource for ideas that will ensure the delivery of high-quality and cost-effective service to the American people. We are committed to the President's mission of establishing cooperative and productive labor-management relations throughout the Federal government. The National Council has supported the creation of agency-level labor-management forums, and implementation plans for all 51 participating agencies have been certified and approved by the National Council. To date, at least 769 forums have been established, covering approximately 770,000 (approximately 65 percent) of the bargaining unit employees employed by the 51 agencies.

From our surveys of agency forums, agencies have reported the following early successes during implementation:

- Development of joint baseline assessments of labor-management relations and metrics;
- Improved labor-management communication;
- Reduction in the number of formal negotiations;
- Reduction in the time to negotiate a collective bargaining agreement; and
- Progress toward or resolution of issues related to matters such as –
 - Agency performance management systems;
 - Work space issues and reorganizations; and
 - Telework and other work-life programs.

Additionally, Federal agencies offer work life programs that promote a healthy, more resilient employee. Some programs include:

- Resource and referral programs for employees (and often eligible family members)
- Child Care Subsidy Programs
- Employee Assistance Programs
- Health and Wellness Programs
- Alternative Work Schedules
- Flexible Work Schedules

United States Government Accountability Office

GAO

Testimony

Before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

For Release on Delivery
Expected at 2:30p.m. EDT
Wednesday, September 19, 2012

**HUMAN CAPITAL
MANAGEMENT**

**Effectively Implementing
Reforms and Closing
Critical Skills Gaps Are Key
to Addressing Federal
Workforce Challenges**

Statement of Gene L. Dodaro
Comptroller General of the United States





Highlights of GAO-12-1023T, a testimony before the Subcommittee on Oversight of Government Management, the Federal Workforce and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

GAO designated strategic human capital management as a government-wide high risk area in 2001 because of a long-standing lack of leadership.

Since then, important progress has been made. However, the area remains high risk because of a need to address current and emerging critical skills gaps that undermine agencies' abilities to meet their vital missions.

The federal government is facing evolving and crosscutting challenges that require a range of skills and competencies to address. Moreover, retirements and the potential loss of leadership and institutional knowledge, coupled with fiscal pressures, underscore the importance of a strategic and efficient approach to acquiring and retaining individuals with needed critical skills.

This testimony is based on a large body of GAO work from January 2001 through September 2012 and focuses on the progress made by executive branch agencies, the CHCO Council, and OPM, and the challenges that remain in four key areas of human capital management: (1) leadership; (2) strategic human capital planning; (3) talent management; and (4) results-oriented organizational culture.

What GAO Recommends

Over the years, GAO has made numerous recommendations to agencies and OPM to improve their strategic human capital management efforts. This testimony discusses agencies' actions to implement key recommendations.

View GAO-12-1023T. For more information, contact Robert N. Goldenkoff at (202) 512-6806 or goldenkoff@gao.gov or Yvonne D. Jones at (202) 512-6806 or jonesy@gao.gov.

September 19, 2012

HUMAN CAPITAL MANAGEMENT

Effectively Implementing Reforms and Closing Critical Skills Gaps Are Key to Addressing Federal Workforce Challenges

What GAO Found

Since 2001, Congress, the Office of Personnel Management (OPM), and executive branch agencies have taken action to address the government's human capital challenges. For example, in 2002, Congress passed legislation creating the CHCO Council, composed of the Chief Human Capital Officers (CHCO) of 24 executive agencies and chaired by the Director of OPM. In 2004, through the Federal Workforce Flexibility Act, Congress provided agencies greater hiring flexibilities. OPM issued guidance on hiring reforms, developed the Hiring Toolkit, and launched an 80-day model to speed the hiring process.

Leadership:

The CHCO Council advises and coordinates the activities of member agencies on current and emerging personnel issues. Among its recent initiatives, OPM and the CHCO Council established a working group in September 2011 to identify and mitigate critical skills gaps. To date the group has taken important steps, including developing a framework and timeline for identifying and addressing government-wide and agency-specific skills gaps. However, the substantive work of addressing skills gaps remains, including defining workforce plans, implementing recruitment and retention strategies, and measuring the effects of these initiatives.

Strategic human capital planning:

Integrating human capital planning with broader organizational strategic planning is essential for ensuring that agencies have the talent and skill mix needed to cost-effectively execute their mission and program goals. If not carefully managed, anticipated retirements could cause skills gaps to develop further and adversely impact the ability of agencies to carry out their diverse responsibilities. GAO's work has identified skills shortages in areas government-wide, such as cybersecurity, acquisition management, and foreign language capabilities.

Talent management:

Ensuring that federal agencies are able to recruit, develop, and retain personnel with the necessary skills is essential to closing any skills gaps and maintaining a workforce that will meet its vital missions. Congress, OPM, and some individual agencies have taken important actions, such as providing and using flexibilities, to improve the hiring process and making investments in training and development. However, much work remains. For example, GAO recently reported that OPM can improve its guidance and assistance to agencies in establishing a process for setting and prioritizing training investments.

Results-oriented organizational culture:

Leading organizations have found that to successfully transform themselves they must often fundamentally change their cultures to be more results-oriented, customer-focused, and collaborative. As part of that, GAO has shown that agencies need to create clear "lines of sight" that align organizational and individual performance. These lines of sight help individual staff understand the connection between their daily activities and agency success.



United States Government Accountability Office
Washington, DC 20548

Chairman Akaka, Ranking Member Johnson, and Members of the Subcommittee,

Thank you for the opportunity to be here this afternoon to discuss the state of the federal workforce. My remarks today will focus on the progress made in modernizing federal human capital policies and procedures since 2001, the year in which we first added strategic human capital management to our list of high risk areas because of the long-standing lack of leadership on personnel matters.¹

Mr. Chairman, today's session is a fitting venue to discuss the progress of civil service reforms because so many of the improvements in the federal government's human capital policies and practices came about as a result of the bipartisan leadership and vision of this Subcommittee including legislation, hearings, constructive oversight, requests for our research, and efforts to hold agencies accountable for results.

Congress, the Office of Personnel Management (OPM), and individual agencies have all made substantial progress in addressing their human capital challenges. For example, Congress, in 2002, created the chief human capital officer (CHCO) position in 24 agencies to advise and assist the head of the agency and other agency officials in their strategic human capital efforts.² The CHCO Council—chaired by the OPM Director—advises and coordinates the activities of members' agencies, OPM, and the Office of Management and Budget (OMB) on such matters as modernizing human resources systems and improving the quality of human resources information. Further, in 2002 and 2004, Congress provided agencies—individually and across the federal government—with additional authorities and flexibilities to manage the federal workforce such as the authority to offer recruitment bonuses. More recently, Congress enacted the Telework Enhancement Act of 2010, which is intended to provide opportunities for more federal employees to telework.

It is important that the government have a top-notch workforce. Addressing challenges in areas such as disaster response, homeland

¹GAO, *High-Risk Series: An Update*, GAO-01-263 (Washington, D.C.: Jan. 2001).

²Chief Human Capital Officers Act of 2002, Title XIII of the Homeland Security Act of 2002, Pub. L. No. 107-296 (Nov. 25, 2002).

security, economic security, and many other evolving issues requires networks of actors across many organizations employing a wide range of expertise and skills. For federal agencies to be effective in this environment, they must have the capacity to work seamlessly with other agencies, levels of government, and across sectors.

While the government has taken on additional roles and responsibilities in recent years, the size of the federal workforce has changed little since 1981. While there have been some fluctuations, overall the number of federal employees has remained relatively steady at around 2 million people, with 2.2 million civilian, non-postal employees in 2011. That said, the federal workforce is supported by a large number of contract employees who also need to have the right set of skills. Although the exact size of the contractor workforce is difficult to measure, at some agencies it is significant and can far exceed the number of federal personnel. For example, as we pointed out in our April 2012 report, the National Nuclear Security Administration—a component of the Department of Energy responsible for ensuring the safety and security of the nation's nuclear weapons stockpile—is composed of about 34,000 contractors and 2,400 federal employees.³

These evolving and complex challenges are occurring while agencies confront an array of internal management capacity difficulties, such as critical skills shortages, ongoing retirements that could lead to a further loss of institutional knowledge, as well as fiscal pressures.⁴ As a result, it is vital that agencies operate more strategically and efficiently than ever before.

The challenges confronting government demand that federal agencies follow high-performing organizations' human capital management practices including recruiting and retaining employees able to create, sustain, and thrive in organizations that are flatter, results-oriented, and externally focused; and collaborate with other entities across levels of government and with the private and non-profit sectors.

³GAO, *Modernizing the Nuclear Security Enterprise: Strategies and Challenges in Sustaining Critical Skills in Federal and Contractor Workforces* GAO-12-468 (Washington, D.C., April 26, 2012).

⁴For more on the management capacity issues confronting agencies, see GAO-11-278.

As requested, my remarks today will focus on executive branch agencies' and OPM's progress in addressing key aspects of strategic human capital management including: (1) leadership commitment; (2) strategic human capital planning; (3) talent management; and (4) building a results-oriented culture. This testimony is based on a large body of our completed work issued from January 2001 through September 2012, and also includes the preliminary results of an ongoing study that you requested on addressing critical skills gaps. The work on which this statement is based was conducted 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.

Sustained Leadership is Essential to Successful Human Capital Management

Effective leadership is the key driver of successful human capital management. Simply put, the tone starts from the top. As one example, in September 2011, OPM and the CHCO Council, as part of ongoing discussions between OPM, OMB, and us on progress needed to address the federal government's human capital high risk area, established a working group to identify and mitigate critical skills gaps. At the request of this Subcommittee, we are reviewing the progress of the working group. Our preliminary findings show that the working group has, to date, taken some important steps forward, including developing a framework and timeline for identifying and addressing both government-wide and agency-specific skills gaps.

Importantly, the effort is receiving the commitment and support of agency leadership. For example, agencies' chief human capital officers and their representatives were involved in forming the working group and participated in its deliberations. Further, the working group's efforts were designated a cross-agency priority goal within the Administration's fiscal year 2013 federal budget.⁵ The working group expects to complete its initial efforts in March 2013. We will continue to assess the working group's progress and anticipate issuing a report to you later this year.

⁵GAO, *Managing for Results: GAO's Work Related to the Interim Crosscutting Priority Goals under the GPRA Modernization Act*, GAO-12-620R (Washington, D.C.: May 31, 2012).

In addition, OPM has demonstrated leadership in its efforts to improve the hiring process, with an eye toward making it easier and faster for people to apply for a federal job and strengthen the ability of agencies to compete with the private sector for filling entry-level positions. For example, OPM issued final regulations implementing the Pathways Programs (Pathways) which took effect on July 10, 2012.⁶ Pathways created two new conduits into government service: the Internship Program for students currently in high school, college, and other qualifying programs, and the Recent Graduates Program for individuals who, within the previous two years, earned an associate, bachelors, masters, professional or other qualifying degree or certificate. Pathways also modified the existing Presidential Management Fellows Program making it more student friendly by, among other changes, expanding the eligibility window for applicants. Individuals in all three programs are eligible for noncompetitive conversion to permanent positions after meeting certain requirements. If successfully implemented, initiatives such as the CHCO working group and Pathways could help agencies identify and close critical skills gaps.

Still, work is needed in other human capital areas. For example, as we noted in our February 2012 testimony before this Subcommittee, OPM needs to improve the paper-intensive processes and antiquated information systems it uses to support the retirement of civilian federal employees in part because of the volume of retirement processing expected in the coming years given projected retirement trends.⁷

Strategic Human Capital Planning is Critical to Addressing Workforce Challenges

Strategic human capital planning that is integrated with broader organizational strategic planning is essential for ensuring that agencies have the talent, skill, and experience mix they need to cost-effectively execute their mission and program goals. Workforce planning is especially important now because, as shown in figure 1, agencies are facing a wave of potential retirements. Government-wide, around 30

⁶77 Fed. Reg. 28194 (May 11, 2012). The Pathways Programs were established by the President under Exec. Order No. 13562, *Recruiting and Hiring Students and Recent Graduates*, 75 Fed. Reg. 82585 (Dec. 27, 2010). Under the executive order, OPM was tasked with issuing implementing regulations.

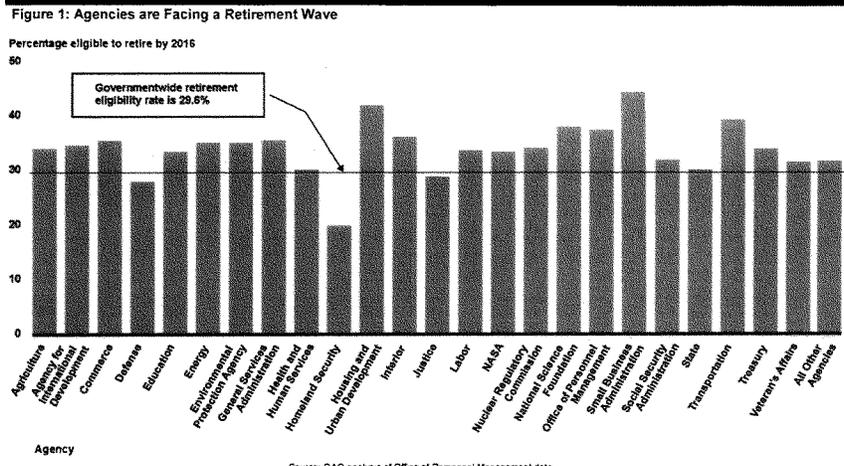
⁷GAO, *OPM Retirement Modernization: Progress Has Been Hindered by Longstanding Information Technology Management Weaknesses*, GAO-12-430T (Washington, D.C.: Feb. 1, 2012).

percent of federal employees on board at the end of fiscal year 2011 will become eligible to retire by 2016.⁸ At some agencies, however, such as the Department of Housing and Urban Development and the Small Business Administration, at least 40 percent of those on board at the end of fiscal year 2011 are already eligible or will become eligible to retire in the next five years. The government's top leadership and management ranks also face potentially high levels of retirement. About 58 percent of senior executives and 45 percent of GS-15s who were on board at the end of fiscal year 2011 will be eligible to retire by 2016. Likewise, certain occupations face the potential of large numbers of retirements. Around 46 percent of air traffic controllers and 68 percent of administrative law judges will be eligible to retire by 2016.

Although a number of factors affect when employees actually retire, a 2008 OPM study found that the median number of years an employee stays with the government after first becoming retirement-eligible is four years, although nearly 25 percent remain for nine years or more.⁹ Thus, if not carefully monitored and managed, as experienced employees leave, gaps could develop in an organization's leadership and institutional knowledge.

⁸We report on federal retirement eligibility using data from OPM's Central Personnel Data File (CPDF). To assess the reliability of CPDF data, we reviewed relevant OPM documentation, previous GAO reports using CPDF data, and recent OPM data quality assurance procedures. We previously reported that government-wide data from the CPDF for the key variables in this report to determine retirement eligibility—retirement plan, service computation date, birth date, and occupation—were 98 percent or more accurate. Based on the results of these procedures, we believe the CPDF data used are sufficiently reliable for the informational purpose of this report.

⁹OPM, *An Analysis of Federal Employee Retirement Data: Predicting Future Retirements and Examining Factors Relevant to Retiring from the Federal Service* (Washington, D.C.: March, 2008).



Source: GAO analysis of Office of Personnel Management data.

Strategic human capital planning will also be needed to address current and emerging mission critical skills shortages that exist both government-wide across specific occupations and competencies and within particular agencies. Our work has shown that it is important for agencies to ensure that their strategic workforce planning efforts (1) involve top management, employees, and other stakeholders; (2) identify the critical skills and competencies that will be needed to achieve current and future programmatic results; (3) develop strategies that are tailored to address skills gaps; (4) build the internal capability needed to address administrative, training, and other requirements important to support

workforce planning strategies; and (5) include plans to monitor and evaluate the agency's progress toward meeting its human capital goals.¹⁰

Our work has identified issues in such government-wide areas as:

Cybersecurity: In our November 2011 report, we found that even as threats to federal IT infrastructure and systems continue to grow in number and sophistication, federal agencies' progress in implementing key workforce planning practices for cybersecurity personnel has been mixed.¹¹ For example, five of the eight agencies we reviewed, including the largest, DOD, have established cybersecurity workforce plans or other agency-wide activities addressing cybersecurity workforce planning. However, all of the agencies we reviewed faced challenges determining the size of their cybersecurity workforce because of variations in how work is defined and the lack of an occupational series specific to cybersecurity. We recommended, among other actions, that OPM should finalize and issue guidance to agencies on how to track the use and effectiveness of incentives for cybersecurity and other hard-to-fill positions. OPM agreed with this recommendation and identified steps it is taking to address federal agencies' use of incentives.

Acquisition Management: Agencies such as DOD and the Department of Homeland Security (DHS) need to address shortages of trained acquisition personnel to oversee and manage contracts that have become more expensive and increasingly complex. The lack of skilled employees in this area makes the government vulnerable to overcharges and wasteful spending of the hundreds of billions of contract dollars it spends for goods and services each year. In our prior work, for example, we found that DOD lacked critical information to ensure its acquisition workforce was sufficient to meet its national security mission.¹² To address these issues, we recommended in 2009 that DOD, among other actions, identify and update, on an ongoing basis, the number and skill

¹⁰GAO, *Human Capital: Key Principles for Effective Workforce Planning*, GAO-04-39 (Washington, D.C.: Dec. 11, 2003).

¹¹GAO, *Cybersecurity Human Capital: Initiatives Need Better Planning and Coordination*, GAO-12-8 (Washington, D.C.: Nov. 29, 2011).

¹²GAO, *Department of Defense: Additional Actions and Data Are Needed to Effectively Manage and Oversee DOD's Acquisition Workforce*, GAO-09-342 (Washington, D.C.: March 25, 2009).

sets of the total acquisition workforce, including civilian, military, and contractor personnel that it needs to fulfill its mission. DOD agreed with our recommendation and has policies in place that call for the department to assess its total workforce, including its contractor component. However, DOD has not yet determined the appropriate mix of federal civilian, military, and contractor personnel. We have ongoing work to assess DOD's civilian and acquisition workforce planning efforts.

Likewise, in 2008, we recommended DHS take several actions to better manage its acquisition workforce challenges, such as establishing a coordinated planning process across DHS component agencies and improving workforce data.¹³ DHS generally agreed with our recommendations and has taken steps to more effectively manage and strategically plan for its acquisition workforce, including establishing a strategic human capital planning initiative to improve coordination between the Chief Procurement Officer, DHS components, the Chief Human Capital Officer, and other stakeholders to develop a Fiscal Year 2013 Acquisition Workforce Strategic Human Capital Plan. DHS has begun collecting and tracking data on the department's acquisition workforce but not yet on the department's use of contractors for acquisition support.

Foreign Language Capabilities: As we noted in our July 2010 testimony before this Subcommittee, DHS, DOD, and the Department of State (State) could better assess their foreign language needs and capabilities and address shortfalls.¹⁴ In particular, we said that foreign language skills are an increasingly key element to the success of diplomatic efforts; military, counterterrorism, law enforcement, and intelligence missions; as well as to access to federal programs and services for limited English populations. We found that the agencies we reviewed could improve their human capital planning efforts. For example, State's efforts to meet its foreign language requirements have yielded some results, but it has not closed persistent gaps in foreign-language proficient staff in part because it was not using a strategic approach. We recommended that State

¹³GAO, *Department of Homeland Security: A Strategic Approach Is Needed to Better Ensure the Acquisition Workforce Can Meet Mission Needs*, GAO-09-30 (Washington, D.C.: Nov. 19, 2008).

¹⁴GAO, *Foreign Language Capabilities: Departments of Homeland Security, Defense, and State Could Better Assess Their Foreign Language Needs and Capabilities and Address Shortfalls*, GAO-10-715T (Washington, D.C.: July 29, 2010).

develop a comprehensive strategic plan with measurable goals, objectives, milestones, and feedback mechanics that links all of State's efforts to meet its foreign language requirements. State generally agreed with our recommendations and in response, in March 2011, it published a strategic plan for foreign language capabilities that links its language incentive program to its efforts to enhance its recruitment program and expand training, among other activities.

Our prior work has also identified human capital planning issues at individual agencies. For example, the Federal Emergency Management Agency (FEMA) continues to face historical workforce planning and training challenges that need to be addressed. In our April 2012, assessment which we prepared for this Subcommittee and other requesters, we reported that FEMA is in the early stages of integrating its workforce planning and training efforts with initiatives underway by other FEMA program offices.¹⁵ These efforts could help FEMA ensure that it has a workforce of the proper size and skills to meet its mission. However, we also noted that FEMA's workforce planning and training efforts could benefit from quantifiable performance measures, such as metrics to gauge the agency's progress building a comprehensive leadership development program and integrating it with agency succession planning. FEMA's parent agency, DHS, concurred with our recommendations and is taking steps to implement them.¹⁶ For example, FEMA's Strategic Human Capital Plan for fiscal years 2012 through 2016 will have milestones and metrics for addressing key workforce planning efforts.

In another example, in our July 2012 report, we found that the Department of the Interior continues to face workforce planning challenges following a reorganization effort to improve its oversight of oil and gas activities in the wake of the April 2010 oil spill in the Gulf of Mexico. In particular, we found that Interior has not developed a strategic workforce plan that outlines specific strategies to help it address the recruitment, retention, and training challenges it is facing, particularly for

¹⁵GAO, *Federal Emergency Management Agency: Workforce Planning and Training Could Be Enhanced by Incorporating Strategic Management Principles*, GAO-12-487 (Washington, D.C.: April 26, 2012).

¹⁶GAO-12-487.

engineers and inspectors.¹⁷ Interior has also not specifically determined when it will develop such a plan. To address this, we recommended that the relevant components of Interior develop a strategic workforce plan that, among other actions, determines the critical skills and competencies that will be needed to achieve current and future programmatic results and to develop strategies to address critical skills gaps. Interior agreed with this recommendation.

Talent Management Remains a Federal Workforce Challenge

Progress in talent management has been made on a number of fronts. However, our work had identified additional actions federal agencies can take to recruit, develop, and retain personnel with the skills essential to maintaining a workforce that will help agencies meet their vital missions.

Hiring Reforms

More than a decade ago, it was widely recognized that the federal hiring process was lengthy and cumbersome and hampered agencies' ability to hire the people they needed to achieve their goals and missions. The processes of that time failed to meet the needs of managers in filling positions with the right talent and also failed to meet the needs of applicants for a timely, efficient, transparent, and merit-based process. The processes were also hampered by narrow federal classification standards for defining federal occupations, the quality of certain applicant assessment tools, and time-consuming processes to evaluate applicants.

Both Congress and OPM have taken a series of important actions over the years to improve recruiting and hiring in the federal sector. For example, in 2004 Congress provided agencies with hiring flexibilities that (1) permit agencies to appoint individuals to positions through a streamlined hiring process where there is a severe shortage of qualified candidates or a critical hiring need, and (2) allow agency managers more latitude in selecting among qualified candidates through category rating, an alternative to the traditional numerical rating procedure which limited selection to the top three ranked candidates. In addition, Congress provided agencies with enhanced authority to pay recruitment bonuses

¹⁷GAO, *Oil and Gas Management: Interior's Reorganization Complete, but Challenges Remain in Implementing New Requirements*, GAO-12-423 (Washington, D.C.: July 30, 2012).

and with the authority to credit relevant private sector experience when computing annual leave amounts.¹⁸

In 2005, and again in 2008, OPM issued guidance on the use of hiring authorities and flexibilities, in 2006 developed the Hiring Toolkit to assist agency officials in determining the appropriate hiring flexibilities to use given their specific situations, and in 2008 launched an 80-day hiring model to help speed up the hiring process. Also in 2008, OPM established standardized vacancy announcement templates for common occupations, such as contract specialist and accounting technician positions, in which agencies can insert summary information concerning their specific jobs prior to posting for public announcement. As mentioned earlier, in 2010, OPM launched the Pathways program in order to make it easier to recruit and hire students and recent graduates.

Individual agencies have also taken actions to meet their specific needs for acquiring the necessary talent. For example, we have reported that the National Aeronautics and Space Administration has used a combination of techniques to recruit workers with critical skills, including targeted recruitment activities, educational outreach programs, improved compensation and benefits packages, professional development programs, and streamlined hiring authorities.¹⁹ Despite these efforts, many challenges remain with federal recruiting and hiring, as noted earlier in discussing critical skills gaps.

Training and Development

Effective training and development programs are an integral part of a learning environment that can enhance the federal government's ability to attract and retain employees with the skills and competencies needed to achieve results.²⁰ Agency training and development programs should be part of an overall management strategy and include processes to assess and ensure the training's effectiveness. Our recent work has also underscored the value of collaborative training.

¹⁸Federal Workforce Flexibility Act of 2004, Pub. L. No. 108-411 (Oct. 30, 2004).

¹⁹GAO, *NASA: Progress Made on Strategic Human Capital Management, but Future Program Challenges Remain*, GAO-07-1004 (Washington, D.C.: Aug. 8, 2007).

²⁰GAO, *Human Capital: Selected Agencies' Experiences and Lessons Learned in Designing Training and Development Programs*, GAO-04-291 (Washington, D.C.: Jan. 30, 2004).

For example, in our 2010 overview of 225 professional development activities intended to improve interagency collaboration at nine key national security agencies (including DOD, State, and DHS), we noted that because no single federal agency has the ability to address these threats alone, agencies must work together in a whole-of-government approach to protect our nation and its interests. We found that interagency training and other professional development activities build foundational knowledge, skills, and networks that are intended to improve collaboration across agencies.²¹ For example, in fiscal year 2009, the military services or combatant commands led an estimated 84 joint-military exercise programs that addressed a range of national security matters and sought to improve the ability of participants to work across agency lines by encouraging interagency participation. In addition, DHS offers an introductory online course which is available to personnel across federal, state, and local government and provides an overview of the roles and responsibilities of various agencies and how they are supposed to work together in different emergency situations.

Some agencies also use interagency rotations as a type of professional development activity that can help improve collaboration across agencies. For example, Army's Interagency Fellowship Program is a 10- to 12-month rotation that places Army officers in intermediate-level positions at other federal agencies and allows them to learn the culture of the host agency, hone collaborative skills such as communication and teamwork, and establish networks with their civilian counterparts. In a 2012 report, we identified key policies and practices that help such interagency personnel rotation programs achieve collaboration-related results. These policies and practices include, for example, the importance of creating shared goals, establishing incentives, and undertaking careful preparation.²²

Elsewhere, improvements are needed. Our work at State found that while the department has taken many steps to incorporate the interrelated elements of an effective training program, State's strategic approach to its

²¹GAO, *National Security: An Overview of Professional Development Activities Intended to Improve Interagency Collaboration*, GAO-11-108 (Washington, D.C.: Nov. 15, 2010).

²²GAO, *Interagency Collaboration: State and Army Personnel Rotation Programs Can Build on Positive Results with Additional Preparation and Evaluation*, GAO-12-386 (Washington, D.C.: March 9, 2012).

workforce training still has several key weaknesses.²³ For example, State lacks a systematic, comprehensive training needs assessment process, incorporating all bureaus and overseas posts. State also lacks formal guidance for curriculum design and for data collection and analysis, and thus cannot be assured that proper practices and procedures are systematically and comprehensively applied. Moreover, the performance measures for training generally do not fully address training goals, and are generally output- rather than outcome-oriented. We made several recommendations for State to improve strategic planning and evaluation of its efforts to train personnel, including improvements to State's efforts to assess training needs. State generally agreed with our recommendations and noted that it would look for ways to enhance its ability to assess the effectiveness of training and development efforts across employee groups and locations. State has not yet provided us with evidence that it has taken action to implement the report's recommendations.

More broadly, given current budget constraints, it is essential that agencies identify the appropriate level of investment and establish priorities for employee training and development, so that the most important training needs are addressed first. Our report to you issued earlier this week compared agencies' training investment practices and OPM guidance against leading federal training investment practices identified from our past work and expert studies.²⁴ These practices included prioritizing investment funding; identifying the most appropriate mix of centralized and decentralized approaches for training and development programs; and tracking the cost and delivery of training and development programs agency-wide.

In our review, we obtained information from 27 CHCOs on their agencies' training investment practices. Many CHCOs reported that they are implementing several leading practices important to making strategic decisions about training delivery such as, determining the best mix of decentralized and centralized training. Some CHCOs expressed the view

²³GAO, *Department of State: Additional Steps Are Needed to Improve Strategic Planning and Evaluation of Training for State Personnel*, GAO-11-241 (Washington, D.C., Jan. 25, 2011).

²⁴GAO, *Federal Training Investments: OPM and Agencies Can Do More to Ensure Cost-Effective Decisions*, GAO-12-878 (Washington, D.C., Sept. 17, 2012).

that their components or sub-agencies are more knowledgeable about their mission-specific training needs, while the central human capital staff can add the most value by managing investment decisions for more general training across the department. However, many CHCOs reported that they do not set a level of investment agency-wide, do not prioritize training agency-wide, and do not have information from component or sub-agency leaders regarding their level of investments and priorities. Consequently, agencies reported that they are duplicating internal training investments and missing opportunities to leverage economies of scale across their agencies. Officials from all four agencies we interviewed (the Departments of Energy, the Interior, DHS, and Veterans Affairs) to obtain additional perspective beyond our survey of 27 CHCOs reported that they were unaware of the total amount their agencies invest in federal training and cannot provide reliable training data to OPM, which requests these data to address its government-wide training responsibilities.

We found that agencies independently purchase or develop training for the same mandated or common occupational training. Several agencies and OPM officials reported that a website administered by OPM to provide training for the HR community could be expanded to provide mandatory or other common training for federal occupations, which, OPM reported, could save millions and help standardize training. We recommended, among other things, that OPM improve guidance and assistance to agencies in establishing a process for setting and prioritizing training investments; improve the reliability of agency training investment information; and identify the best existing courses that fulfill government-wide training requirements and offer them to all agencies through their existing online training platform or another appropriate platform. OPM generally agreed with most of our recommendations.²⁵

Workforce Flexibilities

In broad terms, human capital flexibilities represent the policies and practices an agency has the authority to implement in managing its workforce to accomplish its mission and achieve its goals. The tailored use of such flexibilities helps agencies recruit, develop and retain people with the knowledge, skills, and abilities that agencies need to accomplish their critical missions and compete with the private sector for top talent. Human capital flexibilities include monetary incentives such as

²⁵GAO-12-878.

recruitment, relocation, and retention bonuses; special hiring authorities such as veteran-related hiring authorities; incentive awards such as performance-based cash and time-off awards; and work-life policies and programs such as flexible work schedules, telework, and child care centers and assistance.

Our 2010 report on the use of recruitment, relocation, and retention incentives found that these flexibilities were widely used by agencies, and that retention incentives accounted for the majority of these incentive costs. Our review of the steps OPM has taken to help ensure that agencies have effective oversight of their incentive programs found that while OPM provided oversight of such incentives through various mechanisms, including guidance and periodic evaluations and accountability reviews, there are opportunities for improvement.²⁶ We recommended that OPM require agencies to incorporate succession planning efforts into the decision process for awarding retention incentives. OPM agreed with our recommendation and stated that it will develop future guidance on the importance of considering succession planning in the decision process for awarding retention incentives. In January 2011, OPM issued proposed regulations to add succession planning to the list of factors an agency may consider before approving a retention incentive for an employee who would be likely to leave the federal service in the absence of the incentive. OPM has stated that specifically listing this factor in the regulations will strengthen the relationship between succession planning and retention incentives. OPM expects to issue the final regulations before the end of 2012.

To assist and guide agencies in developing and administering their work/life programs, OPM has established working groups, sponsored training for agency officials, promulgated regulations implementing work/life programs, and provided guidance. In our December 2010 report on agencies' satisfaction with OPM's assistance, we found that most agency officials were satisfied with OPM's help, guidance, and information sharing.²⁷ At the same time, we determined that OPM is

²⁶GAO, *Human Capital: Continued Opportunities Exist for FDA and OPM to Improve Oversight of Recruitment, Relocation, and Retention Incentives*, GAO-10-226 (Washington, D.C.: Jan. 22, 2010).

²⁷GAO, *Federal Work/Life Programs: Agencies Generally Satisfied with OPM Assistance, but More Tracking and Information Sharing Needed*, GAO-11-137 (Washington, D.C.: Dec. 16, 2010).

potentially missing opportunities to provide federal agencies with additional information that may help them develop and implement work/life programs. As such, we recommended that OPM more systematically track data already being collected by individual federal agencies on their work/life programs such as program usage, and share this information with federal agencies. OPM agreed with our recommendations and said it is exploring the use of a Web-based tool that would provide an ability to collect data from agencies and present it in a more meaningful and systematic manner. According to OPM, the goal would be to allow users to note the connection between work/life programs being offered and related outcomes/results, encouraging agencies to engage in similar efforts.

Results-Oriented Cultures

Leading organizations have found that to successfully transform themselves they must often fundamentally change their cultures so that they are more results-oriented, customer-focused, and collaborative in nature. An effective performance management system is critical to achieving this cultural transformation. We have found that having a performance management system that creates a "line of sight" showing how unit and individual performance can contribute to overall organizational goals helps individuals understand the connection between their daily activities and the organization's success. The federal government's senior executives need to lead the way in transforming their agencies' cultures.²⁸ The performance-based pay system for members of the Senior Executive Service (SES), which seeks to provide a clear and direct linkage between individual performance and organizational results as well as pay, is an important step in government-wide transformation. The importance of explicitly linking senior executive expectations to results-oriented organizational goals is consistent with findings from our past work on performance management.²⁹

In January 2012, OPM and OMB released a government-wide SES performance appraisal system that provides agencies with a standard framework to managing the performance of SES members. While striving

²⁸GAO, *Human Capital: Sustained Attention to Strategic Human Capital Management Needed*, GAO-09-632T (Washington, D.C.: April 22, 2009).

²⁹GAO, *Human Capital: Senior Executive Performance Management Can Be Significantly Strengthened to Achieve Results*, GAO-04-614 (Washington, D.C.: May 26, 2004).

to provide greater clarity and equity in the development of performance standards and link to compensation, among other things, the Directors of OPM and OMB stated that the new system will also provide agencies with the necessary flexibility and capability to customize the system in order to meet their needs. Effective implementation of this new system will be important because, as we reported in 2008, OPM had found that some executive performance plans in use at that time did not fully identify the executives' performance measures.³⁰

Leading organizations also develop and maintain inclusive and diverse workforces that reflect all segments of society. Such organizations typically foster a work environment in which people are enabled and motivated to contribute to continuous learning and improvement as well as mission accomplishment and provide both accountability and fairness for all employees. As with any organizational change effort, having a diverse top leadership corps is an organizational strength that can bring a wider variety of perspectives and approaches to bear on policy development and implementation, strategic planning, problem solving, and decision making.³¹ In November 2008, we reported on the diversity of the SES and the SES developmental pool, from which most SES candidates are selected, noting that the representation of women and minorities in the SES increased government-wide from October 2000 through September 2007, but increases did not occur in all major executive branch agencies.³²

In November 2011, OPM reinforced the importance of promoting the federal workplace as a model of equality, diversity, and inclusion through the issuance of the Government-Wide Diversity and Inclusion Strategic Plan. Organized around three strategic goals—workforce diversity, workplace inclusion, and sustainability—the plan provides a shared direction, encourages commitment, and creates alignment so that

³⁰GAO, *Results-Oriented Management: Opportunities Exist for Refining the Oversight and Implementation of the Senior Executive Performance-Based Pay System*, GAO-09-82 (Washington, D.C.: Nov. 21, 2008).

³¹GAO-09-632T.

³²GAO, *Human Capital: Diversity in the Federal SES and Processes for Selecting New Executives*, GAO-09-110 (Washington, D.C.: Nov. 26, 2008).

according to OPM, agencies can approach their workplace diversity and inclusion efforts in a coordinated, collaborative, and integrated manner.

In helping to ensure diversity in the pipeline for appointments to the SES as well as recruitment at all levels, it is important that agencies have strategies to identify and develop a diverse pool of talent for selecting the agencies' potential future leaders and to reach out to a diverse pool of talent when recruiting. For example, to recruit diverse applicants, agencies will need to consider active recruitment strategies such as widening the selection of schools from which to recruit, building formal relationships with targeted schools to ensure the cultivation of talent for future applicant pools, and partnering with multicultural organizations to communicate their commitment to diversity and to build, strengthen, and maintain relationships.³³

To promote diversity and inclusion in the federal workforce OPM is also focusing on increasing the hiring and retention of people with disabilities and veterans.

In 2010, we were asked to identify barriers to the employment of people with disabilities in the federal workforce and leading practices that could be used to overcome these barriers. In response, we convened a forum to identify leading practices that federal agencies could implement within the current legislative context. Participants said that the most significant barrier keeping people with disabilities from the workplace is attitudinal, which can include bias and low expectations for people with disabilities. According to participants, there is a fundamental need to change the attitudes of hiring managers, supervisors, coworkers, and prospective employees, and that cultural change within the agencies is critical to this effort.³⁴ Participants identified practices that agencies could implement to help the federal government become a model employer for people with disabilities.

³³GAO-09-632T.

³⁴GAO, *Highlights of a Forum: Participant-Identified Leading Practices That Could Increase the Employment of Individuals with Disabilities in the Federal Workforce*, GAO-11-81SP (Washington, D.C. Oct. 5, 2010).

Also in July 2010, the President issued Executive Order 13548³⁵ to increase the number of individuals with disabilities in the federal workforce. Nearly two years after the executive order was signed, we found that the federal government was not on track to achieve the executive order's hiring goals. To ensure that the federal government is well positioned to become a model employer of individuals with disabilities, we recommended that the Director of OPM incorporate information about agency deficiencies in hiring individuals with disabilities into its regular reporting to the President on implementing the executive order; expedite the development of the mandatory agency training plans required by the order; and assess the accuracy of the data used to measure progress toward the order's goals.³⁶ OPM agreed with our recommendations and is taking steps to implement them.

Finally, the Uniformed Services Employment and Reemployment Rights Act (USERRA) of 1994 protects the employment and reemployment rights of federal and nonfederal employees who leave their civilian employment to perform military and other uniformed services.³⁷ And the Veterans' Benefits Act of 2010 (VBA) directed the Department of Labor (Labor) and Office of Special Counsel (OSC) to establish a 36-month demonstration project (2011-2014) for receiving, investigating, and resolving USERRA claims filed against federal executive agencies.³⁸ The VBA also required that we evaluate how Labor and OSC designed the demonstration project and assess their relative performance during and after the demonstration project.

In September 2012, as part of our mandated effort to assess the relative performance of USERRA claim processing at Labor and OSC, we determined that both agencies had implemented comparable processes

³⁵Executive Order 13548 of July 26, 2010, Increasing Federal Employment of Individuals with Disabilities, Federal Register /Vol. 75, No. 146 / Friday, July 30, 2010 / Presidential Documents p.45039.

³⁶GAO, *Disability Employment: Further Action Needed to Oversee Efforts to Meet Federal Government Hiring Goals*, GAO-12-568 (Washington, D.C.: May 25, 2012).

³⁷Pub. L. No. 103-353, 108 Stat. 3149 (Oct. 13, 1994) (codified at 38 U.S.C. §§ 4301-4335). USERRA is the most recent in a series of laws protecting veterans' employment and reemployment rights going back to the Selective Training and Service Act of 1940. Pub. L. No. 783, 54 Stat. 885, 890 (Sept. 16, 1940).

³⁸Pub. L. No. 111-275, § 105, 124 Stat. 2864, 2868-70 (Oct. 13, 2010).

that should allow Congress to evaluate their relative performance at the conclusion of the 3-year demonstration project established by Congress.³⁹ However, to improve agencies' ability to assess relative performance, we recommended that both agencies take additional steps to ensure data integrity for the performance data they plan to report.

Although Labor and OSC neither agreed nor disagreed with our recommendations, they discussed actions that they both plan to take to implement our suggestions. For example, Labor said it will review cost data on a quarterly basis for inconsistent or questionable data and correct and report any identified data issues each quarter, as necessary. OSC said it is reviewing its procedures for compiling and reporting cost data during the demonstration project, and is committed to making any necessary changes to ensure the demonstration project satisfies Congress's goals.

Concluding Observations

Strategic human capital management must be the centerpiece of any serious effort to ensure federal agencies operate as high-performing organizations. A high-quality federal workforce is especially critical now given the complex, multi-dimensional issues facing the nation. Achievement of this goal is challenging, especially in light of the fiscal pressures confronting our national government.

When we first identified strategic human capital management as a high risk area in 2001, it was because many agencies faced challenges in key areas including leadership; workforce planning; talent management; and creating results-oriented organizational cultures. Since then, the federal government has made substantial progress in beginning to address human capital challenges and, in many ways, is taking a far more strategic approach to managing personnel. Through a variety of initiatives, Congress, OPM, and individual agencies have strengthened the federal human capital infrastructure. As a result of these improvements, in 2011 we narrowed the focus of our high risk assessment to closing current and emerging critical skills gaps. These challenges must be addressed for agencies to cost-effectively execute their missions and respond to emerging challenges.

³⁹See GAO, *Veterans' Reemployment Rights: Department of Labor and Office of Special Counsel Need to Take Additional Steps to Ensure Demonstration Project Data Integrity*, GAO-12-860R (Washington, D.C.: Sept. 10, 2012).

In short, while much progress has been made over the last 11 years in modernizing federal human capital management, the job is far from over. Making greater progress requires agencies to continue to address their specific personnel challenges, as well as work with OPM and through the CHCO Council to address critical skills gaps. Central to success will be the continued attention of top-level leadership, effective planning, responsive implementation, and robust measurement and evaluation, as well as continued congressional oversight to hold agencies accountable for results.⁴⁰

Chairman Akaka, Ranking Member Johnson, and Members of the Subcommittee, this completes my prepared statement. I would be pleased to respond to any questions.

Contacts and Acknowledgments

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⁴⁰GAO, Strategic Plan 2007-2012, GAO-07-1SP (Washington, D.C.: March 30, 2007).



Statement of Colleen M. Kelley

National President
National Treasury Employees Union

Before the Subcommittee on Oversight of Government Management,
the Federal Workforce, and the District of Columbia
Senate Homeland Security and Governmental Affairs Committee

On

Investing in an Effective Federal Workforce

September 19, 2012
2:30 pm

Chairman Akaka, Ranking Member Johnson, Members of the Subcommittee, thank you so much for inviting NTEU to share our thoughts on the state of the federal workforce, pressing issues that need to be addressed and recent progress that has been made in addressing some of those issues. As President of the National Treasury Employees Union, I represent more than 150,000 federal employees in 31 federal agencies and departments.

It is a pleasure for me to be here today, particularly because this may be the last opportunity I have to testify in front of my good friend, Senator Akaka. You have been a stalwart friend of federal employees, both during the 14 years you served in the House of Representatives and during your distinguished 22 year career in the U.S. Senate. Your advocacy on behalf of the federal workforce from your efforts to ensure fair pay and benefits to your actions to protect collective bargaining rights will be sorely missed by federal employees everywhere.

The federal civilian workforce today is virtually as small as it has ever been in the modern era. In 1953, the federal government employed one worker for every 78 residents; in 2009, the federal government employed one worker for every 147 residents. Many of the federal agencies where NTEU represents employees are under virtual hiring freezes and are operating with limited resources. Although some federal agencies have been able to make great strides through automation and other cost saving tools, much of the work of the federal government requires people – talented and educated people.

The federal employees represented by NTEU are budget analysts overseeing multi-billion dollar budgets, physicians undertaking cutting edge research to cure deadly diseases, law enforcement officers guarding our borders and scientists safeguarding our food and water

supplies. The federal government will need to be prepared to compete for the best and brightest college graduates as current federal employees retire. Fair pay, affordable health insurance and a stable retirement program are key to the federal government's ability to compete for, and retain the talent and experience that will be needed.

We all know that our country faces serious challenges – federal employees have not been exempt from those challenges or immune from efforts to resolve our fiscal difficulties. The federal workforce has been under a pay freeze since 2011. This sacrifice will save the federal government more than \$60 billion over the next ten years. Legislation enacted earlier this year extending unemployment benefits was paid for in part by requiring future federal employees to contribute an additional amount toward their retirement benefits. Federal workers contributed another \$15 billion towards deficit reduction through enactment of this provision.

Federal employees are scheduled to receive a 0.5% pay raise upon the expiration of the current Continuing Resolution early next year and NTEU is grateful for an end to the pay freeze. However, there are many other critical issues facing the federal government and the federal workforce. I look forward to continuing our positive working relationship with this Subcommittee and working together to reach agreement on the many issues facing the federal workforce.

NTEU was pleased to be able to work with you, Senator Akaka, to achieve retirement equity for our federal workers in Hawaii, Alaska and the U.S. territories. Signed into law in 2009, your Non-Foreign Area Retirement Equity Assurance Act corrected an inequity that NTEU members and many others had suffered for years. While federal employees on the mainland

received locality pay and retirement credit based on their full salaries, federal workers receiving the non-foreign area cost of living adjustment received no credit toward retirement for this portion of their pay. Your legislation guaranteed that these federal employees would be made whole and that they would receive locality pay which would count toward their retirement calculations unlike the non-foreign cost of living allowances they received. Through your leadership and perseverance, your colleagues came to understand the critical need to fairly compensate federal employees who provide services in extremely high cost areas of our nation.

Senator Akaka, you have long understood the federal government's need to compete with the private sector for the best talent and you have worked tirelessly to improve the federal government's hiring process. Many of the concepts you have championed have been included in legislation that has been signed into law and in hiring reforms that have been instituted by the Office of Personnel Management. Simplifying and streamlining the federal application process and requiring vacancy announcements to be written clearly and understandably represent positive improvements while continuing to ensure that the merit system and a fair and open process for filling federal jobs remains in place.

You have also been a clear leader in making sure the federal government employs the full range of workplace flexibilities available to most private sector workers. It has long been known that offering workplace flexibilities helps with recruitment and retention of employees, whether it is recruitment and retention bonuses for difficult to fill positions or relocation assistance, student loan assistance or flextime schedules.

One landmark workplace flexibility in particular that I want to comment on was the approval of telework for the federal workforce, and your telework enhancement act signed into

law in 2010 was a major step forward. The benefit of telework to both employees and employers has been shown during emergencies. Telework helps employees handle work-life issues and encourages increased productivity as employees are better able to plan to meet deadlines and accomplish their missions.

Another of your major achievements was the change in the Federal Employees Retirement System (FERS) that will permit employees covered by that retirement program to include their unused sick leave when determining their length of federal service and computing their retirement benefit. When the provision is fully phased in at the end of 2013, employees under FERS will be treated the same as their counterparts in the Civil Service Retirement System (CSRS) and be able to include their unused sick leave when calculating their years of federal service.

This same Akaka provision that guaranteed employees the ability to include their unused sick leave in their retirement calculations also corrected a long-standing flaw in how the government valued part-time service. Prior to enactment of the Akaka amendment, part-time service worked near the end of an employee's federal career, resulted in a flawed retirement benefit calculation.

Earlier this year, you held a critical hearing on the Office of Personnel Management's (OPM) processing of federal retiree annuity payments. Your hearing brought much needed attention to the serious backlogs OPM was facing and the lengthy period of time it was taking OPM to process new retirement applications. Your hearing exposed some of the reasons for the retirement processing delays and resulted in a path forward with OPM laying out a plan to reduce its backlog and improve services to federal employees and retirees.

You also championed legislation during your long Senate career that eliminated the restrictive annual open season for employees to enroll in the Thrift Savings Plan. At the same time, you noted the need for retirement and financial literacy programs for the federal workforce and you authored the legislation that allowed federal workers over the age of 50 to make “catch-up” contributions to their Thrift Savings Plan accounts, putting them on equal footing with their private sector counterparts. Each of these legislative triumphs represented a major improvement in the lives of federal employees.

Your work has also involved efforts to increase training and mentoring possibilities for the federal workforce as well as improvements in protections available to workers who disclose wrongdoing in the federal government. Your Whistleblower Protection Act, which passed the Senate earlier this year, will restore and expand protections for federal employees who disclose waste, fraud or abuse in the federal government. NTEU is a strong supporter of your legislation and will continue to push for House consideration of this important bill.

Similarly, we strongly supported your efforts to ensure that any changes to the Federal Employees Compensation (FECA) Program were done fairly. Your amendment to the Senate Postal Reform legislation earlier this year sought to correct a controversial and harmful proposal in that bill that would have cut benefits to workers injured on the job and those who are older or have family obligations. NTEU is committed to a safe and healthy federal workplace where employees are less likely to ever suffer injuries that may lead to a FECA claim and we will continue to stress the importance of keeping FECA fair for those who do need to avail themselves of the program’s benefits.

NTEU also salutes you for your commitment to ensuring that all federal employees enjoy the same equal treatment and protections. You have supported legislation that would allow all NTEU members and all federal workers with domestic partners to be able to participate in employee benefit programs similar to the options granted married couples. Your Subcommittee hearing helped focus attention on this legislation which provides both benefits and obligations – it would require that domestic partners be subject to the same employment related obligations and duties and the same ethics requirements that are imposed on married couples.

Your career has also been marked by your leadership efforts to right size the federal employee to contractor mix. NTEU has long maintained that federal employees, given the appropriate tools and resources, do the work of the federal government better and more efficiently than any private entity. We have been pleased to testify before your Subcommittee on some of the most egregious examples of misguided outsourcing such as private tax collection efforts. Congress eventually voted to eliminate funding for this effort, finding that it was neither cost-effective nor fair to taxpayers. NTEU will continue to focus our efforts on leveling the playing field and ensuring the accountability of contractors within the federal contracting system, but your voice will certainly be missed.

I also want to commend you for your leadership with regard to the Safeguarding American Agriculture Act. This legislation recognizes the mission of Customs and Border Protection (CBP) Agriculture Specialists in safeguarding our nation's food and agriculture from invasive foreign pests and disease. It would create a career track within CBP for qualified technicians to be promoted to CBP Agriculture Specialist positions and provide education and

training as well as many other improvements. It is an excellent first step in focusing attention on the agricultural quality inspection mission of the agency and we applaud your efforts in this regard.

Finally, I commend you for your strong support for the rights of federal employees to organize and collectively bargain. NTEU believes that the best way to achieve agency missions and optimal work-life balance is for an organization to involve its employees. Employees who have a voice in their workplace feel invested in the success of that organization. If the workers have a collective voice, the effect is even stronger.

On behalf of federal employees across the nation, Senator Akaka, thank you for your dedication and commitment to making sure employees are treated fairly and have the tools they need to provide the services the American public has come to expect from the federal government. We were so pleased that we had the opportunity to honor you at our annual Legislative Conference earlier this year and present you with an award recognizing your leadership on behalf of federal employees and retirees. It has been a distinct honor and privilege to work with you. You will be missed.



AFGE
Congressional
Testimony

STATEMENT BY

J. DAVID COX, SR.
NATIONAL PRESIDENT
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO

BEFORE

SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT,
THE FEDERAL WORKFORCE, AND THE DISTRICT OF COLUMBIA

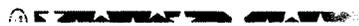
SENATE COMMITTEE ON HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS

ON

INVESTING IN AN EFFECTIVE FEDERAL WORKFORCE

SEPTEMBER 19, 2012

American Federation of Government Employees, AFL-CIO
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Mr. Chairman and Members of the Committee: My name is J. David Cox, Sr., and I am the National President of the American Federation of Government Employees, AFL-CIO (AFGE). On behalf of the more than 670,000 federal employees represented by AFGE, I thank you for this opportunity to testify today.

We have been asked to discuss our union's view of the short-term and long-term needs of the federal workforce with respect to our relationship with agency management, and to comment on the compensation -- in terms of both pay and benefits -- that federal employees receive. We were also asked that we discuss issues such as employee training and work-life balance for federal employees. These are all vital issues that are at the forefront of my mind every day as I work with my union colleagues to try to help create conditions for federal employment that promote not only my members' interests, but also the interests of the public we serve.

AFGE represents federal workers who perform an enormously broad array of functions on behalf of the American people. We are the doctors, nurses, food service workers and appointment makers in our veterans' health care system. We are the EPA scientists studying the effects of contaminants in our air and water who propose ways to protect the health of America's children. We are the border patrol agents and federal corrections officers who guard public safety. We are the claims processors who get Social Security and Veterans Benefits checks out on time. We are the biomedical researchers at the National Institutes of Health and the Centers for Disease Control and Prevention who come up with new treatments for cancer and ways to stop epidemics. We are the meat and poultry inspectors who make sure our food supply is safe, and the Transportation Security Officers who protect air travelers from terrorist threats. We are the civilian workers at the Department of Defense who handle everything from military logistics to the repair and maintenance of sophisticated weaponry on which our warfighters and national security depend.

So you see that the stakes are very high when it comes to maintaining a well-trained and capable federal workforce. And these are the things that don't promote a well-trained and capable workforce: Freezing or cutting salaries, threatening layoffs and furloughs through sequesters and personnel ceilings, forcing new and current employees to pay more for retirement benefits and contemplating various ways to cut those benefits, bullying us with disparaging comments about the quality of our work and work ethic -- in fact they have the exact opposite effect.

Current Budget Situation

Over the next several months, the Congress will likely consider ways to adhere to the ill-conceived Budget Control Act of 2011 that do not involve sequesters in either the Department of Defense (DoD) or any part of the discretionary budget outside of DoD.

AFGE is unequivocally opposed to sequester. We consider it a foolish, damaging, and extraordinarily unfair and inappropriate way to reduce the deficit. As horrendous as the prospect of sequester is for federal employees, with the implied threat of Reductions in Force (RIF), furloughs, and reduced resources for carrying out agency missions; just as ominous is the prospect of any or all of the recommendations of the co-chairs of the President's deficit commission, Morgan Stanley director Erskine Bowles and former Wyoming Senator Alan Simpson. Despite the fact that the co-chairs' recommendations did not win the support of an adequate number of the commission's members, their failed plan is undergoing a rehabilitation in the press as journalists and pundits insist that it is the *only* menu of policy options that should be considered by the Congress or either presidential candidate.

Simpson-Bowles's recommendations for federal employees are as cruel as they are pointless; they inflict pain on one vulnerable group of Americans without doing much of anything to reduce the deficit, either in the short or long term. Chairman Akaka is to be commended for singling out one particularly idiotic and damaging proposal from the co-chairs: the idea of turning the Federal Employees Health Benefits Program (FEHBP) into a voucher system so that it can serve as a model for the eventual voucherization of Medicare. The Simpson and Bowles plan would shift the basis for calculation of retirement annuities from the average of the highest three years of salary to the average of the highest five years, would require FERS-covered employees to pay as much as six percent of salary for their annuities, shift to the inferior "chained consumer price index" for cost of living adjustments for annuities and Social Security, charge retirees more for continuing FEHBP coverage, cut ten percent of federal jobs, and extend the pay freeze for an additional year. It is a diabolical list, a litany of punishment intended to decimate the living standards of federal employees, obliterate even the concept of fairness in spreading the burden of deficit reduction, and destroy the government's ability to recruit or retain a high-quality workforce.

Non-Foreign COLA

For 61 years, federal employees who lived and worked outside the Continental United States in Alaska, Hawaii, Puerto Rico, Guam, and the US Virgin Islands received a cost of living adjustment (COLA) in addition to their base salaries to compensate them for the exceptionally high cost of living in what had been considered "remote" areas. While the COLA program constituted an important component of compensation for these employees, especially because it received favorable tax treatment, the annual payments were not counted as salary for purposes of calculating retirement annuities, the government's contribution to the Thrift Savings Plan (TSP), or any other salary or wage-based benefit or program. Thus, while the non-foreign COLA ensured a fair standard of living during one's working life, federal retirement benefits of employees in the non-

foreign COLA areas constituted a far smaller percentage of their pre-retirement incomes than those of other federal retirees.

Chairman Akaka's 2009 legislation, *The Non-Foreign Area Retirement Equity Assurance Act* resolved this disparity by bringing federal employees in the non-foreign COLA areas into the locality pay system. The law allowed for a gradual transition from COLAs to locality pay, requiring employee to give up only 65 cents of the COLA that the employee would receive under the frozen COLA rate for every dollar of locality pay, in order to help offset the new tax liability and additional retirement contributions due on locality pay. The full transition to locality pay has occurred this year. Thanks to the transition formula insisted upon by the Chairman, no federal employee's take-home pay declined during the transition.

The Chairman also succeeded in adding to the legislation a provision instructing the Bureau of Labor Statistics to conduct pay surveys Alaska and Hawaii so that good data could be obtained to measure the difference between salaries in the federal and non-federal sectors for the jobs performed by federal employees in those locations. As a result, federal employees in both locations are receiving locality pay commensurate with the pay gaps in their states, and are continuing to receive a residual COLA as well, as their locality pay has not yet risen to a level that fully offsets the COLA. It is no exaggeration to say that these protections are due to the extraordinary efforts of the Chairman.

In addition to maintaining take-home pay, and improving retirement benefits, an extremely important provision of this law required that every federal employee who received a non-foreign COLA prior to enactment be eligible for the transition to locality pay, including Transportation Security Officers (TSO) of the Transportation Security Administration (TSA). The law explicitly prohibits TSA from withholding locality pay from its employees on the basis of "performance." Federal managers at TSA and all other agencies have numerous opportunities to award or deny employees additional pay on the basis of performance, but the extraordinary, gross discretion on individual pay adjustments granted to TSA's managers was restricted in this legislation. TSO's were, for the first time since the establishment of the agency, granted a pay status equal to other federal employees living and working in these areas. While the struggle continues to upgrade the status of the employees of TSA so that they are treated the same as other executive branch employees in all aspects of employment and compensation, this legislation marks an important milestone in establishing the principle that Transportation Security Officers deserve full equality.

Sick Leave Equity for FERS Employees

It would be difficult to overstate the importance federal employees place on the Chairman's legislation to equalize the treatment of unused sick leave between the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS). This inequity produced so many perverse incentives that the change was supported as strongly by management groups as it was by AFGE. Equalizing this treatment was an excellent example of the type of "win-win" policies on federal employment promoted and ultimately enacted through the Chairman's efforts. When fully phased in in 2013, federal employees who had the good fortune to be able accumulate sick leave over the course of their careers will no longer face a "use it or lose it" choice as they approach retirement. Employees will spend their last months at work helping to train their successors and finishing up projects, rather than catching up on doctor's appointments and medical screenings, thanks to the Chairman's efforts.

Thrift Savings Plan

The Chairman was also responsible for legislation that allows enrollment in the Thrift Savings Plan at any time, and a bill that provided for mandatory financial literacy and retirement planning education for federal employees so that they can make the most of their TSP accounts. In every case where Congress has passed a law granting a new benefit to holders of 401 (k) accounts, such as the Pension Protection Act of 2006, he has introduced or supported legislation, such as the *2009 TSP Enhancement Act*, to provide equivalent benefits for federal employees with TSP accounts. Examples of this include granting federal employees over age 50 the ability to make "catch up" TSP deposits, the ability of non-spouse beneficiaries to inherit TSP funds without a tax penalty if they transfer the money into an IRA, immediate agency contributions and automatic enrollment, and the option to save for retirement through a Roth-type of IRA.

The "*Save More Tomorrow Act*," which Chairman Akaka introduced in May of this year, would improve the TSP even further by providing for automatic escalation of an employee's, and therefore the government's, contributions to a TSP account. This bill is also an attempt to grant TSP participants the same opportunities private sector workers have as a result of the Pension Protection Act. Many federal employees contribute too little to their TSP accounts to qualify for the maximum government match. Although a significant portion of those who fail to maximize their TSP benefits do so because they simply cannot afford the additional savings, some portion of the workforce likely stops saving at two to three percent of salary because of inertia or a dislike of thinking about retirement planning. This bill would provide automatic increases in employee contributions of one percent of salary per year, with an opt-out provision for those who actively decide not to increase their investments.

Inertia aside, a reluctance or failure to participate fully in the TSP and take advantage of the maximum government match is one of the many pernicious effects of the pay freeze and the mandatory increase in FERS contributions that employees hired after January 1, 2013 will face. While it is clear that every federal employee *should* save at least five percent of their salaries each year in the TSP, it is equally clear that many cannot do so because of the pay freeze. Federal employees who must spend nearly all of their salaries on necessities such as health insurance, food, rent, child care, transportation and utilities simply cannot afford to save the full five percent when these costs of living rise but their pay does not. Likewise, with salaries effectively 2.3% lower than those paid to coworkers' hired in previous years, federal employees hired after 2012 will have an even harder time constructing their budgets in order to take full advantage of the government match for TSP. And as everyone knows, politicians from both parties have advanced plans to force federal employees to pay even more of their salaries toward future retirement benefits. All these proposals amount to permanent salary reductions, and all of them would make full participation in the TSP even less affordable than it is today.

Last week's *New York Times* included a supplement on retirement, in which the difficulties of living on just Social Security or even Social Security plus 401 (k) and IRA retirement savings. The booms and busts in the stock market over the last twenty years, including the dot-com bust and the 2008 financial crisis, combined with job cuts and employer decisions to stop matching, have left many retirees with too little income in retirement. The lone success story in the Times involved someone who was able to sell her "paid for" house and live off the proceeds in a smaller apartment in a less expensive real estate market. The bursting of the housing bubble makes this an unlikely scenario for most homeowners.

With the current retirement system, and the persistence of politicians' efforts both to cut benefits and raise financing obligations on the part of workers, the only choice left for federal employees to help secure their own retirement prospects is to save more. The *Save More Tomorrow Act* will undoubtedly help this along.

TSA, DHS, and DoD Personnel Systems

I would be remiss if I did not mention the Chairman's courageous, determined, and unwavering support for the collective bargaining rights and right to appeal disciplinary matters to a third, independent party, for federal employees in the Transportation Security Administration (TSA), the Department of Homeland Security (DHS), and the Department of Defense (DoD). Whether it was during the creation of the TSA, the consolidation of over 20 agencies under DHS, or changes in leadership at the Pentagon, Chairman Akaka stood firm so many times on behalf of our nation's dedicated employees when their rights were being threatened. When we lost some important

battles, under MAX^{HR} and the National Security Personnel System (NSPS), the Chairman never gave up. And as we all know from having spent so much time on these matters in the legislative trenches, we have finally prevailed in all three instances.

Today, TSOs have collective bargaining rights, a new disciplinary appeals system, and will be voting shortly on the ratification of a new contract that addresses numerous issues of TSOs, from uniform allowances to shift bidding, and from rational leave policies to transfers and shift trades. It is a new day at TSA, and we are truly grateful for the Chairman's support for more than a decade while we fought to establish for TSOs the same rights and opportunities as other federal employees.

NSPS and MAX^{HR} were created by people with ulterior motives, who tried to hide their real agenda from DoD and DHS employees, their unions, Congress and the public. After September 11, 2001, the two departments exploited the national fear of another terrorist attack and determination to protect our country to advocate for what was in reality a profound erosion of civil service protections and collective bargaining rights that had nothing whatsoever to do with national security. The Chairman recognized the dangers early and were among the very few Senators who voted against the bills that allowed for NSPS and MAX^{HR}.

Although the laws creating the Department of Homeland Security and authorizing the DoD National Security Personnel system required that collective bargaining be ensured, both Departments tried to gut it. They did this by insisting that they were ensuring collective bargaining while redefining it beyond recognition. Under the regulations they promulgated, an internal Board whose members would be chosen by the Department Secretaries, would decide labor-management disputes; there would be no neutral third party. The Departments could override collective bargaining agreements by unilaterally issuing an internal document. These unilateral internal documents also could render non-negotiable any subject the Departments did not want to talk about at the bargaining table. The unions' right to protect employees in management meetings, investigations, or grievances was greatly diminished. The rules involving information requests, standards of evidence in employee appeals and many other issues of due process and labor relations were revised to tip the scales heavily in favor of the Departments.

We and other unions filed suit against the Departments. The Courts found in favor of the unions in the DHS case and the Department chose not to appeal further. The unions' initial win in the DoD case was overturned on appeal. With DoD poised to strike down employee and union rights in its workplaces, we turned to Congress for help and once again, the Chairman came through for us. In the National Defense Authorization Act of 2008, the Chairman made sure Federal employees' collective bargaining and

other rights were restored. The Secretary of Defense had announced that for the coming year, NSPS employees would get no annual increase, but the Chairman put in a floor that gave all good employees at least some increase. The NDAA 2010 finally repealed NSPS in its entirety and we note that the Chairman has been closely watching the transition to make sure it is fair and complete.

During this difficult period, the Chairman's constant insistence on appropriate oversight by this subcommittee ensured that the Department had to answer for its irrational and counterproductive personnel decisions, and now, the employees at DHS, including Border Patrol agents, ICE agents, Federal Protective Officers and employees at FEMA, have had their rights to bargain and appeal disciplinary matters fully restored to the original Title 5 provisions.

The same can be said of the Pentagon's ill-conceived and punitive NSPS. The day NSPS was enacted was a grim one for the hundreds of thousands of dedicated, patriotic civilians in DoD. But because of the Chairman's foresight, determination and commitment, we were finally successful in repealing this dangerous system that had demoralized the DoD civilian workforce beyond all imagining.

Labor-Management Issues Today

Today, Federal workers are facing more challenges than ever. With pay freezes, high retirement rates, and severe budget cuts, it is crucial that labor and management work together to solve problems and accomplish the mission while maintaining employee rights and protections. A positive labor-management relationship saves money that might otherwise be spent in litigation and appeals; improves employee morale; and uses time more effectively as frontline employees, their union representatives, and managers bring their ideas, their expertise, and their efforts together towards common goals.

In December 2009, President Obama issued Executive Order 13522, "Creating Labor-Management Forums to Improve Delivery of Government Services." I sit on the National Council on Federal Labor-Management Relations, created by the Executive Order. We have seen some successes; some workplaces where labor and management have a constructive relationship and work together in accordance with the E.O. But we see many more workplaces where management has stalled on carrying out the Order, does only the bare minimum, or actively dismisses it. The E.O. calls for the creation of labor-management forums at various levels in agencies. Some are up and running and doing good work. In other cases, managers have refused to establish forums, or refused to let the forums take on meaningful issues that could help the agency cut costs, work more efficiently, and deliver better services to the public. Where forums are working well, it is usually because the boss believes in the importance of good labor-

management relations and sends the message out loud and clear to subordinates. I hope to see more vigorous implementation of the letter and spirit of the Executive Order.

Collective bargaining is an orderly process for labor and management jointly to determine some of the processes and procedures that help customize the workplace to meet their needs. Negotiating, weighing options, reaching agreement, putting it in writing, and then making the contract available to all employees helps create rules and practices that are more fair, equitable and workable than ones that are unilaterally developed. A contract helps employees and managers understand their rights, and it provides mechanisms for employees to appeal if they believe they have been treated wrongly or unfairly. When labor and management comply with the laws governing the labor-management relationship and deal with each other in good faith, workplaces run more smoothly and unnecessary disputes are avoided. When they go beyond compliance and collaborate on finding better ways to meet the agency's goals – even better.

All too often, however, we deal with managers who evade their labor-management responsibilities and higher-ups who don't hold them accountable. The very institution of collective bargaining is under attack today, especially in the public sector, by those who do not want workers to have a say in their workplaces. As the Chairman has always done, AFGE will continue to work to ensure that Federal employees have strong rights and protections, including fair and transparent appeal procedures and collective bargaining rights, and are free from arbitrary adverse personnel actions. We can only hope that future senators will have even half the energy, dedication and courage that the Chairman has shown in fighting for Federal employees.

Workplace Flexibilities

AFGE is grateful to the Chairman for co-sponsoring the *Telework Enhancement Act*, which was signed into law in December 2010. AFGE has long pushed for expanded telework opportunities for Federal employees. It is a benefit that improves job satisfaction and morale and helps employees create a better balance between work and home. By offering telework, Federal agencies can improve their ability to recruit and retain talented employees. The community benefits as well if telework results in less gridlock and pollution on the roads.

Over the years, however, we have been frustrated by how slow the progress has been in expanding the use of telework. Many obstacles and barriers have kept employees from fully enjoying the benefits of having a flexible workplace. Many supervisors don't know

how to manage employees remotely and fear losing control of their workers. Some don't believe people are really working unless they have them in their sight. The key is in the results. If employees do good work and produce results, it doesn't matter how or where they did their job. Experience has shown that employees are as productive and frequently more productive working at home than in the workplace.

In the past, outfitting a home office to allow a Federal employee to work at home could be difficult and cumbersome. Over the last couple of decades, technology has made astounding progress. The internet, emails, social media and the ever-expanding new features and programs make communication instant, wherever you are, and provide almost limitless access to information. It is easier than ever to enable employees working remotely to connect to agency networks and be productive at home. There are security concerns, of course, but great progress is being made in this area as well.

As part of the April survey conducted by the U.S. Office of Personnel Management and shared in its annual report to Congress on the Status of Telework in the Federal Government, agencies were asked to "identify problems/barriers associated with increasing the number of telecommuters in your agency." The survey uncovered the following barriers to telework, presented in descending rank order:

- managerial concerns about maintaining performance and productivity,
- funding for equipment and services at the remote site and the cost of telework centers,
- fair and equal treatment for those who telework and those who work on site,
- concerns about the security of classified or sensitive documents,
- employee concerns about feeling isolated from colleagues,
- electronic connectivity to the office.

The *Telework Enhancement Act* goes far to ensure that agencies expand the use of telework and overcome the barriers. The Act puts a new emphasis on telework and reinforces the sense of Congress that telework is important for employees and is in the public interest. It requires everyone who teleworks to have a written agreement that helps both management and the employee have a clear understanding of their expectations. It maintains the voluntary nature of telework. The Act calls on the National Institute of Standards and Technology and OMB to determine what agencies must provide to enable their employees to telework. The Act requires agencies to make decisions about the eligibility of every position but it also allows for episodic telework. AFGE prefers to look at the tasks employees do and make determinations about whether or not they can be done at home. We don't think that positions should be deemed to be wholly ineligible for telework. Obviously, there are some jobs that cannot

be done at home – but there may be some tasks that can, such as writing reports, studying for and taking an online test, or participating in an online class.

AFGE is confident that in collaboration with the agencies whose employees we represent, we can work to break down the barriers and allow the maximum number of employees to telework if they choose. Many of the barriers listed above can be eliminated by training and focusing on a cultural shift, highlighting the rewards to both the workers and the agency. The benefits of flexible workplace arrangements have been proven time and time again. We thank the Chairman for his tireless efforts on promoting flexible work arrangements for federal employees and AFGE will continue to work with the agencies to ensure that the Telework Enhancement Act is implemented to its fullest. Our challenge in these difficult times is attracting and retaining bright, dedicated Federal workers. Providing a flexible workplace is one benefit, as the Chairman knows, that we need to take advantage of and make available to as many workers as possible.

Other Workplace Flexibilities

Workplace flexibilities that help attract and retain good employees go beyond telework. In our bargaining units, we bargain for many different flexibilities, all of which benefit both the agency and employees. Where we have labor-management forums under E.O. 13522, we also discuss ways to improve the work of our agencies and the job satisfaction of our members. These flexibilities include such things as flexible work schedules; child care and elder care; smoking cessation programs; awards (including time-off awards for special achievements); transit subsidies; tuition reimbursement and access to training and development opportunities; and other things that make the workplace more rewarding for employees.

Privatization

I must also thank the Chairman for his unstinting support for federal employees in their fight against privatization. During the last ten years, several historic sourcing reforms have been enacted. And he has either been the champion or the leading supporter in every instance: Requiring a formal cost comparison before any work can be converted to contractor performance in order to protect taxpayer interests against thoughtless privatization. Excluding health care and retirement costs from the cost comparison process to ensure that contractors don't receive unfair advantages from short-changing their employees on benefits. Imposing a suspension on the infamous OMB Circular A-76 privatization process until documented problems are finally corrected. Requiring agencies to develop inventories of their service contracts in order to better identify and control privatization spending. And directing agencies to give "special consideration" to

insourcing functions that cost too much, are poorly performed, or include functions inappropriate for privatization.

The Chairman has even played a leading role in trying to reduce the billions of dollars taxpayers spend every year on compensation for contractors above that of even the President of the United States. I also thank the Chairman for his staunch opposition to arbitrary reductions in the size of the federal workforce. One such proposal—an arbitrary cut of 5% in DoD's civilian workforce—was included in the committee-passed FY13 National Defense Authorization Act. Because this document would be unrecognizable as AFGE testimony if we did not ask for further assistance, I urge the Chairman to be an original cosponsor of legislation to be introduced by Senator Ben Cardin (D-MD) to oppose such thoughtless downsizing.

Veterans' Issues

When I reflect on Chairman Akaka's extraordinary record as Chairman of the Senate Committee on Veterans' Affairs, my admiration for his vast accomplishments is further enhanced by a deep sense of personal appreciation. I spent 23 years as a nurse at the VA Medical Center in my hometown of Salisbury, North Carolina, prior to becoming a national officer of AFGE. To me, what best characterizes Chairman Akaka's tenure on the Senate VA Committee as Chairman, Ranking Member and Senior Member, are his tireless efforts to address every deficiency in our nation's support system for veterans, and his equally steadfast commitment to the VA workforce providing those services.

Even before assuming the Chairmanship, Chairman Akaka's zero tolerance of underfunding of the VA health care system was well known. When lawmakers learned of the billion dollar plus shortfall in veterans' health care dollars in 2005, then Ranking Member Akaka demanded immediate action to ensure that veterans were shielded from faulty budget predictions, short staffing and closed hospital beds. Chairman Akaka's never-ending quest to fund the full "cost of war" by providing adequate and predictable funding for the VA health care system culminated in one of the most important pieces of veterans' legislation in this nation's history. The Veterans Health Care Budget Reform and Transparency Act of 2009, cosponsored by Chairman Akaka (and House VA Chair Bob Filner) finally put an end to the yearly uncertainty that plagued every VA hospital and clinic through advance appropriations and more reliable budget forecasting. I was deeply honored to be present at the bill signing, and to know that President Obama's commitment to AFGE to bring about VA health care funding reform played an important role in reaching this milestone.

The impressive list of veterans' issues that Chairman Akaka championed throughout his tenure on the VA Committee reveals both his resolve to leave no veteran behind as well as his personal connection to the struggles of wounded warriors, through his own

military experience. After he cosponsored the *Post 9/11 GI Bill of Rights*, he continued to fight for improvements in these critical benefits, because as he noted, "The World War II GI Bill changed my life, and my generation." He fought for adequate treatment and compensation for PTSD and traumatic brain injury, and his landmark legislation to provide support to caregivers of wounded warriors has had a profound impact on these families.

Although Chairman Akaka regularly called for substantial funding increases in the VA health care budget, for both direct care and specialized veterans' research, he never tolerated the misuse of taxpayer dollars, especially when it adversely impacted veterans. He led the fight to protect VA health care dollars from privatization studies in 2005, and later, brought to light the excessive management bonuses being paid to VA officials while basic health care services for veterans were underfunded. Chairman Akaka was equally outraged at the Bush Administration's attempt to prohibit voter registration at VA facilities and led efforts to reverse this unfair policy as Chairman.

As the National President of the largest federal employee union, I am especially grateful for Chairman Akaka's interest in the unique perspective our members lend to the legislative process, and his courageous efforts to protect the rights of all front line employees who risk their careers to speak up for veterans. I had the privilege of testifying before Chairman Akaka on VA health care and benefits issues, as did several of our members. Chairman Akaka understood so well that listening to front line employees is not only critical to workplace morale, but to ensuring that veterans are properly cared for. He also had great sensitivity to the hazards of whistleblowing. At the 2005 budget shortfall hearing, Chairman Akaka recounted all the examples he had solicited from our members on the front lines of VA health care to illustrate the harsh impact of short funding on the quality and access of veterans' care. He also always recognized the sacrifices of these whistleblowers. As he stated at the 2005 hearing, "[d]espite the tremendous pressure to keep quiet, VA's dedicated providers have been forthright about the fact that they [management] were raiding capital accounts just to make ends meet."

AFGE is still fighting to protect the rights of whistleblowers, including a VA psychologist who has faced intense retaliation for her recent testimony. Chairman Akaka's eloquent remarks on the witness' behalf at that hearing, coupled with his steadfast commitment to work with Chairman Murray to protect her right to speak up for patients, have been invaluable in our efforts to protect all the brave employees who come forward.

Thank you for the opportunity to testify. I will be happy to respond to any questions.



PARTNERSHIP FOR PUBLIC SERVICE

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

Prepared for

**The Senate Committee on Homeland Security and
Governmental Affairs
Subcommittee on the Oversight of Government
Management, the Federal Workforce and the District of
Columbia**

**Hearing Entitled
“Investing in an Effective Federal Workforce”**

September 19, 2012

Chairman Akaka, Senator Johnson, Members of the Subcommittee, thank you very much for the opportunity to appear before you today. I am Max Stier, President and CEO of the Partnership for Public Service, a nonpartisan, nonprofit organization dedicated to revitalizing the federal civil service and transforming the way government works.

Let me first say, Senator Akaka, that I am honored to be here today to help you mark your final hearing as Chairman of the Oversight of Government Management Subcommittee. My colleagues and I have had the pleasure of working with you and your exceptional staff – in your personal office and on this subcommittee – since the Partnership was established eleven years ago.

Even before you assumed a leadership role on this subcommittee in 2005, you distinguished yourself as a champion of better government, and a friend to the people serving in government. Building a world-class federal workforce is an immense challenge, and we thank you for your tireless work. While many do not consider federal workforce issues to be “sexy”, they are absolutely critical to ensuring we have an efficient and effective federal government that delivers results for the American people. You have been a true hero for federal workers, and your leadership on key workforce issues – recruiting and hiring, manager training, Senior Executive Service (SES) reform, and telework, among others – has made a real difference. You have also helped shine a spotlight on the important contributions that federal employees make every day through your service as co-chair of the Congressional Public Service Caucus and sponsor of the annual Senate resolution recognizing the first week in May as *Public Service Recognition Week*.

Today, we have an opportunity to celebrate the significant progress that has been made to date and provide recommendations that we hope the next chair and ranking member of this subcommittee will champion in the 113th Congress.

Progress on Reform Efforts

Reforming the Federal Hiring Process

Our country faces vast challenges today, and the demands on our federal government are greater than ever. The Partnership was founded on the premise that good government starts with good people. In order for federal agencies to effectively deliver on their missions for the American people, they rely on talented individuals to perform critical functions. Unfortunately, there are many barriers to attracting top talent to government today. Only 13 percent of college students say they are knowledgeable about federal opportunities and how to apply for them. For those who are aware of federal opportunities, the lengthy and cumbersome hiring process turns top talent away.

Senator Akaka, you and former Senator George Voinovich recognized that in order for our government to compete for talent, the federal hiring process had to be fixed, and you made reform a top priority. In 2009, you introduced the *Federal Hiring Process Improvements Act*, which streamlined the federal hiring process and made it more user-friendly and transparent. The bill allowed applicants to apply with a traditional resume, rather than submitting lengthy essays, reduced the time to hire and required timely notification. It also called for better metrics to understand both applicant satisfaction with the hiring process and hiring manager satisfaction with the quality of new hires. The Partnership was pleased to work with you and Senator Voinovich on this bipartisan

legislation. This legislation passed the Senate and laid the ground work for the Presidential Memo on *Improving the Federal Recruitment and Hiring Process*, which was issued on May 11, 2010. President Obama's memo heavily reflected the reforms you and Senator Voinovich outlined in your legislation.

We are happy to report that two years later much progress has occurred in federal agencies. The majority of agencies are now using resumes in the initial stage of the application process. Applicants are receiving more frequent and timely notification from agencies about the status of their applications. Hiring managers have also become more involved in the hiring process, which is increasing the quality of the hires made. Agencies are now collecting data to better understand time-to-hire and applicant and manager satisfaction with hiring outcomes. This data is posted publicly online at www.performance.gov.

The administration has also taken significant steps to increase diversity in the federal government and increase the hiring of veterans and people with disabilities. President Obama issued Executive Orders addressing each of these issues. With respect to diversity, the FY2011 *Federal Equal Opportunity Recruitment Program Report* found that the representation of minorities in professional and administrative positions had increased by 3.5 percent and the number of women represented in professional and administrative positions had increased by 1.9 percent since FY2010.¹ Agencies were also successful in hiring 18,738 people with disabilities in FY2011, representing an increase in the percentage of new hires with disabilities from 10.3 percent in FY2010 to 14.7 percent in FY2011.² Finally, as a result of the President's Veterans Employment Initiative, the federal government hired 65,000 veterans in FY2011, representing 28.5 percent of total hires. This is the highest percentage of veterans hired in over 20 years.³

We believe it is critical that the next administration, whether it is led by President Obama or Governor Romney, sustain these efforts and make hiring reform a priority. We encourage the next administration to maintain a focus on metrics and track progress real-time. In addition, we believe that talent management is a leadership responsibility; we encourage agencies to hold their executives accountable for recruiting and hiring, and to reflect this in executive performance plans. This subcommittee must continue to play a critical oversight role by holding hearings, as you have done, and by asking tough questions to ensure that the hiring process is more efficient and agencies are hiring the very best talent for the job.

The Partnership will continue work with the next administration and Congress to sustain and improve upon hiring reform efforts. We ultimately believe that in order to achieve true hiring reform, the underlying civil service laws must change, and we recommend later in this testimony that this be accomplished as part of comprehensive civil service reform.

¹ Office of Personnel Management, *Federal Equal Opportunity Recruitment Program Report for FY2011*, http://www.opm.gov/About_OPM/reports/feorp/2011/feorp2011.pdf (accessed 14 Sept. 2012).

² Office of Personnel Management, *Employment of People with Disabilities in the Federal Executive Branch Report FY2011*, http://www.opm.gov/diversityandinclusion/reports/disability/DisabilityReportFY11_07-24-12.pdf (accessed 14 Sept. 2012).

³ Office of Personnel Management, *Annual Performance Report FY2011*, February 2012, http://www.opm.gov/gpra/opmgpra/performance_report2011.pdf (accessed 14 Sept. 2012).

Recruiting and Hiring Students and Recent Graduates

Cracking the federal job market is particularly difficult for students and recent graduates because it favors individuals with more experience, often putting young talent at a disadvantage when applying for federal positions. As a result, the Obama administration created three new Pathways Programs to help students, recent graduates and graduate students find internships and jobs in the federal government (Internship Program, Recent Graduate Program and Presidential Management Fellowship Program, respectively). The programs were laid out in President Obama's Executive Order 13562, *Recruiting and Hiring Students and Recent Graduates*, issued on December 27, 2010.

The Partnership is pleased that the current administration has made the hiring of students and recent graduates a priority. The Pathways Programs are critical ways for agencies to identify high-performing talent by observing students and recent graduates on the job. We were particularly pleased to see that the final regulations allow agencies to convert students and recent graduates participating in these programs to permanent positions, as long as they have satisfied the requirements of the program, there is a position available and the individual meets the qualifications for that position. This is a common-sense and cost-effective approach to building a talent pipeline for government, and is a strategy the private sector has utilized for years. Currently, the private sector converts 58.6 percent of interns into full-time hires.⁴ The federal government lags far behind, with only 6.2 percent of interns advancing to permanent positions in their agencies.⁵ Hopefully, we will see significant change in this latter statistic under the Pathways Programs.

The final regulations for the Pathways Programs went into effect on July 11, 2012. The regulations direct agencies to submit an MOU to the Office of Personnel Management, outlining how they plan to use the three programs. Unfortunately, only a handful of agencies have submitted their plans, and agencies can only implement the Recent Graduates Program if they have an MOU in place. However, they can currently implement the Internship Program and Presidential Management Fellows Program without an MOU but will need to have one in place by early January 2013. It is also challenging because even though the programs are being publicized, very few positions have been posted on USAJOBS.gov. As a result, while students may be hearing about the programs, they are unable to apply for them. OPM has been applying pressure on the agencies to submit their MOU's and get the programs up and running.

The Partnership is also working with agencies to help them understand and implement the new Pathways Programs. This fall we are hosting a series of workshops and in-depth group planning sessions that will assist agencies in addressing four key areas: program design and evaluation; recruitment and marketing; training and development; and assessment. We also plan to work directly with the Department of Health and Human Services to assess the effectiveness of the agency's student and entry-level programs and leverage the new Pathways Programs to fill current gaps and meet the agency's anticipated hiring needs.

⁴ National Association of Colleges and Employers, *2012 Internship & Co-op Survey*, April 2012, 4, <http://www.naceweb.org/intern-co-op-survey/>.

⁵ Partnership analysis of the fiscal 2010 Enterprise Human Resources Integration-Statistical Data Mart (EHRI-SDM), provided by the Office of Personnel Management.

We know it is challenging for agencies to conduct thorough and accurate workforce planning and anticipate hiring needs in the short term given current budget uncertainties, but we encourage agencies to utilize the Pathways Programs to the best of their ability since this is a cost-effective way to build talent pipelines. We also encourage this subcommittee to provide oversight and ensure that agencies are effectively implementing the regulations. The Pathways Programs are meant to supplement but not replace the traditional hiring process, and safeguards have been put into place to ensure that the programs are not abused. OPM, for example, has the ability to cap the number of individuals that can participate in the Pathways Programs in any given agency, thus limiting the number that can be converted, if they suspect abuse is occurring. This subcommittee can continue to monitor progress on program implementation and support OPM and the agencies in assessing the use and effectiveness of these programs in recruiting students and recent graduates.

In addition to working with OPM and agencies to implement the new Pathways Programs, the Partnership will continue to work hard to educate the next generation about opportunities to serve in government through our *Call to Serve* program. *Call to Serve* is comprised of more than 760 colleges and universities and 80 agencies dedicated exclusively to promoting federal opportunities and ensuring that government has the talent it needs to succeed. As part of that effort, the *Call to Serve* Speakers Bureau has reached more than 20,000 students and job seekers. On average, interest in working for the federal government increased by 40 percent among students and job seekers who attended an event featuring one of our Speakers Bureau members. We have 41 speakers lined up to share their experiences in federal government with students across the country this fall. Finally, five agencies are working with the Partnership to implement *Federal Student Ambassador* programs this year. As part of this program, 36 former federal interns have returned to their campuses to promote federal opportunities to their peers, faculty and career advisors.

Developing Leaders and Strengthening the Executive Corps

At the other end of the spectrum, government's struggle to compete for experienced talent is especially troublesome when more than half of the members of the Senior Executive Service (SES) are eligible to retire and take with them a wealth of institutionalized knowledge and specialized expertise. With these departures, government has a unique opportunity to fundamentally rethink the way it develops leaders, hires and selects talent for the SES, and equips new members with the tools to be successful federal executives.

Senator Akaka, we thank you for taking the first step in introducing legislation, the *Senior Executive Service Reform Act*, in March 2012 that begins to address many of the challenges facing our executive leadership corps. Your legislation contains a number of important provisions that will help restore career leadership, strengthen career development, improve executive pay and performance management and encourage greater diversity. We were particularly pleased to see that your legislation authorizes agencies to establish inter-agency, inter-governmental and inter-sector rotation programs. We believe this will promote greater opportunities for mobility among the SES, including between different sectors. We were also pleased that your bill requires OPM to create a centralized database of rotation and other developmental opportunities. The bill also codifies the Executive Resources Office, which has been established at OPM; in addition to collecting data about the current SES, the Executive Resources

Office is required to conduct an exit survey to better understand why executives are leaving.

Mr. Chairman, despite your departure, we hope this subcommittee will take up similar legislation in the 113th Congress. The Partnership believes the bill can be strengthened with the addition of a few key provisions, many of which were added to the House legislation introduced by Representative Jim Moran in June 2012, H.R. 6042. These provisions require agencies to accept resumes in the initial stage of the application process, require agencies to evaluate vacant SES positions and reclassify them as Senior Level (SL) or Senior Technical (ST) if they are more technical in nature, and direct agencies to strengthen Candidate Development Programs (CDPs). Rep. Moran's bill also includes a provision that would hold executives accountable for dealing constructively with employee feedback.

More importantly, however, the Partnership believes that any comprehensive SES reform bill should include a requirement that individuals have work experience in another agency, level of government or sector before being admitted to the Senior Executive Service. At a time when we require our leaders to work across boundaries, levels of government and sectors to solve complex issues, it is critical that we select executives who have a diversity of experience and perspectives from which they can draw. This will enhance their ability to apply innovative solutions to problems and adapt to changing environments. The Partnership made the case for mobility in a recent report written in partnership with McKinsey and Company entitled "Mission Driven Mobility: Strengthening Our Government Through a Mobile Leadership Corps."⁶ We also believe that the Office of Management and Budget (OMB) should play a critical role in ensuring that executive talent is adequately recruited, hired, developed and deployed to meet the high-priority goals of our nation.

In addition to working with Congress on legislative reforms in the 113th Congress, the Partnership also looks forward to working with the next administration to sustain many of the good reforms already underway. In 2010, the President's Management Council (PMC), working with the Chief Human Capital Officers Council and in partnership with OMB and OPM, embarked on a cross-agency effort to improve the Senior Executive Service. The initiative focused on three key areas – recruitment and selection, performance management and career development. Three working groups were established to tackle these issues, and then, subsequent initiatives were launched to implement the working group recommendations.

As part of this effort, the Partnership had the pleasure of collaborating with OPM and seven agencies, including the departments of Labor, State, Housing and Urban Development, Agriculture and Education, as well as the General Services Administration and Small Business Administration, on a pilot project to identify best practices in implementing a resume-based approach to hiring talent for the SES. At the conclusion of the pilot, the Partnership, with the benefit of input from the participating agencies, produced a workbook to help Executive Resources and hiring officials better understand the benefits of resume-based hiring and how to implement it effectively.

⁶ Partnership for Public Service and McKinsey and Company, *Mission Driven Mobility: Strengthen Our Federal Government Through a Mobile Leadership Corps*, February 29, 2012.

Other highlights of the SES reform initiative included the development of a model Senior Executive Service performance appraisal system. The new system provides a framework and common process for communicating expectations and evaluating performance, which can be used in agencies across government. In addition, the career development working group inspired the creation of an interagency rotational program for GS 13-15s. With the launch of a third cohort in October, more than 100 federal employees will have participated in this program. A dozen agencies and several interagency councils have been involved, with expected expansion in future cohorts. Finally, an executive onboarding model was created to help new executives make the transition to the SES.

The Partnership encourages the next administration to continue to make SES reform a priority and build upon many of the good efforts already under way. We also urge Congress to pass SES reform legislation to ensure that agencies have the tools they need to effectively recruit, hire, onboard and develop executives, both career and political. Legislation should strengthen the executive corps so it is truly a mobile corps of leaders with management and technical expertise that works effectively across organizations and can be deployed to tackle new challenges as they arise.

Agencies should also make an investment in developing leaders before they get to the SES, particularly leaders at the GS 13-15 levels, to ensure government has not only subject matter experts but also strong managers. The Partnership is pleased to support Senator Akaka's *Federal Supervisor Training Act*, which would expand training requirements for federal employees. As budgets continue to tighten, training line items are often among the first to be cut. The Partnership urges Congress to ensure that agencies have the funding they need to develop strong leaders and managers. This short-term investment will most certainly pay for itself over time.

Workplace Flexibilities

In order for government to attract and retain top talent, it must keep up with the changing workplace environment. A key to remaining competitive is fostering workplace cultures that promote greater work-life balance and better utilize and expand existing work-life programs and flexible work arrangements (e.g., compressed workweeks, flextime, part-time work, job sharing and telework). While workplace flexibilities are a useful recruitment tool and provide benefits for federal employees, they also add significant value for the employing organization. Flexibilities such as telework generate cost savings, increase productivity and help retain top talent.

Senator Akaka, we were pleased that you and Senator Voinovich successfully championed the *Telework Enhancement Act*, which was signed into law in 2010. Your legislation requires all agencies to institute telework programs and creates a framework for implementation that provides greater standardization across agencies, with the ultimate goal of increasing opportunities for telework.

In June 2012, OPM issued a report⁷ on the status of telework implementation. Eighty-seven agencies responded to their request for data in the fall of 2011. All of these

⁷ Office of Personnel Management, *2012 Status of Telework in the Federal Government*, June 2012, http://www.telework.gov/Reports_and_Studies/Annual_Reports/2012teleworkreport.pdf (accessed 14 Sept. 2012).

agencies had established telework policies and roughly three-quarters of the policies met the requirements of the *Telework Enhancement Act* at the time of the request. Additionally, all of the responding agencies required to designate a Telework Managing Officer (TMO) to oversee these programs had either an acting or permanent TMO in place. All Executive branch agencies that responded to the data request and were required to notify their employees of their ability to telework had done so.

This is great progress, and we urge this subcommittee to continue to work with agencies to ensure they have the tools and resources necessary to implement these reforms. The investments being made in implementing telework programs are actually generating significant cost savings in agencies. The Patent and Trademark Office (PTO), for example, estimates that their telework programs have led to savings well in the excess of \$20 million a year through reduced need for office space, as well as increased revenue generated from additional patent applications reviewed and because of productivity gains.

The Path Forward – Comprehensive Civil Service Reform

While much progress has been made, the Partnership believes the federal civil service system must be modernized if our government is to deliver on its mission for the American people. Public perceptions of government are at an all-time low. Agency leaders are financially strapped and are being asked to accomplish more with fewer resources, forcing them to rethink the way government operates today. The federal workforce is under increasing pressure, with retirement rates up 25 percent last year and the nature of the work changing. Underlying all of this is an outdated civil service system, which was created decades ago and has not kept up with the changing environment. All of these factors combined present us with a unique, once in a generation opportunity to rethink the way government operates.

The Partnership, in collaboration with Booz Allen Hamilton, has recently embarked on an effort to design a management reform agenda for the next administration and Congress. A key component of suggested management reforms is reforming our nation's civil service system, and an affiliated project will be to further develop a roadmap for comprehensive civil service reform, to be released in spring 2013. We are engaging a broad group of stakeholders, including the federal employee unions, management groups, good government organizations, current and former government leaders, and private sector experts to hear their perspectives and solicit their input.

Since the civil service reform effort just kicked off in late summer 2012, it is premature to share any recommendations. However, we imagine a comprehensive civil service reform agenda may address key issues such as hiring, pay and compensation, performance management and leadership development, since they are consistently cited as areas in need of reform.

Hiring Reform

As previously discussed, this administration has made great strides on hiring reform, working within their administrative powers to streamline the hiring process and make it more transparent. However, the underlying civil service laws have not kept pace with changes in the workplace. In the August 2012 report, "Bracing for Change: Chief Human Capital Officers Rethink Business as Usual," written by the Partnership in

collaboration with Grant Thornton LLP, the consensus among the government's Chief Human Capital Officers (CHCOs) was that further progress in fixing the federal hiring system will require a re-examination of the underlying civil service law. For example, the concept of "excepted service" and "competitive service" and the differences between how jobs are filled under each category is cumbersome, confusing and outdated.

Pay and Compensation

The debate around federal pay and compensation continues to play out in the media and on Capitol Hill. Some believe federal employees are paid too much, others believe they are paid too little. The solution is not a simple one. What we do know is that the 1949-era pay and classification system is outdated and doesn't meet the needs of the current workforce, which is dynamic and ever changing. Any changes to federal compensation need to be done thoughtfully and with the end goal of creating a compensation system that is market sensitive and enables the federal government to be competitive in its efforts to recruit and retain top talent. This will be particularly important in mission-critical fields involving science, technology, engineering, math and medicine (STEMM) positions. If a new system is designed, it will be crucial to be mindful of the impact that these changes may have on the current workforce.

Performance Management

The federal government needs a performance management system that makes employee performance expectations clear and one that employees understand and trust. Unfortunately, nearly every CHCO interviewed for the "Bracing for Change" report indicated that the current performance management system is not achieving its intended results. They cited several challenges, including managers not being as involved as they should be, lack of uniformity in performance appraisal across agencies and difficulty in rewarding high performers and disciplining poor performers.

Leadership Development

In effective organizations, people are the greatest asset. The federal government must invest in its people and ensure they have the proper training and development to effectively lead their agencies. In a time when we have to justify every penny we spend, it is important to take the long view and realize that strategic investment in the workforce now is an investment in the future.

In summary, we believe this is a critical time for change – the public demands it, Congress demands it, our fiscal climate demands it. We need a federal government that will work better and smarter for the American people. To bring about this change, we need comprehensive civil service reform that will allow our federal government to recruit and retain top talent. The system should reward top performers and address poor performers. Ultimately, it should foster the development of good leaders and managers and ensure we are fostering a culture of innovation and performance in government.

We will continue to work with our partners to solicit their input and look forward to sharing our recommendations early next year.

Conclusion

Mr. Chairman, Senator Johnson, Members of the Subcommittee, thank you again for the opportunity to testify today. Hopefully, my testimony has shed light on progress to date and has offered some thoughtful feedback for the future. The Partnership looks forward to continuing to work with this subcommittee on these important issues. Senator Akaka, we thank you again for all you have done on behalf of our nation's civil servants. You will be missed!

GOVERNMENT MANAGERS COALITION

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TESTIMONY

of

WILLIAM L. BRANSFORD
General Council, Senior Executives Association
and
Representative of the

GOVERNMENT MANAGERS COALITION

Before the

SENATE SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT, THE
FEDERAL WORKFORCE AND THE DISTRICT OF COLUMBIA

“INVESTING IN AN EFFECTIVE FEDERAL WORKFORCE”

September 19, 2012

Chairman Akaka, Ranking Member Johnson and Distinguished Members of the Subcommittee:

Thank you for the opportunity to provide the views of the Government Managers Coalition (GMC) on the management challenges facing the federal workforce and areas in need of reform and resource investment. I am here today as a representative of the GMC, which includes the Senior Executives Association, the Federal Managers Association, the Professional Managers Association, the FAA Managers Association, and the National Council of Social Security Management Associations. As you know, the GMC's executive and management professional associations represent over 200,000 executives and managers in the federal government. The GMC advocates on behalf of commonly held beliefs within the community of federal executives and managers regarding the formulation, implementation and execution of good governance and policies throughout the federal workforce.

Before addressing the areas that the GMC would like to focus on for this hearing, I would like to take a moment to thank Senator Akaka on behalf of the GMC. The Senator has been a stalwart champion of the federal workforce and has consistently worked to help make the federal government more efficient and effective. It has been a pleasure to work with the Senator and his staff. His leadership on federal workforce issues will be sorely missed, although we wish him well in his retirement.

As Senator Akaka and the Subcommittee have noted through this hearing, progress has been made on many workforce issues, but there is still more work to be done. In an era of diminishing resources (budgets and personnel), with threats of more to come, it is essential that federal managers and executives are given the tools to effectively manage the workforce, including a robust supervisor training program and fair personnel systems that encourage recruitment and retention for mission critical positions. In the following testimony I will highlight a few of the most pressing issues facing federal managers and executives.

Areas in Need of Reform

There are many areas where reforms, both big and small, would contribute to a more effective workforce. Federal managers and executives face a variety of challenges on a daily basis – from having the right tools to manage the workforce, to support from agency leadership, to outdated personnel systems. Many of the areas of needed reform will require Congressional consideration and the GMC stands ready to work with the Subcommittee on these issues.

Senior Executive Service Reform

The GMC as a group has not taken a stance on SES reform. However, this is one of the signature initiatives of one of the GMC's members – the Senior Executives Association (SEA). SEA has long expressed concerns with the SES pay and performance management system and the disincentives that are beginning to appear that lead to recruitment and retention problems.

SEA has several recommended areas for reform. These include proposals to restore career leadership, create a fairer and more transparent pay and performance management system, provide for training and continuing development of the SES, and ensuring diversity within the

SES. Making such reforms to the SES system will help all agencies recruit and retain the best Senior Executives and ensure that they have the necessary leadership to successfully accomplish the missions of their agencies.

The Senior Executive Service is facing the same challenges as much of the federal workforce. Continuing anti-federal employee rhetoric, combined with efforts to reduce performance awards and continued pay compression, have created difficulties with recruitment and retention. It is imperative that the federal government has the necessary career leaders in place to operate government programs and to perform critical government functions.

In order to create a more effective SES pay and performance management system, the Senior Executives Association is supporting legislation (S. 2249), sponsored by Senator Akaka, that would create needed reforms to the SES. These reforms include:

Reforming career leadership by placing high-performing career executives in Assistant Secretary for Administration and other key positions requiring long-term experience at each agency, specifically, at the “Chief” level (e.g. Chief Human Capital Officer). These positions are now often reserved for political appointees, as is the position of Assistant Secretary for Administration, which was formerly held by senior career employees in cabinet departments.

SEA makes this recommendation because a) continuity in leadership and expertise during the transition from one Administration to another is needed, b) relatively short-term political appointees have limited ability to accomplish long-term agendas, and c) the positions SEA recommends be held by career appointees deal with critical human capital and agency operations, not policy-driven positions necessitating political appointments. Further, Administrations are not gaining the benefit they might from seasoned and accomplished career executives who know how to operate government programs and to pursue the agendas of their political leadership.

Strengthening the pay and performance management system by including performance awards in a Senior Executive’s “high three” annuity calculations. SEA believes that this provision would make the SES an attractive career goal for the best applicants and will help assure a high quality future SES. SEA also supports the requirement of transparency measures for ratings and performance appraisals. Agencies should be required to provide each Senior Executive with notification of their rating and a written explanation if a lower rating is given than was communicated at the initial appraisal.

Increasing diversity in the SES will pay dividends by producing a government led by executives who are even better able to respond to and provide services to all Americans. SEA believes this is achievable only through proper data, a strong pipeline, and—most of all—strong, central leadership on the issue.

Ensuring a strong focus on career development, for current Senior Executives and for those candidates in the pipeline, is the final proposal for the SES Reform Act. Building a pipeline of qualified candidates to the SES and creating a culture where continuing development for the duration of a Senior Executive’s career is the norm are important aspects of a strong SES system.

Unfortunately the commitment to both of these areas is uneven across the government. Some training and development opportunities do exist in the form of Candidate Development Programs (CDPs). More attention needs to be given, however, to ensuring that Senior Executives receive continuing professional development throughout their careers. That includes specific “on-boarding” programs (which may include, for example, executive coaching and/or a mentor for the first year), as well as attention to activities which can keep a career executive up to date and revitalized throughout his or her time in the SES.

Hiring Reform

There have been many discussions regarding reforming the hiring process and legislation has been introduced to do so. Discussions on reform have centered on the general hiring process as overly burdensome, opaque, and time consuming and a deterrent to the best applicants. Although the GMC has never taken a formal position on legislation, it does believe that reform discussions are helpful if they identify flexibilities available for managers and agencies to easily and quickly hire for mission critical positions. The GMC has supported provisions allowing agencies to re-employ annuitants and provide phased retirement to employees eligible to retire. We believe both provisions are critical to ensuring succession planning and knowledge transfer. These are also cost effective options for agencies to use in times of budget shortfalls. The GMC encourages the exploration of additional options for agencies to consider in ensuring they have the proper workforce to complete their missions.

Areas in Need of Investment

Supervisor Training

A federal supervisor, whether in the General Schedule or the Senior Executive Service, is tasked with a multitude of responsibilities. Often supervisory employees are promoted based on their technical skills in a certain area, not their management capabilities. However, upon reaching a supervisory position, these employees must work within their issue area and take on the added responsibility of managing complex personnel systems, conducting performance reviews, and dealing with personnel issues, such as adverse action claims. Unfortunately, most employees do not receive initial or ongoing training in the areas critical to effective management.

Current federal law (5 U.S.C. §4121) requires that agencies, in consultation with the Office of Personnel Management (OPM), create basic training programs for managers. However, the statute contains little guidance on the types of training managers should receive, fails to address how often trainings must be conducted, and does not provide any data collection or funding mechanisms to ensure required trainings are taking place. It is often the case that agencies designate training as one of the first items to be cut when funds are scarce.

While training might be viewed as expendable and an intangible benefit, the GMC believes that supervisory training is absolutely critical to the success of the federal government in achieving its mission. In several reports, the Merit Systems Protection Board (MSPB) has examined a range of issues, from managing employee engagement to addressing poor performers. In each of these reports, the MSPB recommended that increased training for supervisors is necessary to address these issues.

It has been the experience of our collective organizations that some employees wait over a year after receiving a promotion to a supervisory position before receiving any initial training. Many managers and executives also note a culture within their agencies that discourages employees from taking time off to complete training courses and a lack of funding available for such trainings. This lack of prioritization in the critical area of leadership development leads to employee dissatisfaction, increased personnel cases, and diminished government performance.

In order to address these issues, the GMC has long proposed strengthened requirements for supervisory training. We have worked with Senator Akaka to craft the Federal Supervisor Training Act (S. 790) to require that managers and supervisors be provided initial training within one year of promotion to a supervisory position followed by mandatory training updates every three years. The legislation contains three primary training components vital to the success of agency missions: basic supervisory training, mentorship training, and training focused on prohibited personnel practices including collective bargaining and anti-discrimination rights. In addition, the measure includes an accountability provision to establish competency standards to ensure the training is conducted effectively and requires OPM to collect data on agency training programs.

Some progress has been made on this issue over the last two years. OPM issued more robust regulations directing agencies to provide supervisor training and many agencies have developed more comprehensive programs. However, this progress is uneven across the government and there is no enforcement mechanism to ensure that training is prioritized when budgets are cut. The GMC continues to believe that legislation is necessary to place needed emphasis on this issue and to ensure that proper investment into training is made.

Retirement Backlog

Over the past year the GMC has grown increasingly concerned with the existing retirement backlog at OPM and its potential to grow. Given the increased use of early retirement authority and the potential changes to retirement benefits being considered by Congress, the GMC expects that many supervisors, managers, and executives will choose to retire over the next year. We fear this will compound the retirement processing problems which OPM is already struggling to address.

OPM has made progress in addressing the current backlog and the GMC applauds these efforts. However, much remains to be done. It is the experience of GMC members that backlogs persist and that it can still take six months before a newly retired employee receives a full annuity check. In addition, our members have experienced a lack of clear communication regarding pre-retirement application inquiries, the payment process, interim pay status that can range from 40-60 percent of the full annuity, and difficulty obtaining information on the status of their payments.

We know that OPM is aware of these issues and is working to address them. We also understand that the process of determining and finalizing annuity payments is complex and often dependent on individual circumstances. Added to this is an outdated, virtually non-existent, technological system for processing annuities. The GMC has proposed to OPM several measures that it

believes will help ease some of the backlog and can serve as interim measures while OPM addresses broader problems with the system. Specifically, GMC suggestions include:

- In most instances, the retirement process should start when an employee first joins the civil service. Employees should be made aware they should keep records of standard forms, awards received, transfers to new agencies, etc. A one or two page primer should be included with onboarding materials for all employees.
- Many federal agencies have failed to be proactive regarding employee retirement. OPM, in conjunction with individual agencies, should prepare a standardized pre-retirement seminar that could be available on video or webinar to address the retirement process and the completion of applications.
- When employees declare their intent to retire, they should receive a standardized checklist, a list of common problems that can delay the processing of the application, FAQs (contact numbers, what to expect in the process, etc.), and a list of forms that might need to be updated (beneficiaries, life insurance, etc.). They should also be reminded that it takes time for former agencies to pull their records because most of them are in paper form, and that the employee should make sure the request has been made to receive those records.
- OPM should ensure that materials provided to employees, as well as the process itself, are simplified to the greatest extent possible.
- Fact sheets with a list of common errors and more complex issues should be developed and made available as publications.
- OPM should oversee the development of standard guidance to which all agency retirement benefits specialists would have access. This should be posted on OPM's website. Alternatively, OPM could consider creating a retirement.gov website (similar to telework.gov or hru.gov) where materials are posted for employees and for benefits specialists.
- It would be in OPM's best interest to make use of federal employee organizations, such as the member groups of the GMC, to disseminate information on retirement materials, backlog updates, etc. Regular communication would help to ensure employees feel they are being kept up to date on what to expect when entering into retirement.
- OPM should provide retirees with a PIN to access their online accounts prior to a final determination of benefits being made. Updates on employee status should be available online, much as is being done for job applicants on the USAJobs website. This would relieve the OPM staff of the time consuming duty of returning phone calls, and help put retirees' minds at ease.

The GMC also understands that OPM is working under the same constraints as other federal agencies – limited funding and personnel to direct at this issue. Resource investment is necessary if OPM is to be able to truly tackle the outstanding problems with the retirement processing systems.

Management Challenges Facing the Federal Government

While the issues outlined above are of great concern to the GMC, there are a variety of broader management issues that the GMC has identified.

Labor-Management Forums and Consultation Rights

Of continuing concern to the GMC is the ongoing exclusion of management associations from agency forums. 5 C.F.R. Part 251 allows agencies to create a framework to consult with and communicate with non-labor organizations representing federal employees. While the regulation does not require agencies to include management associations in forums, the GMC believes that such inclusion leads to increased effectiveness when all stakeholders are brought into the decision-making process.

SEA and FMA currently have seats at the National Council level. However, this does not necessarily translate into representation at lower level forums. Furthermore, management associations that are not represented at the national level within their respective agencies have been effectively blocked from having a voice on agency-level and local forums.

Management associations and the employees they represent can play an important role in ensuring the success of agency labor-management forums. Although management associations do not speak for agency management, they do represent the perspective of first and second line managers who serve as a critical conduit between unions and agencies. First and second line managers and career executives are important stakeholders in many decisions that are made as a result of forum discussions and are also directly affected by the issues addressed in those forums.

The GMC would like to see broader inclusion of management associations in labor-management forums and continues to look for ways to work together toward more effective agency, management and labor initiatives.

Attrition, Hiring Freezes

While the GMC appreciates the need to consider all avenues to reduce the deficit, continued hiring freezes, combined with looming proposals to shrink the federal workforce through attrition, create difficulties for federal supervisors in effectively managing the workforce and ensuring program goals are met.

We are primarily concerned that enacting proposals promoting a government-wide workforce reduction or hiring freeze absent a comprehensive strategic plan will severely impede agencies' efforts to maintain proper staffing levels based on their established missions. Plans such as these fail to account for the services agencies provide to taxpayers and the personnel levels necessary to effectively provide such services. Agencies that have direct contact with the general public, such as the Internal Revenue Service, Social Security Administration and the Department of Veterans Affairs, rely heavily on staff to provide needed assistance at a time when American citizens are demanding more from their government. As you know, federal programs assist Americans in myriad ways, from food inspection and cancer research, to law enforcement and transportation safety. A reduction in the size of the federal workforce could well amount to a reduction in vital services Americans expect on a daily basis.

Past efforts to reduce the civil service carried out during the Clinton administration resulted in an immediate deterioration of service to the public, leading to the hiring of contractors to make up for lost work. The negative impacts of those cuts on the remaining managers and the ability of federal employees to meet critical missions have been long-lasting, and many agencies are still tackling increased workloads stemming from the civil service cuts in the 1990s. An independent review of the cuts in the '90s reported that, due to the reductions-in-force and the lack of corresponding workload cuts, the federal government hired hundreds of thousands of contractors to complete the work left behind by the dispatched federal employees. Ultimately, neither the cost nor the true size of the actual federal workforce (including contractors) shrank during this time.

We are further concerned that efforts to arbitrarily cap or cut the size of the federal workforce fail to account for agency programs that are mandated by Congress. Agencies do not have the authority to change programs or realign priorities when the workforce is reduced. However, when agencies are granted flexibility to cut specific programs, budgets and personnel can be reduced accordingly. In order for Congress to reduce the deficit in a sensible manner, agency programs and staffing levels should be evaluated on a program-by-program basis with duplicative programs and processes receiving the most attention. Congress can then provide agencies the flexibility to reallocate resources, including personnel, to effectively carry out the programs which are funded. Neglecting to do so could result in waste and inefficiency, exacerbating the very problems attrition proposals claim to address.

The GMC is concerned that efforts to shrink the federal workforce without strong planning and implementation goals will create lasting challenges and is not the way to ensure that the government functions in a business-like manner.

Doing More with Less

The federal government is faced with increasingly complex problems and mandates. Senior Executives, federal managers, and the federal workforce as a whole are being asked to do more with less. As agency budgets are cut or agencies operate under continuing resolutions, the programs and missions that agencies must meet do not change. Furthermore, continuing pay freezes, potential changes to retirement benefits, and anti-federal employee rhetoric have created recruitment and retention challenges. At the management and executive levels, approximately half of the workforce is eligible to retire.

The attention to these problems and the investment to address them is often uneven. Instead of a race to the bottom where the federal government's resources are cut in a manner so that it cannot effectively do its job, the GMC would like to see the necessary conversation about the priorities of the federal government, what resources each agency needs to carry out its mission and the tools that the federal workforce needs to be effective.

The Government Managers Coalition looks forward to sharing the experiences of its members and its suggestions in the areas of reform and resource investment as conversations occur both inside and outside of Congress. We thank you for the opportunity to raise our concerns and look forward to the continued dialogue that stems from this hearing.

**Post-Hearing Questions for the Record
Submitted to the Honorable John Berry, Director of the U.S. Office of Personnel
Management
From Senator Mark Begich**

“Investing in an Effective Federal Workforce”

September 19, 2012

1. As you know, Federal annuitants in the Non-foreign Areas (Alaska, Hawaii, and U.S. territories) who retired between 1994 and 2009, were not covered by the *Federal Employee Pay Comparability Act of 1990*. The *Non-foreign Area Retirement Equity Assurance Act of 2009* only covers employees who were employed by the Federal government after January 1, 2010, and with duty station in Alaska, Hawaii and the U.S. territories. Would the Office of Personnel and Management, Retirement Operations, please provide me with the number of annuitants or survivors, who retired in Alaska, Hawaii and the U.S. territories between the years of 1994 and 2009? Please also break out the numbers by type of retirement (CSRS, CSRS Offset, FERS, FAA, and any other applicable retirement plan), as well as the annuitant’s retirement grade.

Notes about the data source

Data from...

- FY2010 and later pulled from OPM’s Enterprise Human Resources Integration Statistical Data Mart (EHRI-SDM).
- FY2009 and earlier pulled from OPM’s Central Personnel Data File (CPDF).

Coverage is limited to Federal civilian employees with the following inclusions or exclusions:

Executive Branch exclusions:

- | | |
|---|--|
| • U.S. Postal Service | • Office of the Vice President |
| • Postal Rate Commission | • Foreign Service Personnel at the State Department |
| • Central Intelligence Agency | • Tennessee Valley Authority |
| • National Security Agency | • Board of Governors of the Federal Reserve |
| • Defense Intelligence Agency | • Public Health Service’s Commissioned Officer Corps |
| • National Geospatial-Intelligence Agency | • Non-appropriated fund employees |
| • Office of the Director of National Intelligence | • Foreign Nationals Overseas |
| • White House Office | |

Legislative Branch inclusions:

- | | |
|--|--|
| • Government Printing Office | • Ronald Reagan Centennial Commission |
| • U.S. Tax Court | • Medicare Payment Advisory Commission |
| • Dwight D. Eisenhower Memorial Commission | • U.S. - China Economic and Security Review Commission |
| • Financial Crisis Inquiry Commission | • U.S. Commission on International Religious Freedom |

Judicial Branch exclusions:

- Entirely excluded

The above represents current coverage and is subject to change over time.

Recent significant changes to coverage:

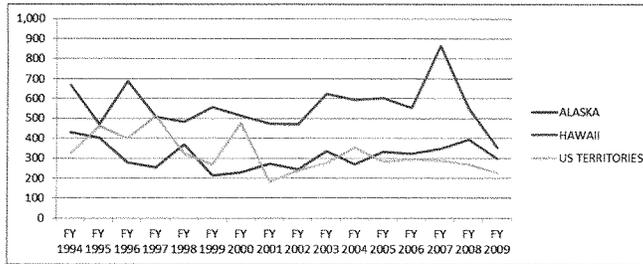
- The Bureau of Consumer Financial Protection, a component of the Federal Reserve, began reporting in March 2011.
 - The Federal Bureau of Investigation did not report data on personnel actions until FY2007.
 - The State Department stopped providing data on Foreign Service Personnel in March 2006.
- More information about our data sources can be found at <http://www.opm.gov/feddata/guidance.asp>

Notes about your request

Counts include nonseasonal full-time permanent employees - from October 1, 1994 through September 30, 2009

EXECUTIVE BRANCH RETIREMENTS OF NSFTP FEDERAL CIVILIAN EMPLOYEES - FYS 1994 THROUGH 2009

	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
ALASKA	430	401	280	254	369	213	230	274	245	335	271	332	323	346	393	298
HAWAII	670	470	689	508	482	556	512	474	471	625	594	604	554	866	550	354
US TERRITORIES	322	462	400	512	321	269	477	182	238	275	352	283	294	288	269	227



EXECUTIVE BRANCH RETIREMENTS OF NSFTP FEDERAL CIVILIAN
EMPLOYEES - FYS 1994 TO 2009

	FY1994	FY1995	FY1996	FY1997	FY1998	FY1999	FY2000	FY2001	FY2002
ALASKA									
CRSR	375	349	226	202	296	151	152	194	162
FERS	54	50	53	50	73	60	78	80	83
FSPS	1		1	2		2			
OTHER		2							
	430	401	280	254	369	213	230	274	245
HAWAII									
CRSR	626	397	646	446	401	469	419	395	363
FERS	41	68	40	62	76	86	90	78	106
FSPS	3	5	3		5		3	1	2
OTHER						1			
	670	470	689	508	482	556	512	474	471
US TERRITORIES									
CRSR	293	411	328	413	238	179	342	127	178
FERS	29	50	71	99	80	89	134	52	60
FSPS		1	1		3	1	1	3	
OTHER	322	462	400	512	321	269	477	182	238

	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009
ALASKA							
CRSR	234	186	210	201	180	200	135
FERS	101	85	122	122	165	193	163
FSPS					1		
OTHER							
	335	271	332	323	346	393	298
HAWAII							
CRSR	487	457	479	371	651	338	205
FERS	135	135	122	182	210	212	149
FSPS	3	2	3	1	5		
OTHER						1	
	625	594	604	554	866	550	354
US TERRITORIES							
CRSR	194	236	177	181	153	143	113
FERS	77	115	106	113	135	126	114
FSPS	4	1			3		
OTHER	275	352	283	294	288	269	227

**EXECUTIVE BRANCH RETIREMENTS OF NSFTP FEDERAL CIVILIAN
EMPLOYEES - FYS 1994 TO 2009**

ALASKA:

		FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GS/GM/GG/GH	**					1			
	01			1			1		
	02				1	1	1		
	03		1			1			1
	04	5	5	5	5	3	5	5	7
	05	20	17	13	13	16	12	11	11
	06	8	15	12	7	14	9	8	14
	07	20	19	16	7	12	14	8	11
	08	4	7	3	2	2	1	3	2
	09	29	20	21	22	32	11	10	16
	10	4	7	3	6	2	2	2	5
	11	58	45	41	24	43	22	25	30
	12	66	52	43	31	50	25	35	31
	13	69	52	22	25	30	17	15	23
	14	31	23	12	8	7	12	5	3
	15	21	6	5	4	9	2	2	1
OTHER PAYPLANS	XX								
		95	132	83	99	146	79	101	119
		430	401	280	254	369	213	230	274

		FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
GS/GM/GG/GH	**								
	01								
	02								
	03		1			1			1
	04	4	5	4	4	1	4	3	1
	05	4	17	4	14	5	4	8	8
	06	7	15	5	10	8	13	12	9
	07	10	19	11	10	10	18	14	18
	08	2	7	4	1	5	5	7	5
	09	12	20	21	22	27	17	17	15
	10	1	7	1	3	7	3	2	8
	11	37	45	33	39	42	37	46	44
	12	27	52	40	48	48	48	42	39
	13	17	52	22	18	29	35	29	18
	14	7	23	9	12	15	4	11	6
	15	10	6	2	7	6	6	5	
OTHER PAYPLANS	XX	107	132	115	144	119	152	197	126
		245	401	271	332	323	346	393	298

HAWAII:

		FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GS/GM/GG/GH	**				1	3			
	01								
	02		1				1		1
	03	2	5	6	7		2	1	1
	04	26	9	15	10	16	13	5	8
	05	36	41	21	32	42	57	24	22
	06	26	31	24	23	20	30	14	15
	07	38	25	31	33	28	30	20	23
	08	12	8	9	11	9	4	5	7
	09	52	39	33	36	37	45	23	33
	10	9	9	4	12	4	2	3	9
	11	63	57	56	42	43	49	51	38
	12	77	66	71	56	61	48	65	60
	13	42	32	39	19	31	28	39	45
	14	21	12	13	10	12	11	13	17
	15	6	4	10	12	6	5	4	4
OTHER PAYPLANS	XX	260	131	357	204	170	231	245	191
		670	470	689	508	482	556	512	474

		FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
GS/GM/GG/GH	**								
	01								
	02		1						
	03	2	2	4		3	1	3	
	04	7	15	9	7	7	11	6	3
	05	33	43	19	29	23	33	15	14
	06	15	23	31	21	24	38	17	16
	07	28	41	36	33	27	38	9	16
	08	11	14	10	11	13	15	10	2
	09	25	41	41	31	37	37	20	14
	10	6	1	3	8	10	6	1	2
	11	50	53	56	58	42	60	39	21
	12	47	92	92	82	73	115	50	34
	13	45	40	56	48	55	54	38	10
	14	10	18	19	31	14	21	12	4
	15	8	5	8	9	12	10	5	3
OTHER PAYPLANS	XX	184	236	210	236	214	427	325	215
		471	625	594	604	554	866	550	354

U.S. TERRITORIES:

		FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GS/GM/GG/GH	**				3	5			
	01				2				
	02						1		1
	03	3	2	1	4	2	2	3	
	04	11	15	7	14	7	11	4	5
	05	21	41	31	25	27	17	30	13
	06	8	14	11	16	14	10	20	11
	07	16	31	14	28	31	13	16	14
	08	9	12	12	7	3	6	8	8
	09	22	30	28	33	18	19	32	13
	10	4	3	3	2	3	6	7	6
	11	24	36	25	48	35	23	34	23
	12	29	64	28	37	24	21	35	16
	13	22	24	26	17	6	16	10	17
	14	12	10	2	4	6	3	7	8
	15	1	4	1	1	1	2	4	1
OTHER PAYPLANS	XX	140	176	211	271	139	119	267	46
		322	462	400	512	321	269	477	182

		FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
GS/GM/GG/GH	**			1					
	01			1			2		
	02								
	03	2	1	4		2	1	1	2
	04	9	6	5	3	3	6	5	6
	05	25	22	29	17	15	9	23	13
	06	12	22	21	16	12	20	10	6
	07	20	31	30	17	24	19	18	20
	08	10	4	6	17	14	14	12	11
	09	22	25	36	22	15	13	17	14
	10	1	4	4	6	5	2	2	1
	11	30	39	57	32	44	57	30	20
	12	13	25	38	41	40	36	37	19
	13	12	22	25	22	32	18	16	18
	14	6	5	5	9	12	10	4	7
	15	2	1	1	7	1		1	4
OTHER PAYPLANS	XX	74	68	89	74	75	81	93	86
		238	275	352	283	294	288	269	227



INTERNATIONAL FEDERATION OF
PROFESSIONAL AND TECHNICAL ENGINEERS
AFL-CIO & CLC

Statement for the Record

**International Federation of Professional &
Technical Engineers
(IFPTE), AFL-CIO**

Prepared For:

**Senate Subcommittee on the Federal Workforce and the
District of Columbia**

**Hearing:
“Investing in the Federal Workforce”**

**Wednesday, September 19, 2012 - 2:00 p.m.
628 Dirksen Senate Office Building**

**Statement Submitted by the
International Federation of Professional and Technical Engineers, AFL-CIO, CLC**

The International Federation of Professional and Technical Engineers (IFPTE) would like to thank Chairman Daniel Akaka for holding today's important hearing. IFPTE is submitting the following statement and respectfully asks that it be made a part of the hearing's official record.

IFPTE is labor union representing upwards of 90,000 highly skilled professional and technical workers in the private, federal and public sectors throughout the United States and Canada. Included in our membership are tens of thousands of federal employees, including workers employed by the Navy, the Tennessee Valley Authority (TVA), the Social Security Administration (SSA), the Army Corps of Engineers, the Government Accountability Office (GAO), the Department of Energy (DOE), the Executive Office of Immigration Review, the National Oceanic and Atmospheric Administration (NOAA), the Bureau of Reclamation, the Defense Logistics Agency (DLA), the Congressional Research Service (CRS), and NASA.

The subject matter of today's hearing is *Investing in the Federal Workforce*. Today also marks the last hearing to be held by this Subcommittee under the stewardship of Chairman Akaka. As we all are well aware, Senator Akaka is retiring at the conclusion of this Congress. It is with this in mind that IFPTE would like to reflect on Senator Akaka's stellar career in the Congress, his leadership over many years in support of federal employees, and his vision for ensuring that our federal workforce remains the best in the world.

Obviously Senator Akaka understands the importance of investing in the federal workforce. This is reflected in the many bills he has sponsored that are geared towards maintaining and enhancing our highly skilled civil servant workforce. Two bills in particular stand out: one to create labor/management partnerships in government agencies and the other calling for a comprehensive training program geared toward both labor and management at all government agencies. Indeed, it is with Chairman Akaka's support, and buoyed by these two bills, that we now have labor/management partnership relationships in most government

agencies. Speaking in support of partnership last year at an October 11th, 2011 hearing before this committee, Chairman Akaka said that, "Employees are in the best position to inform executives about the details of operational problems or inefficiencies. In addition, labor-management partnerships improve employee morale, which also helps drive better performance." IFPTE could not agree more.

A real time example of the value of partnership is best illustrated by looking at the Pearl Harbor Naval Shipyard in Chairman Akaka's home State of Hawaii, where the Senator has worked closely with the members of IFPTE Local 121, and the Hawaii Metal Trades Council. This includes his backing of the labor backed, and management adopted Moonshine program which has enabled the Navy to save hundreds of millions of dollars over many years.

Senator Akaka has also pushed the federal government to look long into the future and create a hiring plan that will ensure that the needs of the taxpayers will continue to be met. For example, two years ago, in 2010, Chairman Akaka held a hearing taking a look at the federal government's strategic hiring plan. This is an issue that is near and dear to IFPTE, as the government is facing an impending wave of federal retirements from the baby boomer generation, with a potential skills gap that could result without a well-developed strategic human resources plan. IFPTE applauds Senator Akaka for taking this issue on, as our union believes that it is this type of strategic vision and plan that is lacking at agencies such as NASA. It is IFPTE's position that government agencies like NASA have a long way to go in developing a plan that will enable them to compete for the best and brightest workers of tomorrow. IFPTE is hopeful that the next Chairperson of this Subcommittee will take the baton from Senator Akaka in taking a close look at the potential skills gap that could result in agencies across our government from the wave of retirements we expect over the next several years.

When it comes to training, IFPTE, and many other labor organizations, have been arguing for years that there is a great need to not only properly train rank and file federal workers, but there is an equally important need to train management. Here again Senator Akaka has shared IFPTE's views. Back in 2009 the Senator authored S. 674, the Federal

Supervisor Training Act. This legislation was ultimately embraced by the Office of Personnel Management (OPM) when they called on government agencies to adopt many of the supervisor training criteria called for in the bill. Those same recommendations were also approved by Congress as a part of the National Defense Authorization Act of 2010 and are now being implemented by the Department of Defense (DoD).

Since this is his last hearing IFPTE would be remised if we did not take this opportunity to say a word about the Senator's great leadership in ultimately repealing the infamous National Security Personnel System (NSPS). It is an understatement to say that Senator Akaka was the loudest and most active critic of NSPS, as evidenced by him being one of only three Senators back in 2003 to vote against this egregious attack on the civilian workers of the DoD. Much to his credit, it took Senator Akaka about one second to realize that ideologically driven opportunists were stripping federal workers employed at DoD of their rights under the guise of 'national security.' However, it took us much longer, eight years, to get it repealed, an accomplishment that would not have been possible without Senator Akaka's leadership.

That said, it is important to remember a few more things about Chairman Akaka: He is the nation's first Senator of native Hawaiian ancestry, a veteran of World War II having served in the U.S. Army and a former public school teacher and principle. Senator Akaka has served the citizens of Hawaii in Congress since 1976 when he was originally elected to the House of Representatives. The Senator served in the House until 1990, when the voters of Hawaii elected him to the Senate, where he has been ever since.

After such a long and distinguished career serving our nation, IFPTE would like to end this statement with this simple, yet heartfelt note to Senator Akaka: Mahalo nui loa.

