

**A MORE EFFICIENT AND EFFECTIVE GOVERNMENT:  
CULTIVATING THE FEDERAL WORKFORCE**

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**HEARING**

BEFORE THE

SUBCOMMITTEE ON THE EFFICIENCY AND  
EFFECTIVENESS OF FEDERAL PROGRAMS AND THE  
FEDERAL WORKFORCE

OF THE

COMMITTEE ON  
HOMELAND SECURITY AND  
GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE

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SECOND SESSION

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# CONTENTS

Opening statement:	Page
Senator Tester .....	1
Senator Portman .....	11
Senator Heitkamp .....	15

## WITNESSES

TUESDAY, MAY 6, 2014

Hon. Katherine Archuleta, Director, U.S. Office of Personnel Management .....	4
Hon. Carol Waller Pope, Chairman, Federal Labor Relations Authority .....	5
Jeri L. Buchholz, Assistant Administrator for Human Capital Management, National Aeronautics and Space Administration .....	7
Paige Hinkle-Bowles, Deputy Assistant Secretary of Defense for Civilian Per- sonnel Policy, U.S. Department of Defense .....	9
J. David Cox Sr., National President, American Federation of Government Employees .....	25
Colleen M. Kelley, National President, National Treasury Employees Union ...	27
Carol A. Bonosaro, President, Senior Executives Association .....	29
Max Stier, President and Chief Executive Officer, Partnership for Public Service .....	30

## ALPHABETICAL LIST OF WITNESSES

Archuleta, Hon. Katherine:	
Testimony .....	4
Prepared statement .....	43
Bonosaro, Carol A.:	
Testimony .....	29
Prepared statement .....	83
Buchholz, Jeri L.:	
Testimony .....	7
Prepared statement .....	54
Cox, J. David Sr.:	
Testimony .....	25
Prepared statement .....	64
Hinkle-Bowles, Paige:	
Testimony .....	9
Prepared statement .....	57
Kelley, Colleen M.:	
Testimony .....	27
Prepared statement .....	76
Pope, Carol Waller:	
Testimony .....	5
Prepared statement .....	51
Stier, Max:	
Testimony .....	30
Prepared statement .....	92

## APPENDIX

Information submitted by Mr. Stier .....	102
Federal Law Enforcement Officers Association, prepared statement .....	109
National Education Association, prepared statement .....	111
Presidential Management Fellow, prepared statement .....	114

IV

	Page
Responses to post-hearing questions for the Record:	
Ms. Archuleta .....	117
Ms. Buchholz .....	120
Ms. Hinkle-Bowles .....	123

**A MORE EFFICIENT AND EFFECTIVE  
GOVERNMENT: CULTIVATING THE FEDERAL  
WORKFORCE**

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**TUESDAY, MAY 6, 2014**

U.S. SENATE,  
SUBCOMMITTEE ON THE EFFICIENCY AND EFFECTIVENESS OF  
FEDERAL PROGRAMS AND THE FEDERAL WORKFORCE,  
OF THE COMMITTEE ON HOMELAND SECURITY  
AND GOVERNMENTAL AFFAIRS,  
*Washington, DC.*

The Subcommittee met, pursuant to notice, at 2:45 p.m., in room SD-342, Dirksen Senate Office Building, Hon. Jon Tester, Chairman of the Subcommittee, presiding.

Present: Senators Tester, Begich, Heitkamp, and Portman.

**OPENING STATEMENT OF SENATOR TESTER**

Senator TESTER. Good afternoon. Thank you all for being here. There are several coming, including Ranking Member Portman, but it is great to have the folks from both panels here today. I appreciate the opportunity. I call to order this hearing of the Subcommittee on Efficiency and Effectiveness of Federal Programs and the Federal Workforce.

Today's hearing is titled, "A More Efficient and Effective Government: Cultivating the Federal Workforce." We have assembled two great panels of witnesses today. I want to thank you for joining us to share your perspectives on this important issue.

A lot of folks in Washington like to demand an efficient and effective Federal Government, but you would never know it judging by the way they often treat the Federal workers. Instead of investing in new initiatives that allow agencies to better recruit, cultivate, and retain a quality and experienced Federal workforce, it seems that more and more politicians use these folks as a punching bag when the budget season rolls around. Retirement benefits are targeted. Pay and hiring freezes are instituted. Training and travel budgets are zeroed out. And then along comes a sequester, followed by a government shutdown.

For some folks, sequestration and the shutdown were about scoring political points. For others, they were opportunities to shake their heads and bemoan the state of affairs here in Washington, D.C. For Federal workers, sequestration and the shutdown kept them from work and threatened their livelihoods. Equally as damaging, it implied that their work is not essential. Well, guess what. We all know that is not true. Federal workers did not cause our

budget problems and they should not be the scapegoats for those trying to score political points. Sequestration and the shutdown never should have happened because they sent the wrong message about the value of public service.

The Federal workforce is not a faceless or nameless group of folks showing up simply to get a check every day. It is the nurse working late every night, sometimes shuttling back and forth between Veterans Affairs (VA) facilities and buildings in Helena some 240 miles one way to ensure that the shifts are covered and that our veterans receive the quality care that they have earned and deserve. Or, it is the Farm Service Agency loan officer working closely with farmers to ensure that they are making informed decisions for them, their family, and their business. It is the Border Patrol Agent covering hundreds of miles of dangerous terrain along the Northern border in the dead of night, working to ensure that our borders are secure and our citizens and communities are safe. It is the Park Ranger taking the time to educate school children about wildfires and who, when the fire season starts up again, risks his life to protect our homes and our forests. These men and women and countless others should be recognized for how hard they work on our behalf.

If we truly seek an effective and efficient government, we need to ensure that Federal workers are able to make a living doing their jobs and we need to ensure that they have opportunities to grow and feel valued in their jobs. It is discouraging to see recent studies depicting low morale at many Federal agencies. Governmentwide Federal employee job satisfaction rates are at an all-time low.

Today's hearing will discuss the challenges before us, highlight agency and governmentwide successes, and seek to identify smart solutions that keep the Federal workplace dynamic and rewarding.

Our first panel today will provide the agency perspective on these issues and our second panel will provide the perspective of the employee. I look forward to the discussion. I again thank everybody for being here.

Senator Portman will be here shortly, and Senator Heitkamp will, too, and there may be others that show. When Senator Portman gets here, we will do his opening statement. What I am going to do right now is I am going to introduce the first panel of witnesses.

We are fortunate to have assembled two great panels of witnesses. The first consists of Federal agencies, both large and small, who will share their perspective on Federal workforce issues.

Katherine Archuleta is the Director of the Office of Personnel Management (OPM), and I was pleased to preside over Katherine's nomination hearing last year and have been impressed with her leadership that she has brought to that agency. One of OPM's chief tasks is to build a Federal workforce that is innovative, diverse, and versatile. Today, we discuss some of the policies and initiatives implemented by OPM, highlight its successes, and discuss some of its challenges moving forward. And, I want to welcome you, Katherine, to the Committee hearing today.

Carol Waller Pope is the Chairman of the Federal Labor Relations Authority (FLRA). I also had the privilege of presiding over

Carol's nomination hearing and have been very appreciative of her leadership at FLRA. In recent years, FLRA has made significant strides in improving workforce morale and job satisfaction rates. Today, Carol will share some of FLRA's lessons learned and provide the perspective of a smaller agency in tackling various workforce issues. Welcome to you, Carol.

We also have Jeri Buchholz. Now, I have to tell you, as a sidebar, and I told my staff this, we have some folks in my hometown who spell the name the same way, but it is pronounced "Boo-holse." But, we are going to call you "Buck-holse." Hopefully, that is correct. Jeri is Assistant Administrator for Human Capital Management at the National Aeronautics and Space Administration (NASA). For the second year in a row, NASA has been selected as the "Best Place to Work in Government." These rankings are compiled from employee feedback on job and agency satisfaction and whether employees recommend their agency as a good place to work. Today, we hope Jeri will let us in on NASA's secret and share some of the initiatives that have allowed the agency to achieve such high rates of employee satisfaction. Welcome, Jeri.

And then we have Paige Hinkle-Bowles, who is the Deputy Assistant Secretary of Defense for Civilian Personnel Policy. At the Defense Department (DOD), Paige is responsible for civilian workforce development and sustainment, performance management, and leader development. The policy she helps develop and carry out ultimately impact more than 900,000 civilian defense employees worldwide. Welcome, Paige.

It is our custom to swear all witnesses who appear before the Subcommittee, so if you do not mind, please stand and answer in the affirmative or the negative, whichever applies to you.

Do you swear that the testimony you will give before this Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Ms. ARCHULETA. I do.

Ms. POPE. I do.

Ms. BUCHHOLZ. I do.

Ms. HINKLE-BOWLES. I do.

Senator TESTER. Let the record reflect that the witnesses answered in the affirmative.

We are going to start with the testimony. Each of you have 5 minutes for oral statements. Please summarize your statements as much as possible. Please stick as close to the 5-minutes as you possibly can. You folks have been here before. You know how it goes. Know that your complete written testimony will be included in the record.

With that, Katherine, would you please get us started.

**TESTIMONY OF THE HON. KATHERINE ARCHULETA,<sup>1</sup>  
DIRECTOR, U.S. OFFICE OF PERSONNEL MANAGEMENT**

Ms. ARCHULETA. Thank you, Chairman Tester and Members of the Subcommittee, thank you for allowing me the opportunity to appear before you today to discuss the state of the Federal workforce.

This week, we celebrate Public Service Recognition Week to recognize the service of Federal employees. Those who have answered the call of public service and especially those who have given their lives deserve our gratitude for their contributions to our country.

Circumstances such as the 3-year pay freeze, sequestration, the government shutdown, and reductions in budgets have presented serious challenges to our Federal workforce. One of my top priorities as the Director of OPM is to enhance employee satisfaction and engagement. In our strategic plan, one of OPM's goals is to provide leadership to help agencies create inclusive work environments where a diverse Federal workforce is fully engaged and energized to put forth its best effort, achieve its agency's mission, and remain committed to public service.

I am working closely with the Chief Human Capital Officers (CHCO) Council, the Office of Management and Budget (OMB), the National Council on Federal Labor-Management Relations, and agency leaders to address employee satisfaction and engagement. One tool that measures employee satisfaction and engagement is the Federal Employment Viewpoint Survey (FEVS). The survey is designed to provide agencies with valuable information on employee satisfaction, commitment, engagement, and retention.

The 2013 FEVS governmentwide results reveal that more than 80 percent of the Federal employees who responded like the work they do and understand how their work relates to their agency's goals and priorities. However, there were decreases in all four human capital indices as well as in employee engagement and global satisfaction.

OPM is committed to working with agencies to provide the tools needed to improve employee satisfaction and engagement. To assist agencies, we have developed an online tool which provides data for agencies to use in order to better understand their FEVS results. That data is being used by managers and supervisors across government to improve employee engagement and to identify best practices and processes that lead to progress.

The President's Management Agenda will also facilitate a more effective and efficient government that is supportive of economic growth. One of the four pillars of the Management Agenda is people and culture, where OPM plays a pivotal role. OPM believes that an engaged, inclusive, and diverse Federal workforce is critical to the Federal Government's success.

In seeking to create a culture of excellence and engagement to enable higher performance, three initiatives have been identified: GovConnect, to help all agencies test and scale talent exchange; GovU, an enterprise learning and development resource exchange which is modeled after our own Human Resources University

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<sup>1</sup>The prepared statement of Ms. Archuleta appears in the Appendix on page 43.

(HRU); and a third initiative, to develop a data dashboard to drive improvements to engagement in government operations.

A first class Federal workforce requires strong investments in civil service leadership, and to that end, we are working with agencies to strengthen a senior executive service (SES)-wide leadership and engagement training curriculum.

Finally, at a time when agencies are dealing with smaller budgets, fewer hiring decisions, and less experienced human resources expertise, it becomes more critical than ever that agencies find the best talent possible. OPM is committed to working with agencies to reduce skills gaps, foster diversity in Federal employment, and improve organizational outcomes.

Despite all the challenges, there is cause for optimism. Survey results show that Federal employees continue to be committed to serving the American people. Over 90 percent of FEVS respondents reported the work they do is important, that they constantly look for ways to do their jobs better, and that they are willing to put an extra effort in to get the job done.

The survey reflects what I hear from Federal workers as I travel across the country to meet with them. Time and time again, whenever I ask the question, why do you do what you do, the answer is almost always the same, “Because I feel a commitment to my work and to the services I provide for the American people.” That is why each of us is here today.

I want to thank you for the opportunity to testify, and I am happy to address any questions you may have.

Senator TESTER. Well, thank you, Katherine. I appreciate your comments. There absolutely will be questions. Thank you for your testimony.

Ms. ARCHULETA. Thank you.

Senator TESTER. Carol, you may proceed.

**TESTIMONY OF THE HON. CAROL WALLER POPE,<sup>1</sup> CHAIRMAN,  
FEDERAL LABOR RELATIONS AUTHORITY**

Ms. POPE. Good afternoon. I want to thank the Committee and, in particular Senators Tester and Portman, for conducting this hearing on a subject that is near and dear to my heart—attracting, engaging, and retaining a first-class, diverse workforce for the Federal Government.

I have been in public service as a part of the Federal workforce my entire professional career—starting as a career employee, and thanks to this Committee and President Obama, as a Presidential appointee. When I began working as a General Schedule (GS)-9 Staff Attorney at the Department of Labor (DOL), the idea of being the Federal Labor Relations Authority (FLRA) Chairman was not even a dream. Serving as Chairman is an honor beyond measure, and I believe that my story speaks to employee engagement, succession planning, and a commitment to mission performance. I salute all career Federal employees who are on a similar professional journey for their public service.

Before addressing our efforts to cultivate the FLRA’s internal workforce, I would like to talk about the FLRA’s mission. The

<sup>1</sup>The prepared statement of Ms. Pope appears in the Appendix on page 51.

FLRA exists to promote stable, constructive labor-management relationships throughout the Federal Government and to resolve disputes in a manner that contributes to an effective and efficient government. That is, our customers are the management and labor components of the Federal workforce. This means that day in and day out, our employees are working to assist other Federal employees, whether management or labor—to accomplish the work of the government in a way that enhances mission performance and, we hope, employee engagement and satisfaction.

While the FLRA's business is assisting other Federal agencies and unions, I am here to address our efforts to engage the FLRA's workforce in order to improve our mission performance and our employee satisfaction.

With the collaborative efforts of the FLRA's senior leadership and career employees at all levels, we have achieved nearly unprecedented improvements in employee morale over the last 5 years. To set the stage, in 2008, the FLRA was not only at the bottom of employee-satisfaction rankings for small agencies, it was below the bottom. That is right, below the bottom. In 2008, the Partnership for Public Service (PPS) excluded the FLRA's scores on the Employee Viewpoint Survey from the small-agency calculations because the FLRA's scores were so low they skewed the ranking of other agencies. We busted the curve in the wrong direction.

The next time the survey was conducted, 2010, the FLRA showed a 250 percent improvement in employee satisfaction and an over-400 percent increase in effective leadership. I am told that the statisticians assumed there was a mistake and triple-checked their calculations, but there was no mistake. The FLRA moved from last place to 20th in the small-agency rankings with a still unbeaten 250 percent increase in overall employee satisfaction. Again, the FLRA busted the curve, but this time in the right direction. We are still moving forward. We were No. 7 in the overall rankings in 2011, and with the decrease overall in government rankings, as Director Archuleta referred to, we were No. 8 in 2012 and 2013.

So, what exactly did we do to achieve these results? I believe it is that FLRA employees and leadership undertook sincere, sustained efforts to focus on the core values of transparency and accountability. And we focused on mission accomplishment. These were not pro forma efforts. They were real and substantive, and they began with recognition that, from top to bottom and side to side, FLRA employees are deeply committed to the mission of the agency and the work that they perform.

FLRA's leadership clearly communicated its belief that employees did important work and did it well. This resonated with employees. It probably contributed to that difficult to describe synergy that occurs when employees start to feel valued. One of the tangible things, increasing our communication. We embraced the ideas of revitalization, reinvention, and reengagement, both as to our customers and our employees. We started a weekly newsletter. We started to ask for employee involvement and input with respect to how to improve our mission performance, how to improve employee satisfaction.

We took the survey results seriously and we drilled down and conducted, using our labor-management forum, our own internal

survey. To the extent one of our challenges was employees feeling under-resourced and overworked, we directed resources not only to ask employees what resources were they lacking, but also to engage employees in how we could improve the work-life balance. And with that initiative and under the directive of OPM, we initiated telework, and I am happy to say 80 percent of our employees telework in some form or fashion.

Simply stated, we learned that successful efforts are multi-year and multi-pronged. I was mistaken in 2009, my first year as Chairman, when I announced it was the Year of the FLRA Employee. My mistake was that every year should be the year of the employee, not a single year. Long-term support of and engagement with our employees resulted in improved efficiencies and mission performance. I am happy to say that not only with regard to employee satisfaction: we reduced case backlogs, and we improved timeliness and quality of our work. And I think that is what made the difference with respect to employees, from a low in 2008, saying the FLRA was not a place that they would recommend to their friends to work, to a very different outcome now.

So, I am pleased to answer any questions you might have. I look forward to this discussion. I would like to continue our work, because I realize there is more work to be done. While we have improved our mission performance, I know that I am not satisfied. I did not come back as Chairman to burrow in and stay at the level of satisfaction and mission performance that we are now. So, I look forward to your questions and to learning from the other panelists with respect to their successes and lessons learned.

Senator TESTER. Well, thank you for your testimony, Carol, and thank you for your perspective. I think there always needs to be room for improvement and we always need to take advantage of that opportunity.

Jeri, you are going to let us in on the secrets of NASA. You may proceed.

**TESTIMONY OF JERI L. BUCHHOLZ,<sup>1</sup> ASSISTANT ADMINISTRATOR FOR HUMAN CAPITAL MANAGEMENT, NATIONAL AERONAUTICS AND SPACE ADMINISTRATION**

Ms. BUCHHOLZ. Chairman Tester, Ranking Member Portman, and Members of the Subcommittee, thank you for the opportunity to testify today on the topic of employee morale and productivity in the Federal workforce.

At NASA, employee morale and productivity begin with a unique and exciting mission. Our orbiting outpost, the International Space Station, is home to a crew of astronauts from America and across the world who are conducting research and learning how to live and work in space. We have scientists exploring with robotic spacecraft that are probing diverse regions of the solar system and the vast regions of interstellar space. We will soon launch the James Webb Space Telescope, which will allow our astrophysicists to see back in time to the formation of the first stars and galaxies. Our people are developing the aeronautics and space technologies for tomorrow's missions, and we are preparing for a challenging mission

<sup>1</sup>The prepared statement of Ms. Buchholz appears in the Appendix on page 54.

to capture and redirect an asteroid for human exploration—a stepping stone to future human exploration of Mars.

NASA is comprised of 35,000 contractors, 18,000 employees, 149 occupations, 10 centers, and one goal, to reach for new heights and reveal the unknown for the benefit of humankind. But, like any other large and complex organization, NASA faces management challenges in ensuring that we continue to engage our workforce and create a culture of innovation. Today, I would like to share with you three components of NASA's strategy to address these challenges.

First, we focus on connecting people to each other and the mission every day. Connection begins at the top. The NASA Administrator, Charlie Bolden, fundamentally believes that communication is the cornerstone to connection. He encourages every NASA staffer to use his or her voice. He visits employees in their labs and at their worksites to talk to them directly about their work and their work life. The Administrator personally reviews the results of the Employee Viewpoint Survey, an annual survey administered by the U.S. Office of Personnel Management to Federal employees, down to the Center level so he can understand how we are doing as an agency and how we are doing in each major subcomponent.

To make people more connected to each other, we are working hard to make geography inconsequential. We have made great improvements in effective virtual collaboration. We are able to conduct acquisition activities, panel interviews, international presentations, whole conferences in virtual space. This has become an integral part of NASA culture.

Second, we ensure that first-line supervisors appreciate the importance of developing innovative employees. A key to success in all areas of workforce culture is the first-line supervisor. We infuse our leadership values into potential leaders early in their careers. We have agency-level leadership development programs as well as leadership development programs at the Center level. These programs have a heavy emphasis on personal effectiveness, relating to others, and self-reflection. Approximately 500 NASA employees have gone through these programs.

Third, we recognize and reward innovative performance by moving past traditional monetary recognition. We use every tool that is available to us as a Federal employer to recognize our employees and their achievements, and we ask our employees to tell us what kinds of rewards they find most meaningful. Ultimately, however, there is no greater incentive to innovation than to have one's creativity recognized and incorporated into the NASA mission, and there is no greater pride than being able to describe one's contributions to the public. We encourage our employees to do so through a variety of means, including social media.

We are engaged in a constant search for better ways to work. We model the behaviors that we expect from others. Over the past year, we have worked to reinforce these principles by asking each senior NASA leader to engage in a reverse mentoring relationship, to be mentored by a junior employee in the agency on a topic of his or her choice. This was a tremendously successful program that gave NASA senior leadership the opportunity to walk a mile in another's shoes.

In sum, we have a robust NASA strategy to engage our workforce and create a culture of innovation. We do this by connecting our workforce to each other and the mission, by building model supervisors, and by recognizing and rewarding innovative performance. All of these efforts have paid off. We were not satisfied when NASA was rated the “Best Place to Work” in 2012, we continued to improve and were rated the “Best Place to Work” and Most Improved in 2013.

Mr. Chairman, I thank you for the opportunity to be up here before you and I would be pleased to respond to any questions.

Senator TESTER. I appreciate your testimony Jeri, and there will be questions, so thank you very much.

Last but not least, Paige, you are up to bat. Tell us about the DOD.

**TESTIMONY OF PAIGE HINKLE-BOWLES,<sup>1</sup> DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR CIVILIAN PERSONNEL POLICY, U.S. DEPARTMENT OF DEFENSE**

Ms. HINKLE-BOWLES. Thank you. Chairman Tester, Ranking Member Portman, and Members of the Subcommittee, on behalf of the Acting Under Secretary of Defense for Personnel and Readiness, thank you for the opportunity to appear at today’s hearing.

The Department shares the Subcommittee’s focus on achieving a more efficient and effective government and we are wholly committed to the readiness, capability, and efficiency of our total force to accomplish the Department’s mission. Our people, to include our valued Federal civilian workforce, are a central element of the Department’s ability to serve the Nation. Our 900,000 civilians are employed in more than 600 occupations in over 3,000 locations, to include nearly 100 foreign countries and territories around the world. The past few years have been challenging for the Department. However, our civilian employees continue to demonstrate resilience and a staunch commitment to the Department’s mission even during these challenging times.

One of the more recent high-profile impacts on the workforce was the administrative furlough of the majority of our civilian employees last year. As one means to garner savings to meet sequestration mandates, we applied furlough actions in a consistent and equitable manner with few exceptions.

In reviewing the 2013 results of the Office of Personnel Management’s annual Federal Employee Viewpoint Survey, we confirmed that the morale of the Department’s civilian workforce had been declining prior to the implementation of the furloughs, likely attributable to continued pay freezes and limited budgets. Survey responses indicated that our workforce’s satisfaction with pay, opportunities for growth and advancement, and the resources available to get the job done have declined from previous years. However, the results also showed that the Department continues to be strong in the areas of personal commitment to achieving the mission, looking for ways to do the job better, as well as work-life balance and job satisfaction. These survey results provide the Department’s leader-

<sup>1</sup>The prepared statement of Ms Hinkle-Bowles appears in the Appendix on page 57.

ship with valuable information and we are committed to addressing workforce concerns.

We continue our comprehensive Strategic Workforce Planning (SWP) efforts, which cover nearly 93 percent of the civilian population and include strategies carried out by 22 functional communities. These strategies involve direct contact and interaction with civilian employees in the advancement of career broadening opportunities, enhancement of training and credentialing programs, and development of employee career mapping.

We also note that approximately 13 percent of the Department's civilian employees are currently eligible to retire, and we anticipate that 30 percent of our civilian workforce will be eligible to retire within the next 5 years. We are closely monitoring these trends, recognizing the potential loss of critical skills and knowledge. To mitigate long-term consequences, we continue to use available resources and authorities to hire into critical skills. We also continue to lead the Federal Government in new veteran hires, retaining their capability and valuable skill sets within the Department. Our strategic workforce planning and recruitment efforts help us achieve an optimal balance among our varied hiring sources.

Additionally, the National Defense Authorization Act (NDAA) for fiscal year (FY) 2010 directed the Department to design and implement a new performance management system and authorized flexibilities relating to appointments. Following the comprehensive efforts of three design teams comprised of union and non-union DOD employees called New Beginnings, the Department endorsed the vast majority of the design team's recommendations for the new system.

In cooperation with the Department's national-level unions, we are developing a new performance appraisal system which will include a multi-level rating pattern that links performance expectations to mission and organizational goals and that ensures regular feedback during the appraisal cycle between the employees and rating officials. We believe such a system is critical to effective mission accomplishment, as well as increased employee morale and effectiveness.

I offer in closing that the Department values the work that our civilians perform in support of our military. We recognize their commitment to getting the job done, even during these challenging times. We appreciate this year's 1 percent pay increase that brought the 3-year pay freeze to an end and the ability to once again pay performance awards to our high-performing workforce. Going forward, the Department is engaging in shaping our civilian workforce to increase efficiencies, ensuring the workforce is motivated and has the skills needed for the future.

We thank you for your continued interest and support of the DOD's civilian workforce. I look forward to your questions.

Senator TESTER. Paige, thank you very much.

Senator Portman, I think what we will do is, because we can then get multiple rounds in, we will do 5 minutes, and Senator Portman, you may proceed.

**OPENING STATEMENT OF SENATOR PORTMAN**

Senator PORTMAN. Great. Thank you, Mr. Chairman. I appreciate your having this testimony today. It was great to have some of our expert witnesses before us. Two of them, at least, went through our Subcommittee for their confirmations and were successful.

I was the head of OMB at one point, the head of the United States Trade Representative (USTR) at one point, had the opportunity to work with a lot of members of our Federal workforce, and I came away with an impression that I think anyone in that position would have, which is we have a lot of really talented people in the Federal workforce who are there for the right reasons, committed to public service, work hard. They are focused on the mission and objective of the agency across different political parties and different administrations.

I also had to experience what it is like to work under a tight budget, because we had tight budgets then, even tighter now. How do you boost morale and productivity, and I was interested in what NASA had to say today about that, because you guys have actually lived under some tighter budgets and yet you kept your morale up.

But, the bottom line is that people are ultimately what matters the most, and how to promote that common mission to incentivize people to work hard toward that mission is critical. You talked about identifying and rewarding success today a little bit, and I think that is one of the key challenges in the Federal Civil Service System.

We are dealing with a tougher budget. We are looking at \$17 trillion in debt right now and another budget deficit this year of probably over \$500 billion, and the Congressional Budget Office (CBO) says it gets worse over the next 10 years, so this pressure is not going to go away. And the Federal workforce is expensive. I mean, it is about 26 percent of the total discretionary spending in 2012. So, we have to figure out how to deal with these tough fiscal times, again, that even get tougher going forward, and we have more and more pressure coming from the entitlement side and discretionary spending under more and more pressure.

So, this is a very helpful hearing to talk about how do we do more with less, which is the goal, and how do we adapt and innovate and thrive and continue to attract great people.

The challenges are out there. Ms. Hinkle-Bowles talked a little about DOD's challenge. Today, only 14 percent of the two million permanent career employees are eligible for retirement. Over the next 3 years alone, that number more than doubles, to 31 percent. I think you said 30 percent at DOD. So, this is obviously an issue, of people retiring.

Meanwhile, we are not attracting the young people that we should be, and I think the Federal workforce now has only 6 percent under the age of 30. By comparison, in the private sector, it is about 23 percent. So, this begs the question, why is the Federal Government struggling to attract talented young people in particular?

I appreciated hearing from NASA today and other witnesses about how do we manage our high-skilled science technology workforce? How do you recruit these folks? How do you retain them, given the fact that they often have better opportunities in the pri-

vate sector, for our future military capabilities, for science and exploration, for dealing with cybersecurity, some of these really difficult technical problems. We have to figure out a way to show some flexibility, I believe, on the Federal workforce side.

So, we have heard a variety of views from you all and I look forward to continuing after my round here with some questions.

I will say on NASA, because NASA Glenn is in my home State of Ohio, 1 of the 10 facilities, I am very proud of the work that we have done there and I think it is an example of an agency that has managed, despite a decline in spending, to do very well in attracting and retaining people. Despite a decline of \$1 billion in funding between 2010 and 2014, NASA ranks No. 1 out of the 19 large agencies on the Partnership for Public Service's "Best Places to Work" in their 2013 survey. And you indicated that, that you have had some luck retaining folks.

At NASA Glenn, we have 1,700 folks there. Funding has been tight, a 15 percent drop in funding in the last decade and plenty of challenges. But, people feel pretty good about working there. In fact, among the 10 centers, we have gone up to No. 5 in terms of the "Best Place to Work." I will say that, again, we have challenges there, because we do have a lot of folks there who are near retirement age or qualifying for retirement in the next couple of years.

So, again, I look forward to asking more questions in a moment and appreciate Chairman Tester holding this hearing, and I thank the witnesses for coming to share their views.

Senator TESTER. Thanks, Senator Portman.

I have a few questions for you, Katherine, and then we will move down the line. From a historical perspective, where are we in the overall size of the Federal Government workforce?

Ms. ARCHULETA. Well, sir, the number of employees continues to drop. We are a little over two million, and so that continues to hold pretty steady. We are looking at how we cannot only maintain those numbers with our limited resources, but also how do we grow that in the critical areas that are needed by departments and agencies.

Senator TESTER. So, where were we at 10 or 15 years ago? Do you—

Ms. ARCHULETA. I am sorry, I do not know that number. I would be glad to get that for you.

Senator TESTER. That would be great. And then, I guess the next question would be, assuming that it is less, and I am sure it is, quite frankly—

Ms. ARCHULETA. It is about 1.9, just—right around that number.

Senator TESTER. What has been used to fill the gap with fewer employees?

Ms. ARCHULETA. The issues of how we fill the gap is making sure that we have trained the employees that we do have on board, making sure that they are able to do the work. We have had to make some obvious, decisions. Each manager makes decisions on how it will be able to continue to deliver its services with the number of employees that it has.

I am very hesitant, Senators, and I am sure you are, to ask employees to do more with less. So, we are looking at where are the most important aspects of each mission that we have, and I think,

as the other witnesses have testified, it really takes the leadership of each agency to determine what are the most important aspects to fulfill its mission needs. And so those decisions are made at the leadership level. We try to work very closely with each of the departments and agencies to make sure that they have the skills available to them.

Senator TESTER. This is for Katherine, but any of you can answer it if you have an answer for it—several of you talked about the government shutdown, pay freezes. Have these events, or are there other ones you could add to the list—the sequestration, potentially—have they impacted recruitment and retention, No. 1? And, No. 2, what have you done to mitigate it if they have? Let us start with you, Katherine.

Ms. ARCHULETA. Well, certainly, the impact of pay freezes, sequestration, furloughs is on the front page of many newspapers across the country and certainly has its impact on how we recruit. However, I would say, Senator, that when I go out about the country, there is still a strong interest in public service.

Senator TESTER. Good. All right. Katherine—does anybody else want to answer that? I mean, have you had any?

The application process for somebody who wants to look for a career, I will tell you the complaints, you tell me if it has changed. The complaint is, you will apply for a job and it may be months—or longer—before you hear back that there is any interest. You get a call. You may or may not have already found a different job by then. You probably have. We may be missing out on some good personnel. What does the current process look like? How long does it take, on average? And, is there anything we are doing to shut that down?

I can tell you that, in my office, when we look for a person, we usually have this thing done within 10 days to 2 weeks, because if we do not hire them, then Portman or Heitkamp will hire them before I get a chance to. So, I have to get them quick, OK. [Laughter.]

So, what does the process look like? What are we doing to speed that process up? And I would talk to the others on that, too, when you are talking about hiring.

Ms. ARCHULETA. Sure.

Senator TESTER. Go ahead, Katherine.

Ms. ARCHULETA. Thank you, Senator. This is a topic that you and I are very concerned about and I welcome the opportunity to talk not only about it today, but after.

The USAJobs portal is a very important one. All jobs for the Federal Government are posted there and applications flow through there. One of the concerns you expressed to me, as did other Members of this Committee, is how efficient and how effective is it, and I am pleased to tell you that in the last 6 months, I have been focused in on USAJobs and we are looking at it from a lot of different perspectives.

First of all, the application process. As the applicant goes into USAJobs, indeed, what does it take to get their resume through it? And as that application flows through the process, I am looking at each spot that their application touches. I am involving in that discussion not only the hiring managers, to make sure that we have

the right information on USAJobs, but also taking a look at it through our information technology (IT) experts to make sure that, in fact, at each point, that there is not some IT issue that prevents us from getting that information to USA Staffing and then on to hiring managers.

I can assure you that we are looking at it step by step. We are trying to untie all those knots, because I am as concerned as you are that it takes that long.

Senator TESTER. Right. Carol, you have a fairly small agency. What is your hiring timeline?

Ms. POPE. We have been successful in reducing it by using alternative sources to assist our Human Resources office, such as OPM. We do not have a problem with recruitment, given the economy.

Senator TESTER. Right.

Ms. POPE. If we post for an attorney entry-level job, we get hundreds of applicants nationwide.

Senator TESTER. Yes.

Ms. POPE. But, we have looked to reduce the amount of time it takes to bring someone on board, and we have been successful on that where we have the smaller H.R. office—

Senator TESTER. Yes.

Ms. POPE. And we have made it a priority, initially, when we had a lot of vacancies, to staff up H.R. first, because we realized that was a linkage to bringing on a talented, diverse workforce.

Senator TESTER. So, you have reduced it by how much?

Ms. POPE. We were not hiring—

Senator TESTER. Right.

Ms. POPE [continuing]. So we do not have a good track record with how long it took us to hire, because for a long time, we were not filling vacancies. But, we are now successful with respect to 4 to 6 weeks, depending on the job.

Senator TESTER. Jeri, do you want to talk about NASA?

Ms. BUCHHOLZ. We have been working really hard to streamline our hiring process using information technology and systems. We have an issue of abundant workload when we put out a vacancy announcement.

Senator TESTER. Right.

Ms. BUCHHOLZ. NASA is ranked No. 1 in a study by Universum as the ideal employer for engineers, outscoring Apple and Google and all other high-tech employers. So, when we put out a vacancy announcement, lots and lots and lots of people apply. So, one of the things that we are having to manage is very large workload volume, and so we use our systems to do that. We have brought our average hiring time to about 90 days, but certain occupations take much longer. For example, astronauts take a much longer period.

Senator TESTER. Got you. I got you on that, and they probably should. [Laughter.]

Paige, do you want to talk about the civilian workforce at DOD.

Ms. HINKLE-BOWLES. Yes, sir. Our DOD-wide average time to hire is about 74 days across the entirety of DOD. We do that by using direct hire authorities, Schedule A hiring authorities, other special authorities that we have to reach particular occupations. As I mentioned earlier, we also do very robust veteran hiring. In our

last 6 months of hiring, 53 percent of our new hires were veterans—

Senator TESTER. That is good.

Ms. HINKLE-BOWLES [continuing]. So, that is a great talent pool to pull from.

Senator TESTER. Well, I would hope we would work to make it as lean and mean as possible to get it down. Senator Heitkamp.

#### **OPENING STATEMENT OF SENATOR HEITKAMP**

Senator HEITKAMP. Thanks so much, Senator Tester.

I am just going to read off a list of agencies here: Social Security (SSA), Department of Interior (DOI), DOD Civilian Defense, Federal Law Enforcement, Tribal Social Workers, Bureau of Indian Affairs (BIA), Farm Service Agency (FSA), Forest Service. All of these people call me and complain. Because they do not get paid enough to live in my State.

It has been enormously frustrating. You could read any number of reports, from listening to statements that Williston, North Dakota, has a higher rent schedule than New York City. But yet you all have been slow to respond. Well, obviously, NASA is not present in North Dakota and you do not have a presence, but I think the Federal Government has been incredibly slow, and the consequences of that has been really threefold.

No. 1, people leave, and when people leave, it costs you money and time to recruit. It costs you money to train. And, a lot of times, you cannot replace that worker. And I will tell you, I have Farm Service Agencies in North Dakota that have had vacancies for not just months, but almost years, and we have a new farm bill we need to implement. No people. And I know that a lot of these agencies have contacted both, Paige, your organization, and, Katherine, yours, begging to get some attention to this problem, because we cannot continue to not serve the public.

Now, I would tell you, ironically, some of the biggest complainers about not having a workforce out there are the industries that you serve, whether it is an oil field company that needs a permit to do something, or whether it, in fact, is a contractor who needs to be able to hire people to operate on the air base.

And so this is not make believe in North Dakota. This is real. And the civilian workforce, not just in Minot, but also in Grand Forks, as you know very well, Katherine, has huge problems in recruitment and retention in North Dakota.

So, the inability of us to respond to the needs of the Federal workforce has, in fact, stymied development, and I will give you an example. Not getting people at the Bureau of Land Management (BLM), not getting people at BIA, has meant that rigs have moved off the reservation, where people clearly could use those resources. They have moved off the reservation and they are going someplace else where they do not need to deal with a Federal agency.

I do not think we can fix this problem today, but I think it is critically important that you guys start paying attention to what is happening in North Dakota to the Federal workforce, because this is not make believe. I think Senator Tester would join me as we look at building out Federal law enforcement to meet the needs.

The corner of his State in Northeast Montana is affected exactly the same way.

I would like a commitment today that we are actually going to have a very real discussion about this and come up with solutions on how we can secure a Federal workforce for my State, so—

Ms. ARCHULETA. Senator, I would welcome the opportunity to sit down and talk to you about this further, because I think we are approaching this since I came to OPM in several different ways. Most particularly, we are working with our hiring managers to make sure that they understand what authorities they have to hire. In several cases—

Senator HEITKAMP. Can we just for a moment, though, Katherine, talk about retention of the workforce you have—

Ms. ARCHULETA. Sure.

Senator HEITKAMP [continuing]. Because, it is 6 months, 7 months to hire someone to do child protection work on the reservation, is not my idea of where I want to go. I want to retain the worker that I have who has already done that work. And so, what are we going to do to deal with an adjustment somehow in pay or in supplement on housing that will retain the workers that we have?

Ms. ARCHULETA. In the—

Senator HEITKAMP. And then we can talk about retention—or recruitment.

Ms. ARCHULETA. I understand. Thank you, Senator. Again, I would reiterate my desire to work with you very closely on each of these cases.

There are pay authorities that allow us to do retention incentives. And, again, I want to be sure that, as we work with each of these agencies, that the managers really understand what authorities they have available to them. And what I have found—not always the case, but in some cases, we have been able to assist with not new authorities, but new information so that the managers understand that they have these retention incentives especially in geographic regions where it is hard to recruit and retain employees, we especially want to work with these agencies to help ensure that they can not only recruit, but retain the employees.

Senator HEITKAMP. Great.

Ms. ARCHULETA. So, I would very much like to have that opportunity to sit with you and talk.

Senator HEITKAMP. I am running out of time, but Paige, twice, I think, your agency has denied adjustments to the civilian workforce on the Minot Air Force Base. Can you explain why you would do that in light of our challenges, especially in Minot, where we had a flood that wiped out a lot of affordable housing, where housing costs are astronomical?

Ms. HINKLE-BOWLES. Yes, ma'am. We have worked with the Department of the Air Force specifically with Minot Air Force Base on some of their requests for different salary rates. The data that we have, that our staff has analyzed, had shown that we did not see the significant recruitment and retention challenges you described. But, I will offer to take that back and certainly have a more deliberate discussion with you or your staff on that. We do

in the Department have capabilities for establishing special salary rates and also to use the recruitment and retention incentives.

Senator HEITKAMP. And to Katherine's point, they tried to get approval to make the adjustments and twice you said there really are not problems out there. Now, I can tell you, there are problems recruiting engineers onto the Air Force Base. This is, for very many of the people I talk to in the civilian workforce, they are very discouraged, because what happens when you do not recognize their current living conditions is that they do not feel valued. They do not feel understood and they do not feel valued, and let me tell you, a guy who can do heating, ventilating, and air conditioning (HVAC) work, he can walk with his feet right off your facility and never come back and never look back, and good luck hiring a new one. Good luck hiring an engineer. Good luck hiring an electrician or a plumber. These are essential to fulfilling the mission of the Grand Forks and Minot, in particular, Air Force Bases.

I just feel like I have to plead their case here, because this is not make believe. This is true and we see it every day. And you cannot see stories that tell you that the rental rates in these communities are higher than New York City and then not think that we have a problem and we do not need to address it.

Senator TESTER. Senator Portman.

Senator PORTMAN. Thanks, Mr. Chairman.

First, to Ms. Buchholz on NASA Glenn in particular. Looking at NASA's overall numbers, 52 percent of workers are over the age of 50. Sixty percent of NASA Glenn's workers are over the age of 50. And I know this is not a unique problem to NASA, as we talked about earlier, but what are you doing to address this issue? Do you think the aging workforce is a threat to the long-term health of the research and development (R&D) program at NASA, and NASA Glenn specifically, and can you explain why it is happening and what steps are you taking to ensure that this incredible wealth of knowledge is not lost.

Ms. BUCHHOLZ. So, one of the interesting things about NASA employees is that they have one of the longest lengths of service in the entire Federal Government, almost 19 years, on average. And what we find is, although people are eligible to retire, they do not often retire as soon as they can walk out the door.

So, a really interesting data point comes from the Employee Viewpoint Survey, which actually asks employees about intent to retire. And what we find is that about 13 percent of the NASA workforce has indicated they intend to retire in the next 5 years, which is a much lower number than the people who will actually be eligible to retire.

We have very robust early career hiring programs and our intention is to go out, hire people early in their careers to come in and have the opportunity to learn from the more experienced individuals before they decide to depart the workforce.

With 13 percent of the workforce intending to retire over a 5-year period and our very low quit rate, our current recruitment and staffing policies and procedures are sufficient to meet that level of turnover.

Senator PORTMAN. But, if folks are not leaving and you need to replace a lot of people over the next, it sounds like, 20 years, and

you want to hire people as they are getting into their career rather than mid-career or late-career, you obviously have a problem with the limited budget that you have. And, I am not suggesting there is any easy answer to that, but one is to try to keep the very best people and provide more incentives for them to stay.

I talked in my opening statement about identifying and rewarding success and performance, and some of you talked about that today. In this new normal we have, with the budget pressures, I think innovative human resources practices generally are going to be necessary to keep employees committed to their mission, and you noted in your testimony that NASA's key to successful management is rewarding innovative performance by moving past traditional monetary recognition. You pointed out, "There is no greater incentive to innovation than to have one's creativity recognized and incorporated into the mission, no greater pride than being able to describe one's contributions to the public." Can you provide additional detail about some of these non-conventional or even non-monetary methods you use to reward some of your top employees?

Ms. BUCHHOLZ. Over the past year, we have worked to develop a new set of honorary awards that recognize innovative contributions to the agency. The first is called an Innovation Champion, which is someone who is championing innovation in the workforce and recognizing those efforts to spread innovation to a broader range of people.

The second is an award we call Fail Fast, Learn Smart, meaning that what we are looking for are people who have projects that did not necessarily succeed on the first go around that learned something really important about that failure and then they were able to apply that to the next test, the next version of their project, so really encouraging people to take smart risks and learn from their experiences and apply them going forward into their future.

And then simpler things, as well. We are developing an Innovation Coin that we are making available to all supervisors so that they can do on-the-spot recognition of innovation when it occurs in the workplace.

Senator PORTMAN. Do you think some of what you are talking about could be replicated in the Federal workforce as a whole?

Ms. BUCHHOLZ. I think that Federal Government employees very much appreciate being recognized, no matter what form it takes, and what you need to do is find those things that really resonate with your workforce, with the occupations and the work that you have in your workforce and the contribution that they make to serve the American people every day.

Senator PORTMAN. Thank you. My time is up. I do have some questions for you, Ms. Hinkle-Bowles, regarding Wright-Patterson that we will get to, hopefully, after the next round.

Senator TESTER. Paige talked about the fact that your agency leads in veterans' hires, and I applaud you for that. Did any other of the agencies have specific things that they do to encourage veterans not only to apply, but that you give them preference in hiring? Jeri, I will start with you.

Ms. BUCHHOLZ. Veterans, five-point veterans and ten-point veterans, all have preference in the hiring process.

Senator TESTER. Right.

Ms. BUCHHOLZ. One of the things that we have done is when we go out to college campuses, most college campuses now, especially in engineering programs, have Veterans Program Coordinators at the college.

Senator TESTER. Yes.

Ms. BUCHHOLZ. And so we are reaching directly out to the Veterans Program Coordinators at the colleges and universities, looking for those individuals who have always wanted to work for NASA, who drew a picture of a Space Shuttle when they were 8 years old, and we are finding that there are large numbers of veterans on campuses pursuing undergraduate and graduate degrees in engineering and science that make a really good match for our agency.

Senator TESTER. Good. Carol, is FLRA doing anything to encourage veterans to apply?

Ms. POPE. We have not had any additional initiatives, but certainly in our technical areas, our technical jobs, we found that employees—veterans who have learned skills through the military have been particularly attracted to us with respect to our technology jobs.

Senator TESTER. Katherine, is there anything Federal Governmentwide that we are doing to encourage veterans to apply to jobs that are available across the government?

Ms. ARCHULETA. Yes, Senator. I am pleased to report that we have just reengaged the Veterans Employment Council, chaired by Secretary Shinseki and Secretary Perez, and through that, we have targeted two important initiatives as well as our ongoing commitment to hiring veterans, and those are in the areas of increasing the number of women veterans, in particular—to fill some of the needed areas within the agencies. In addition, we are looking at retention of veterans as a priority within that Council.

Senator TESTER. OK. Thank you very much.

I want to dovetail onto what Senator Portman was talking about, about the number of folks that are going to be retiring from the workforce, I think potentially a third of them by 2017. I do not know if your agency is falling that high or not, maybe higher, actually. But, are there steps that your agencies are taking—I am going to start with you, Paige—to cultivate and to be able to bring on board the next generation of workers, particularly in the more highly skilled management positions?

Ms. HINKLE-BOWLES. Yes, sir. Thank you for that question. As mentioned earlier, we do have 13 percent of our population now eligible and we anticipate another third within the next 5 years. So, we are taking those steps toward making sure that we are renewing the workforce.

We have a series of programs that we use when we reach out to the colleges and universities, similar to the other agencies. We certainly use the Pathways Program to hire interns and recent college graduates. While our numbers are not as high as we would have liked them to be because of our latest restrictions in hiring, we now have about 5,000 students on the rolls. We focus on science, technology, engineering and mathematics (STEM) hiring. We have scholarship programs for students that are in those types of occupations. We also do have a program where we hire individuals at

the universities as student Ambassadors to the individual employees, or, excuse me, to the students that are there to try to encourage them to apply for positions with the Department of Defense.

Senator TESTER. How many campuses are you on?

Ms. HINKLE-BOWLES. Sir, right now, we are targeting four campuses.

Senator TESTER. OK. There are a couple in Montana that we could probably utilize you on.

Jeri, is there anything that NASA is doing?

Ms. BUCHHOLZ. I think one of the things that we are doing that would be very helpful to other Federal agencies is we have student employment floors, a minimum number of full time equivalent (FTE) that must be occupied by students. There are about 250 FTE per year, which can be as many as 800 students, and each center has an allocation and they are not permitted to go below that number. So, we have a really robust pipeline of early career people, both undergraduate and graduate level, coming into the agency.

Senator TESTER. Good. Carol.

Ms. POPE. In the 5-years since I have been Chairman, we have lost probably 40 percent of our workforce to retirement. Our average age is 48, and we expect nearly 25 percent to retire—or are eligible to retire now. What we have done to address that is we focus training and development resources on building leaders within. We have primarily focused, because of our limited resources, on hiring at the entry level. But with the workforce in place, we have looked to develop future leaders. We have used cross-component training, developmental details. Our entry-level supervisory jobs, by and large, are filled internally, and we have been very successful in providing support for first-level supervisors, and that has been a real retention boost for us.

Senator TESTER. OK. Good. Senator Heitkamp.

Senator HEITKAMP. Just a couple more questions, and it goes to this issue of recruitment and young people and the aging out of the workforce. A lot of large institutions are going through exactly this same problem today, and so, obviously, there is a difference between the Baby Boomers you see up here and the new workforce.

My question to you, Katherine, is, give me the two top reasons why you think a young person would want to work for the Federal Government, and I will use that broadly, and the two reasons why they would not.

Ms. ARCHULETA. I think the two reasons I have heard—

Senator HEITKAMP. That is kind of the point I wanted to make. We really do not know, do we?

Ms. ARCHULETA. Well, I can speak from the conversations I have had.

Senator HEITKAMP. But, we have never done surveys. We have never done kind of scientific analysis which would tell us, these are the things that the millennials or the X-Generation or whatever it is—

Ms. ARCHULETA. That is—

Senator HEITKAMP [continuing]. Whatever category we are going to put them in—these are the reasons why they find this system good or bad.

Ms. ARCHULETA. Not to my knowledge.

Senator HEITKAMP. And that is kind of a problem, I think. I am not saying we need to adapt the Federal workforce for the new kind of generational personality, but we may, in order to meet the needs going forward. You can still answer the question. I just want to make the point that you and I could speculate on what that is, but we would not really know.

Ms. ARCHULETA. Well, based on the conversations that I have had and I travel a lot around the country talking to university students—the first one is public service. And the second one, frankly, is the diversity of opportunities within the Federal Government. Obviously, if an IT or a STEM student chooses to go into Google, they are pretty much in that one particular area. What I talk about and what they talk about is the vast variety of opportunities that government offers.

Senator HEITKAMP. OK. Well, what would be the reasons why they would not want to work for the government?

Ms. ARCHULETA. I think, especially at the early years and especially in the STEM areas, pay is an important consideration.

Senator HEITKAMP. OK. What about status? Do you think that Federal workers have taken a beating and—

Ms. ARCHULETA. I have never heard that as a reason why they would not consider.

Senator HEITKAMP. I want to just get to one point which has obviously been in the news and creates a concern for the American public, which is the Internal Revenue Service (IRS) bonuses. Take a look at kind of those incentive payments and how do you respond to someone who says, “See, once again, management of a Federal workforce, we let people get bonuses who owe the Federal Government money?”

Ms. ARCHULETA. I think that is a particular interest, and I would never try to paint the whole picture—

Senator HEITKAMP. Sure.

Ms. ARCHULETA [continuing]. With the small paintbrush that perhaps this would indicate. I think this is an important issue. It is one that I am concerned about, and I understand your concern. I think that as we do performance assessments, that we need to be sure that they are based on the quality of work and the quantity of work individuals are providing in the workforce. These are issues, I think, that OPM is very concerned about and we are looking at very carefully in terms of conduct and the role conduct plays in certainly this issue of performance awards.

Senator HEITKAMP. Yes. I guess, not to put too fine point on it, but you can understand that this is the kind of publicity that does not work very well for the Federal workforce.

Ms. ARCHULETA. I agree.

Senator HEITKAMP. And, no one here wants to say the whole system of rewards is not good. I mean, I think that there just has to be a hyper-vigilance to any kind of bonus situation when you are looking at a workforce that is as diverse as the Federal Government.

And one final question, and that really is on security clearances, and I know that this has been a point of discussion at this table in the past, but, obviously, there is another place where I think we could get some further follow-on discussion with you about how we

can improve that system, speed up security clearances. Maybe make those a bit more transparent in terms of how we decide we are going to give security clearances to Federal employees and contractors.

Ms. ARCHULETA. Yes, Senator. As you know, the President's 120-Day Plan has begun its implementation and I am working very closely with the Director of National Intelligence (DNI) on these issues.

Senator HEITKAMP. And when will we have a sense of how well that plan is working?

Ms. ARCHULETA. The Director is charged, as the security executive agent, to review the number of clearances that are being issued and I believe he is working on that right now.

Senator HEITKAMP. Thank you.

Senator TESTER. Senator Portman.

Senator PORTMAN. Thank you, Mr. Chairman.

Ms. Hinkle-Bowles, I want to talk to you about the STEM workforce, also. We heard from NASA. You also have a lot of scientific and research expertise, and you need to attract more and retain what you have. Wright-Patterson Air Force Base is in Ohio, as I am sure you know. That is the home of AFIT, among other things. The Air Force Institute of Technology (AFIT) is basically your graduate school for the Air Force. However, it is also the Air Force Research Lab, which is critical not just to the Air Force, but also incredible military and private sector research.

I think it is fair to say—and I touched on this earlier—the most important element that they have is not infrastructure, as important as that is, but just attracting and retaining the right talent. In particular, it is important to be able to compete with the private sector and get incredible individuals willing to work on things like cybersecurity, engineering innovations, and other sciences.

In the 2004 DOD Authorization Act that was just signed into law in December, there was a provision that required your boss, the Under Secretary of Defense for Personnel and Readiness, to submit a briefing to Congress within 90 days, which would have been due at the end of March. The challenges to the management of the scientific and technical workforce of the Department and make recommendations for possible actions to improve such management. We have not seen anything, and this Subcommittee, of course, is very interested in that report. Can you tell us the status of this briefing to Congress and share with us any of your preliminary findings?

Ms. HINKLE-BOWLES. Sir, we do have the presentation right now drafted and we are ready to come up on the Hill to provide that presentation to your staff. We have been working closely with the right functional communities on those provisions and we are working on issuing the Federal Register notices that will launch some of those provisions early this summer.

Senator PORTMAN. While we await the details of it, I would like to get your thoughts on some of the management of the workforce. Again, we are eager to get that report. We think it is a high priority, which is why we asked for it within 90 days. But, what is the Department of Defense doing to attract and retain top sci-

entists right now within the workforce? What are some of the things that you are already doing?

Ms. HINKLE-BOWLES. Sir, thank you for the question. I will talk a little bit at the global level, or at the DOD level. I mentioned earlier that we do have a Strategic Workforce Plan in process. It covers 93 percent of our workforce. And that is then broken up into 22 different functional communities. So, at the Office of the Secretary of Defense (OSD) level, we have executives that are responsible for individual functions, to include scientists and engineers. We have engineering non-construction. We have IT. And those individual functional communities evaluate what are the skills they need today and in the future, what gaps do they have, and they build independent strategies for recruitment and retention that will address those particular occupations.

Senator PORTMAN. Do you think the hiring process is too slow and cumbersome, per the Chairman's earlier questions?

Ms. HINKLE-BOWLES. I think we have opportunities there for improvement. We are always working to streamline where we can. But, as several of my colleagues have mentioned, I do think we have made tremendous strides in the last few years.

Senator PORTMAN. When you include benefits, do you think you have competitive pay packages?

Ms. HINKLE-BOWLES. I am sorry, sir?

Senator PORTMAN. Do you think you have competitive pay packages for your STEM workforce?

Ms. HINKLE-BOWLES. Yes, sir. I think the Federal Government, as a whole, does have a competitive benefits package.

Senator PORTMAN. Let me ask you about a particular, authority with which I became involved when I was on the Armed Services Committee. In fact, I was the Ranking Member of the Subcommittee there. I talked to the Department of Defense acquisition and technology folks, including a couple of your colleagues, Mr. Kendall and Mr. Lemnios. At that time, we were reviewing an extension of what is called "direct hire". They said that they needed more flexibility, and that this authority was critically important. Mr. Kendall stated, "anything that gives us flexibility to bring talent to the workforce is good".

As you know, at that time there was a sunset provision on direct hire. In that year's DOD authorization bill, we were able to get that authority extended. We removed the sunset provision, making it permanent. I wonder if you could talk about that. Have you been using direct hire authority over the past 2 years? Has it been an effective tool to get talent in the door and, again, to be able to compete effectively with some of the private sector opportunities?

Ms. HINKLE-BOWLES. Yes, sir, we do use all of those available authorities, specifically direct hire. We also do have an expedited hiring authority for acquisition, and then we have a Schedule A hiring authority specific to cyber occupations. And so, all of those combined, we find to be effective.

And then, as I had mentioned earlier, we do have tremendous amounts of talent in the military, that as those individuals separate from the service, we can reach back into that talent pool using all the different veterans' hiring authorities available to us.

Senator PORTMAN. Does your current direct hire authority give you what you need to go around the requirements of the bureaucracy and hire somebody quickly when appropriate?

Ms. HINKLE-BOWLES. Sir, I believe that we do, but if I can take that for the record, I will get more information back to you.

Senator PORTMAN. Yes. We would like to hear from you on that.

My time is up. I appreciate the hard work that all four of you are doing to attract and retain good people. I think Ms. Archuleta and I have a little difference of opinion on this notion of doing more with less. I will just tell you that we are going to be under pressure. As much as you might like to think the Federal workforce is going to get more funds out of the budget, I do not see us making the progress we should be making on the other two-thirds of the budget. Within 10 years, 75 percent or more of the budget that is on auto-pilot that is not part of the Federal workforce but rather is on the mandatory side, and that puts a lot of pressure, even if we did not have these enormous deficits and historic level of debt. We need to figure out how to be smarter, more innovative, and attractive the best and brightest. We need to be as productive as possible.

Thank you, Mr. Chairman. Thank you all.

Senator TESTER. Well, thank you, Senator Portman. We definitely do have challenges ahead of us. Working together, I think both parties and agencies—we can come to a conclusion that will work for everybody.

There will be an opportunity for questions for the record. I actually am going to have some questions for you, Katherine, on the security workforce and security clearances with the use of the situation where the oversight is for the contractors and what role the Federal employees are going to play in that, because that is a huge issue.

Somebody said in their opening remarks, and I do not remember which one of you, that one of the opportunities we have in a hearing like this is to be able to listen to other folks on the panel and learn from them. I hope everybody did do that, because I think everybody brings some things to the table that other agencies can utilize, especially when it comes to recruitment, morale, and retention.

So, I want to thank you all for the time that you spent here today, and like I said, there will be an opportunity for additional questions, not only from us but for the folks who did not come to this Committee hearing, so thank you all very much.

We are going to go to our second panel, which includes stakeholders from the Federal employee and public service communities. I will let you get set up here and then I will introduce the second panel of witnesses.

[Pause.]

Our second panel of witnesses includes stakeholders from the Federal employee and public service communities.

J. David Cox is the National President for the American Federation of Government Employees (AFGE). AFGE is the largest Federal employee union, representing 650,000 government workers. Before joining the leadership at AFGE, David was a registered

nurse and served for over 20 years at the VA. Thank you for your service there, David, and we want to welcome you here today.

We have Colleen Kelley, who is the National President for the National Treasury Employees Union (NTEU). The NTEU is the Nation's largest independent Federal sector union, representing 150,000 employees. I should note that Colleen has distinguished herself as a leader in the ongoing fight to curb waste and abuse in government contracting, a fight worth fighting. Thank you, Colleen, and welcome.

We have Carol Bonosaro, who is the President of the Senior Executives Association (SEA). SEA is a nonprofit professional organization that advocates for the interests of both active and retired career Federal executives. Carol's long history of Federal service spans from her start as an intern at the Bureau of Budget to the senior leadership positions at the U.S. Commission on Civil Rights. It is good to see you again, Carol. Welcome.

And last is Max Stier, who is President and Chief Executive Officer (CEO) of the Partnership for Public Service. The Partnership actively promotes public service, provides assistance to Federal agencies to improve their operations and leadership capacity, and advocates for legislative and regulatory reforms. They also generate valuable research on the workforce challenges that face the Federal Government. Welcome, Max. We look forward to hearing your testimony.

As with the previous panel, we are going to have an oath, if you would please stand and either answer in the affirmative or the negative, whichever you would prefer.

Do you swear the testimony you will give before this Subcommittee will be the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. COX. I do.

Ms. KELLEY. I do.

Ms. BONOSARO. I do.

Mr. STIER. I do.

Senator TESTER. Let the record reflect that all the witnesses answered in the affirmative.

As with the previous panel, you will each have 5 minutes for oral statements. As I said with the first panel, please summarize your statements as much as possible so we can stick to the 5-minute clock so that we have time for questions. Your complete written testimony will be a part of the record.

David, please proceed and get us started.

**TESTIMONY OF J. DAVID COX SR.,<sup>1</sup> NATIONAL PRESIDENT,  
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES**

Mr. COX. Mr. Chairman and Members of the Committee, thank you very much for the opportunity to testify today.

Starting with the 3-year pay freeze initiated by President Obama, which first took effect in 2010, these years have been relentlessly and unjustifiably harsh toward Federal employees and their families. Federal workers hired in 2013 are forced to pay an extra 2.3 percent of salary to their pensions because their salaries

<sup>1</sup>The prepared statement of Mr. Cox appears in the Appendix on page 64.

were used to pay for the 2012 extension of unemployment insurance. And those hired starting last year must pay an extra 3.6 percent of their salary because of the Bipartisan Budget Act of 2013. They are paying more not because the system was underfunded, but because their salaries are a convenient automated teller machine (ATM) for budget agreements.

Let me try to put that sacrifice in concrete terms, Mr. Chairman. Right now, the Montana VA Hospital in Fort Harrison is hiring a dental assistant at about \$32,000 a year. That new employee will pay more than \$1,100 more than someone in the exact same job and hospital hired in 2012 or before. How these employees will ever be able to participate in the Thrift Savings Plan (TSP) is beyond me.

The phony argument for forcing increased retirement contributions is that doing so brings us in line with the private sector. But, according to the Bureau of Labor Statistics (BLS), 96 percent of private sector defined benefit plans do not charge employees one red cent, a horrible policy based on false assumptions. Mr. Chairman, if this policy is not modified or repealed, it will impoverish an entire generation of Federal employees.

Meanwhile, the salary gap continues to grow worse. Each year, OPM calculates gaps between Federal and private sector salaries on a city by city, job by job basis, using BLS data. In spite of an ongoing campaign to discredit their findings by various right-wing think tanks, the data still tells a consistent story. They show Federal salaries are an average of 35 percent lower.

If the purpose of the pay freeze was to extend the pain of the recession to an aircraft mechanic at Malmstrom Air Force Base, or a Border Patrol Agent at Havre Sector, or a claims representative in the Missoula Social Security office, then it was a rousing success, sir.

Between the pay freeze, temporary layoffs from sequestration, and the shutdown, we heard from our members who fell behind on the rent, were about to have their cars repossessed, or were not able to pay for day care. Worse were the calls from those in danger of losing their jobs because falling behind on bills threatened their security clearances.

Last fall's 16-day government shutdown, or lockout, as I choose to refer to it was, was the financial last straw for many workers. While everyone eventually got back pay after it was over, the delay in getting their paychecks had lasting consequences for many workers. These are real people who suffered real harm, not pawns on a political chess board. It is not right, and we all know it.

So, how could morale in Federal employees be anything but extremely low under these circumstances? Well, the American people are extremely lucky, because Federal employees are devoted and a resilient bunch of people. They are sick and tired of being a political punching bag and an ATM, but they love their country, they love their jobs, and they are profoundly dedicated to the agencies and their missions that they serve.

Austerity budgets make it all but impossible for Federal workers to keep up productivity and carry out the missions of the agencies. Whether it is Border Patrol Agents without enough staff to keep drug smugglers out of the country, or the United States Depart-

ment of Agriculture (USDA's) plans to speed up the line at chicken processing plants so Federal inspectors cannot guarantee food safety, or VA physicians with patient loads of 2,000 instead of the best practices of a standard of 1,200, sequestrations and cost cutting reduces productivity and service.

Mr. Chairman, my written statement addresses many other issues, but in closing, let me thank you for your strong support for the Federal workforce, and I would be happy to take any questions.

Senator TESTER. Thanks, David, and you did a good job of hitting on the key Montana sectors. [Laughter.]

Colleen, you are up next.

**TESTIMONY OF COLLEEN M. KELLEY,<sup>1</sup> NATIONAL PRESIDENT,  
NATIONAL TREASURY EMPLOYEES UNION**

Ms. KELLEY. Chairman Tester, thank you very much for inviting me to testify today.

Wherever I go, my members talk to me about how difficult it has become to accomplish the tasks that are required of them. The No. 1 problem is that there are not enough employees to do the work that needs to be done. Employees leave and no one is hired to replace them.

Although the recently passed Bipartisan Budget Act changed the amounts of 2014 and 2015 funding, cuts will still be needed in the years of 2016 to 2021 due to the sequester funding levels in place under the Budget Control Act. Unless the sequester is ended, it is going to have a crushing impact on jobs and on economic growth and it will cripple the ability of the government to deliver services to the American public.

As you noted in your opening statement, sequestration has made it much more difficult for the Federal workforce to do its job and to complete its missions. If Congress wants an efficient and effective government, and I say "if," then it needs to end the sequester and to provide resources for adequate personnel and training.

Due primarily to the sequester funding levels, the IRS today has 10,000 fewer workers than it had just 4 years ago. The work has not decreased. If anything, it has increased. The IRS's ability to continue helping taxpayers to meet their obligations and to generate revenue to fund the government has been severely challenged due to the funding reductions and the cuts mandated by sequestration. This forced the IRS to furlough its employees without pay last year and to not backfill vacancies. According to the IRS, the sequester cuts have resulted in the inability of millions of taxpayers to get answers from the IRS call centers and Taxpayer Assistance Centers and has significantly delayed IRS's responses to taxpayer letters.

The IRS is not an exception, unfortunately. The loss of personnel throughout the government and the inability of agencies to fill positions due to lack of funds severely affects not only the mission of the agencies, but the morale of the civil service. Under the sequester funding levels, Customs and Border Protection (CBP) is facing severe challenges in accomplishing its vital missions of helping to secure our Nation's borders and facilitating vital trade. Under-

<sup>1</sup>The prepared statement of Ms. Kelley appears in the Appendix on page 76.

staffed ports lead to long delays in our commercial lanes as cargo waits to enter U.S. Commerce. The cumulative loss in output due to border delays over the next 10 years is estimated to be \$86 billion.

In addition to cuts to agency funding, Federal employees have seen their compensation diminish by \$138 billion over the last few years in the name of deficit reduction. They endured the 3-year pay freeze, pay reductions due to unpaid furloughs, and new hires have seen increases in their pension contributions. Now, despite that disproportionate burden, the 2015 budget that was passed by the House of Representatives calls for an additional \$125 billion more in cuts to Federal employees.

Over the last 3 years, legislation has been introduced which sought to significantly decrease the benefits of Federal retirement systems. Discussions leading up to passage of the Bipartisan Budget Act included similar proposals. These kinds of assaults contribute to the low morale of the Federal workforce.

Today, new Federal employees hired must contribute 15.05 percent of their salary right off the top for the Federal Employees Retirement System (FERS), Social Security, TSP, and Medicare—15.05 percent. That is too much, and the recent increases in employee contributions for the modest pension that is offered under FERS must be reversed.

We have heard that President Obama has recommended a 1-percent pay raise for 2015. NTEU believes that number is insufficient. We have recommended to Congress that a 3.3 percent pay raise should be passed. This would be a small catch-up for a group of employees being asked to do a lot more with a lot less.

Last October 1, when the government shutdown—and we have had some conversations here today about that—in those 16 days, the OMB report noted the impact on the cost of the shutdown, talking about patients who could not enroll in clinical trials at the National Institutes of Health (NIH), almost \$4 billion in tax refunds that were delayed, health and safety inspections canceled, and travel and tourism disrupted at National Parks, all hurting the local economies. For Federal employees, the shutdown was just another indication that Congress does not place importance on the work that they do. It is estimated that the lost productivity of the furloughed Federal employees cost our country over \$2 billion in those 16 days.

The people who I represent all believe that we should have the most efficient and effective government possible and they work to achieve that every day. They want to work in an environment that respects them and that gives them the tools they need to do their work and that encourages them to do things in new and more productive ways. NTEU is asking for your support, and we know, Chairman Tester, that we can count on your support. We would look to that support from all of Congress to create this environment for Federal employees.

Thank you again for the opportunity, and I welcome any questions you have.

Senator TESTER. Thank you, Colleen. You brought up a lot of good issues. Sequestration, it does need to end. It is a hammer being held over our heads. Carol Bonosaro.

**TESTIMONY OF CAROL A. BONOSARO,<sup>1</sup> PRESIDENT, SENIOR  
EXECUTIVES ASSOCIATION**

Ms. BONOSARO. Thank you, Chairman Tester, for the opportunity to testify today. As you know, the Senior Executive Association represents the nearly 7,000 career members of the Senior Executive Service. Many of the challenges facing the SES are the same as those of the Federal workforce as a whole: Budget cuts, fallout from pay freezes, furloughs, and the government shutdown and sagging morale. But, some issues are unique to the SES due to their position in government and their separate personnel and pay-for-performance systems, and I will focus on those today.

If you ask senior executives about the state of the SES workforce, which we recently did, the responses highlight problems that require immediate attention. They said, "There is not a company in the world that would institute pay freezes, deny or limit performance bonuses, continually criticize senior executives, politicize mistakes by agencies and blow them all out of proportion, and at the same time expect us to work long hours, recruit top talent, and continue to be positive about the future of government."

Another said, "My best colleagues are retiring in disgust and the best GS-15s do not see a reason to go into the SES. Morale is excellent with regard to carrying out our mission, but the under-appreciation and outright disdain demonstrated regarding our contributions is a significant drain on morale."

Regarding the SES performance system, "It is untimely, burdensome, and did not recognize great performance. My agency will lose nearly 20 percent of our scientific and professional core in 1 year to retirement and resignations. It started with furloughs, and the pay and performance issues put it over the top."

These comments paint a picture of a demoralized executive core. Indeed, 51 percent of our members reported morale as low or very low. With SES retirement up 40 percent since 2009 and fewer GS-15s aspiring to the SES, recruitment and retention should be among the top priorities of Congress and the Administration.

A strong SES is critical to effective agency operations and workforce management. Senior executives are highly qualified professionals who oversee sizable agency budgets and complex programs and have a large span of control.

Senior executives who have earned the Presidential Distinguished Rank Award for Outstanding Contributions include managing a DOD global information grid, a network which extends into 90 countries, assuring its infrastructure under all conditions and providing all the way to the foxhole service, expanding information support by over 90 times that of Desert Storm I; developing the after-hours tele-nurse triage program, which provides clinical telephone care services to seven networks of hospitals in multiple time zones; establishing Medicare Fraud Strike Force operations, leading to 1,200 defendants charged for falsely billing Medicare over \$3.5 billion.

Many of the challenges of the career executive core, as well as areas of needed reform, are outlined in my testimony, but one issue deserves particular attention, the pay and performance system cre-

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<sup>1</sup>The prepared statement of Ms. Bonosaro appears in the Appendix on page 83.

ated in 2004. All SES pay adjustments are discretionary and based on performance. Annual performance ratings are based on standards which focus on measurable results, and high performers are considered for performance awards. But unlike GS employees, they do not receive locality pay or cost-of-living increases, and nearly one-quarter of the SES make equal to or less than their General Schedule subordinates.

As any senior executive will tell you, it is not about the pay. If it were, they would be working in the private sector. But coupled with the other challenges facing the SES and the workforce as a whole, it does serve as a major detractor to recruitment, retention, and high morale.

We would be pleased to work with the Subcommittee to implement meaningful reforms, including ending downward pressure on performance awards, strengthening the timeliness and transparency of the system, and putting stability back by restoring locality pay and providing annual increases based on GS increases to those executives rated “fully successful” or higher.

Despite the challenges in the SES system, executives are strongly committed to serving the taxpayer and meeting agency mission. We must restore respect and support for the men and women in the SES and equivalent positions who give so much of themselves for the government and the American people and who ask only to be treated fairly.

Senator TESTER. Thank you very much, Carol. We appreciate your testimony.

Max, you are up.

**TESTIMONY OF MAX STIER,<sup>1</sup> PRESIDENT AND CHIEF  
EXECUTIVE OFFICER, PARTNERSHIP FOR PUBLIC SERVICE**

Mr. STIER. Thank you, Chairman. It is Public Service Recognition Week. Thank you for sponsoring the resolution here in the Senate. This is, again, a great hearing that you are holding.

One of the things I want to start with is just to say that today we honored 33 amazing Federal employees that are doing exceptional work for the American public that need to be recognized, and if I could submit that for the record,<sup>2</sup> that would be terrific.

Senator TESTER. So done.

Mr. STIER. Outside of the great people that you have in the Federal workforce, frankly, the system is not giving them what they need. The system is failing them. In my testimony, I want to do two things quickly. The first is to look at the Federal Employee Viewpoint Survey, data and see what is really wrong and then make five suggestions about things that could happen right now that would make a difference.

I am going to look at five questions from the survey and give you the governmentwide average, and then I am going to look at the lowest-rated agency in the government and the highest, because that differential and what it shows is really important, which is that great leadership can make a huge difference but bad leadership can make a big difference, too.

<sup>1</sup>The prepared statement of Mr. Stier appears in the Appendix on page 92.

<sup>2</sup>Information submitted by Mr. Stier appears in the Appendix on page 102.

On leadership itself, 38.5 percent of Federal employees governmentwide believe that their leaders generate high levels of motivation and commitment. Basically, only a third of them. That number is 73.5 percent at the Surface Transportation Board and only 8.6 percent at the Economic Development Administration at Commerce, which is a huge discrepancy.

On having the right talent, 38.8 percent of Federal employees governmentwide say their work unit is able to recruit people with the right skills. Again, just basically a third. That goes to 78.7 percent at the Stennis Space Center at NASA, the top-ranked subcomponent in government, and is 13.5 percent at the Office of Solid Waste and Emergency Response at the Environmental Protection Agency (EPA). Another huge discrepancy.

On performance management, 43.4 percent of Federal employees governmentwide say they are rewarded for doing good work, very low relative to the private sector. That number is almost 80 percent at the Surface Transportation Board, and only 23.9 percent at the Office of Post-Secondary Education.

Twenty-nine-point-four percent of Federal employees governmentwide believe that promotions in their work unit are based on merit, fewer than 3 out of 10, which is a pretty shocking number. It is almost 75 percent at PTO and 12 percent at U.S. Army Central.

Very importantly, will the results of the survey be used to improve your workplace? Do employees believe agencies are actually doing anything with their views? Only a third of Federal employees say yes governmentwide. Again, that is close to three-quarters at Stennis and only 10 percent at the Office of U.S. Trade Representative. We should have Senator Portman here to hear that one.

This sends a clear message that our workforce is saying that the system they are operating in is not working. But, you do see extraordinary leadership beating the odds and poor leadership doing a lot worse. I think there is a lot to be learned across government.

In general, the system we have is broken. We put out a report that I hope you will take a look at recommending that we overhaul the way we hire people, the way we pay them, and the way we manage them. The Senate spent 12 days in 1978, the last time that there was a substantial overhaul of the civil service system, looking at these issues in public hearings—12 days and seven markups in the Senate alone. I think that this issue really requires that kind of attention.

But before you get there, there are five things that could be done in the here and now that would make a big difference. We have heard about direct hire. What is the standard for direct hire today? You have to show that there is a shortage of minimally-qualified talent in order to be able to qualify for direct hire authority rather than what it should be, which is a shortage of highly qualified talent. That should be the standard for the people we want in government. That change would make a big difference. That is No. 1.

No. 2, we should allow agencies to share their certification lists. For example, if we are looking for cyber talent, which we need across government, if one agency, say, the Department of Homeland Security (DHS), finds 10 amazing cyber professionals and only wants to hire five of them, the Department of Defense cannot hire

the remaining five off the DHS list. The Defense Department will have to go back into the marketplace and go through the whole process again. We are not treating the government like an enterprise. It is foolish. This is an easy change that would make a big difference.

No. 3, we need to update the Federal Employee Viewpoint Survey. We should require that OPM do it annually and the data turned around as quickly as possible so agencies receive the information and can act on it. We also need data by occupation. We should be able to look at the job satisfaction cyber professionals at every agency and compare them across all government. We do not have that ability right now.

No. 4, we should be holding leaders accountable in their performance plans for taking steps to improve employee satisfaction. We need to learn from other agencies. The Department of Transportation (DOT) did that to great effect. That requirement should apply to both career and political leadership.

Finally, we believe that for the Senior Executive Service, and this is something that I would love to have the conversation with Carol about, we should be supporting more mobility in the SES. Only 8 percent of the SES members change agencies once they join the SES. We should be encouraging more mobility, and we argue that there should be a requirement that before you can get into the SES, you must have worked in multiple agencies, multiple levels of the government, or multiple sectors, so you really have that broad view about what is possible to achieve to have the success that we need.

So, thank you very much for your time and I look forward to answering questions.

Senator TESTER. Well, thank you for your testimony, Max, and thank you all for your testimony.

I will just keep going with you. You do not need to repeat yourself, but you listed five things that could be done, Max, to help the hiring process. This may be a better question for my staff than you, but I will ask it anyway. Can these things be done administratively?

Mr. STIER. Most things cannot be. There are some things that could be changed administratively, and based on the discrepancies between agencies there is a lot of possibility within the existing framework. But these are mainly legislative hurdles that need to be fixed, and that could be fixed relatively quickly in a targeted fashion.

Senator TESTER. Can you tell me the reason why you would not allow agencies to share the certification list for new employees? Why would that be there?

Mr. STIER. The reason why it exists is a bad one: the Office of Personnel Management used to have full authority to do all hiring governmentwide. It was hiring by exam and there was an enterprise approach. It then delegated its authority to individual agencies. OPM said, Department of Defense, you can go ahead and assess talent and make your own hiring decisions.

But the interpretation of the law meant that you could not delegate the authority to hire for Department of Homeland Security to the Department of Defense, and therefore, you could not share cer-

tifications lists. I do not know if that interpretation is the right interpretation. That is the interpretation of the law. But there is no good reason for that barrier.

Senator TESTER. Got you.

Mr. STIER. It is a product of historical accident. It could be changed by Congress and would make a real difference.

Senator TESTER. It does not make a lot of sense to me.

Mr. STIER. Yes.

Senator TESTER. I will start at the other end of the table with you, David. The previous panel talked about how long it took to hire folks. This does not go into a lot of the points that you brought up, but I am just curious, from your perspective, and I will go down the line and ask you all. I mean, you have heard anything from 45 to 90 days. I did not hear anything longer, although they said the higher-level stuff could take longer, too. Is that an appropriate amount of time, especially when you are comparing it with the private sector? I mean, are you guys OK with that or not?

Mr. COX. I think speeding up the hiring process is always in everyone's interest. Now, where I would have concerns, it is the Federal Government. We want to make sure that people are hired through an appropriate process, that we do not create the cronyisms—

Senator TESTER. That is right.

Mr. COX [continuing]. And those type things and politicize the Federal workforce. So, AFGE is always interested in trying to decrease the hiring time, but, Senator, I have to point out again, until we give Federal employees a raise, it is going to get more and more difficult to hire them and the wait is going to be longer.

Senator TESTER. I got you. That is good.

Colleen, would you like to address the time? By the way, I appreciate both comments. The comment on politicizing the jobs is something that does set the Federal Government a little different than the private sector. Go ahead.

Ms. KELLEY. I think if agencies are hiring within a 45-to 90-day timeframe, that would be a huge improvement over the past.

Senator TESTER. Yes.

Ms. KELLEY. I would welcome that.

Senator TESTER. Yes.

Ms. KELLEY. I know there are some agencies, when I talk to employees from the first time they submitted their application to when they were hired, it is a couple of years.

Senator TESTER. Again—

Ms. KELLEY. And that makes me worry that we are losing an awful lot of good candidates.

Senator TESTER. Yes, I agree.

Carol, would you like to address it.

Ms. BONOSARO. Well, I will address it from the perspective of the Senior Executive Service.

Senator TESTER. Yes.

Ms. BONOSARO. I mean, obviously, they are the folks who are concerned about the workforce that they are managing and these long hiring times are of concern. But in terms of SES jobs, in particular, the one thing we do know is that agencies have expressed concern from time to time about Qualifications Review Boards

(QRBs), which we think are essential. They do not take that much time. What we do know about the process is that the delays occur at the agency level, and very often as those higher-level positions, those hires up the line for approval, and that is where the delay is. And so we have that particular issue as well as the concern, and I think it is very real, about agencies being inundated with an enormous number of applications and just having the person power and the processes to sort through those effectively.

Senator TESTER. Good, Carol.

Max, do you want to—

Mr. STIER. I think we are focused on the wrong thing.

Senator TESTER. OK.

Mr. STIER. We should be focused on quality of hire, not time to hire. Time to hire may chase away some talent, but at the end of the day, the Federal Government has a real challenge in identifying what the right attributes are to make sure they are getting the right person. Carol's point about the volume of applications is one of the challenges that agencies face.

They are also not using the smart techniques that other organizations do. For example, Senator Portman raised the point that only 7 percent of the Federal workforce—is under the age of 30, compared to 23 percent in the general workforce. The Federal Government does not use student interns like most organizations do. They convert 6 percent of student interns into full-time employees rather than a benchmark of about 50 to 75 percent that you would see in other organizations that are doing this well. That means government is missing out on one of the best ways of determining good quality. You get a chance to work with somebody, you have an opportunity to see if they are right for the job in a way that no other screening mechanism is going to tell you.

I think the attention is focused on time to hire because it is something people can count. But the quality of hire is much more important, and we should be focusing more on that.

Senator TESTER. OK. Thank you. Senator Begich.

Senator BEGICH. Thank you, Mr. Chairman. Thank you very much for the opportunity.

It is interesting. I was just going to make a comment, Max. We have in my office, and I am sure Senator Tester, also, but in my office, we use interns and we are probably 25, 30 percent hire out of the intern pool.

Mr. STIER. Yes.

Senator BEGICH. I mean, we just see a high value, and they are all very young, let us just say. [Laughter.]

But, we are very happy and they are a great talent and they are coming with great experiences as interns. But, I think we are about 25 percent, 30—

Mr. STIER. Six percent in the Federal Government.

Senator BEGICH. Yes. That is a problem.

Let me also ask a general question, and then I want to ask a very specific question on windfall elimination provision issues that deal with—I know it is kind of a pocket issue, but it is one that I know impacts, and I am going to ask Colleen and others who may want to respond on that.

But the first, one area that I think we can improve on, and tell me if I am wrong on this, it seems like when we lose talent, or talent is retiring, getting ready to retire, we have to wait for them to retire. Then we work to fill the position. And then we hire them back as consultants to train the person we just hired to fill their position.

What we did when I was mayor, I do not know what the term is here, but we called it double-filling. So, basically, you would have the same Personnel Control Number (PCN), a position. The person would occupy it. We would double-fill it, which would be an economic issue, but we would double-fill it, and the purpose of that would be then that this person who is retiring has an opportunity to train someone in that same position, so then when we move that person into retirement, we have a smoother segue.

Do you think that is a value or could be a value in the Federal Government? It seems like we always have these gaps and we are hiring everybody back as consultants to train or fill the gap while we are trying to find the people to fill the position. Do you think this double-hiring may be helpful? I see, like Air Traffic Controllers, I think in these positions that you do not really want a lot of gaps or you are going to have some other situations. Does anyone want to respond to that? Max.

Mr. STIER. There is actually authority that was recently passed for what is called phased retirement.

Senator BEGICH. Right.

Mr. STIER. That enabled people to, move out of the workplace in a more planned, thoughtful way and they are supposed to mentor new talent coming in.

Senator BEGICH. Are they using it?

Mr. STIER. No.

Senator BEGICH. OK. So, it has passed but they are not using it. Got it. So, I am sorry, Carol.

Ms. BONOSARO. No, I think you raise generally a concern we have with regard to certainly succession planning, given the increased retirements of senior executives, their high eligibility to retire, and the importance not just of succession planning, but for onboarding of those who do come into those positions, especially in the first probationary year. No matter what training they have had, they are going to face issues and problems that they had not anticipated. So, the mentoring and the coaching that should be available during that year is very important. Though, overall, our biggest concern, frankly, is the next generation—

Senator BEGICH. Right.

Ms. BONOSARO [continuing]. And whether people of quality, really high-quality candidates, as Max has suggested, are going to want these jobs, because there are so many detractors right now.

Senator BEGICH. Thank you. Very good. Let me—go ahead.

Ms. KELLEY. I think the idea of double-encumbering to train is a smart one from a just common sense perspective and a textbook perspective. The agencies where I represent employees do not have the money to backfill the vacancies they have—

Senator BEGICH. That is the issue.

Ms. KELLEY [continuing]. Much less double-encumber. Now, many of them have occupations where there are multiple employ-

ees in the occupation. There is no reason they could not fill the vacant position and then use the employees who are here to train.

Senator BEGICH. Got it.

Ms. KELLEY. And, I would also say, to implement this phased retirement. I mean, we are waiting for the final regulations from OPM, but all the things I am hearing from agencies is there is going to be a great reluctance to implement this, and that would be a tragedy. We worked for 5 years to get this passed because it was smart for the agencies and good for the workforce.

Senator BEGICH. Right.

Ms. KELLEY. So, I am hoping that it will be implemented as intended, but right now, I am not seeing those signs.

Senator BEGICH. OK. Let me—

Mr. COX. Senator, I think one of the best example I know are the claims examiners in the VA. If you hired one today, it takes 2 years from today before that person is able to function at a journeyman level. There is no pre-training that you can do. It has to be all on-the-job training. VA, as both of you well know, has been underfunded, not able to continue to add more claims examiners, knowing that 30, 40 percent of their current workforce could disappear within the next 5 years and that it would take 2 years to bring those people up to speed.

So, I think trying to get work-arounds in Congress where agencies can double-encumber those jobs, realizing that you are going to have to be able to do that on-the-job training. You can hire a physician or a nurse at the VA tomorrow, bring them in, give them orientation. They can function in a short period of time. But, there are many jobs, like claims examiners there, Social Security, Department of Labor, where it is all on-the-job training, and that is going to be a serious situation that is already a crisis.

Senator BEGICH. Thank you. Mr. Chairman, could I just take a few, just to—

Senator TESTER. Yes.

Senator BEGICH. My next issue, and this is on the windfall, I know, Colleen, you have worked on this. You have testified in other issues as to the windfall elimination provision, which, as you know, deprives working people their kind of fair share of Social Security they have earned, not that is given to them. They have earned it. I have sponsored a bipartisan bill, S. 896, to kind of solve this problem.

When you look at this issue—it is amazing to me, every time I bring this up to people, they do not see it, I mean, the fact that many employees are impacted by it. Folks work for the government. The government did not pay in Social Security, but yet then they go and work a second job. Maybe it is part-time, maybe it is full-time or a second career. They pay into Social Security. They pay like everyone else. They get their 40 units of credit.

Then, when they get to time to retire, they find out, well, that is great, except now so you have this other retirement and we are going to deduct against your Social Security, which is amazing to me, that people—but yet I could have three private sector job retirements and I do not get any deduction against my Social Security. But, because you worked for the government—some, not all, as you know—you get penalized. It makes no sense to me.

Can you just—first off—anyone can respond to this, but I want to tap Colleen, because I know you have talked about this before—but give me a sense from your union. I am assuming you support this type of legislation—

Ms. KELLEY. Absolutely.

Senator BEGICH [continuing]. To fix this once and for all.

Ms. KELLEY. Yes, and we are very grateful you have introduced this legislation, Senator. It has been a long time that this has penalized Federal employees, and—

Senator BEGICH. And State employees.

Ms. KELLEY. Yes—

Senator BEGICH. In my case, teachers are getting penalized left and right.

Ms. KELLEY. And it is very real money. It is not \$10 and \$20. I mean, for some in the formula, they can lose their entire Social Security benefit—

Senator BEGICH. Right.

Ms. KELLEY [continuing]. And it could impact them in the \$800, \$900 a month range, which really affects just their ability to live.

Senator BEGICH. And this is Social Security—make sure I am saying this right—that they have paid into, got their credits like everyone else—

Ms. KELLEY. Yes.

Senator BEGICH. They expected a certain amount of money, and they get penalized, really, because they had two jobs.

Ms. KELLEY. Yes.

Senator BEGICH. And, because that one job did not pay into Social Security but they had a different kind of retirement system, they get penalized. Am I saying that right?

Ms. KELLEY. Yes, and that is the windfall—

Senator BEGICH. I know this is what it means.

Ms. KELLEY. No, you are right. You got it.

Senator BEGICH. I am just leading it because it is so logic—I mean, it just does not make any sense.

Ms. KELLEY. I knew you had it right when I saw your proposed legislation— [Laughter.]

Which we vehemently support, yes.

Senator BEGICH. Well, I do not know if anyone else—

Ms. KELLEY. Thank you.

Senator BEGICH. No, thank you. I do not know if anyone else—my assumption is, when people learn about this, it also is a problem for people who say, gee, I have worked maybe a Social Security job. Now they look at the Federal Government and say, I would like to work there, but how is this going to affect my retirement, because maybe they are in their mid-40s, 50, and they have gotten their 40 credits of Social Security, but then they go over here and they realize, you mean I am going to get deducted here? They have to put that into their calculation, right, when they are looking at job opportunities for the Federal Government.

Ms. KELLEY. Yes.

Senator BEGICH. Does anyone else want to quickly respond to that? I mean, I just find it so outrageous. Part of my view is, give them their money back, then, with interest, if you are going to take it away from them after they earned it.

Mr. COX. You know that AFGE strongly supports this, sir.

Senator BEGICH. I know, yes.

Mr. COX. Strongly supports it.

Senator BEGICH. Thank you.

Mr. Chairman, I appreciate you giving me a little discussion on that. It is why I introduced the bill and why it has good bipartisan support. But, it is just amazing to me that hard-working folks, because they did two jobs, three jobs, I mean, teachers in my State, same situation. They get penalized. And a lot of teachers, as you know, a former member of the school board, you know what it means that you need a summer job. They are doing something and getting another income stream, because maybe that teacher's salary is not doing enough for their large family or their growing family, and it is mind-boggling to me. But, thank you very much for your comments.

Ms. KELLEY. Thank you.

Senator BEGICH. Thanks for all of you being here. Mr. Chairman, thanks for holding this hearing.

Senator TESTER. Senator Begich, I appreciate you offering that bill, too. I think it is one of those—not little, if you are impacted—big things that sends just the wrong message to the folks about their worth to, whether you are talking teachers, to our kids, or whether it is some other area.

I want to talk about a Postal reform piece of legislation that came out that I know that you folks have spent some time reviewing. It recently passed out of Committee with some changes to the Federal Employees Compensation Act (FECA). The provision would count Workers' Compensation for all Federal employees, not just Postal workers, and I have expressed my concerns about cutting disability benefits at retirement age across the Federal workforce.

Those of you that want to comment on that, I think there are studies out that show that it would disproportionately hurt the low-wage earners that are in the Federal workforce. Could you highlight the potential impact of that cut that is in that Postal legislation, if you might, those of you that feel comfortable in addressing it, and what the long-term impacts—and short-term impacts could be.

Mr. COX. Senator, having worked in the VA many years, I saw nursing assistants get severe back injuries that they lost their entire quality of life. These are GS-5 employees. By helping veterans, they were injured through no fault of their own.

Senator TESTER. Right.

Mr. COX. And, to cut those benefits for someone who has been injured on the job, that is just not right, sir.

Senator TESTER. OK.

Mr. COX. It is not right. And, I agree with you. I think it would affect a lot of lower-grade employees. Yes, maybe a physician could do some form of work if they had some type of back injury, but a nursing assistant is going to have to lift patients all day long.

Senator TESTER. Right.

Mr. COX. So, it is not one of those things that—some jobs, you just cannot do forever.

Senator TESTER. OK. Would anybody else like to comment on that?

Let me talk—I did not get into contracting much with Ms. Archuleta and the last panel, but it is an area that I have got some concerns about. I would like to get your guys' perspective. Maybe my concerns are real, maybe they are not. I think my perspective is there is a place for it, but I think at this point in time, it is being overused and it has affected some of the jobs that have to be done with less accountability. And, quite frankly, a lot of these are government functions that need to happen.

Could you guys talk about contracting versus the Federal workforce and where we are, from your perspective, overall, if we are contracting out too much or if the balance is right. Go ahead, David.

Mr. COX. Senator, I believe the Congress passed in-sourcing legislation several years ago.

Senator TESTER. Yes.

Mr. COX. I have met with OMB on several occasions, asking for their guidance to in-source work and as of yet have not been able to get that guidance.

Senator TESTER. OK.

Mr. COX. Agencies tell us they are looking for guidance to in-source work. I met yesterday at the Department of Labor with the new Secretary there. They in-sourced work just a couple years ago that saved the government over \$5 million, and it was just bringing in work of 126 employees saved the Federal Government over \$5 million, and the Secretary made a strong commitment to continue to look and to do an inventory of the work that had been contracted out, and I have the statistics. He has over \$2 billion in service contracts. He appreciated me bringing that to his attention and made a commitment. But, I think you get the better bang for the buck when you have Federal employees doing it.

Senator TESTER. Would anybody else like to comment on contracting versus Federal employees? Colleen, Carol, or Max. Max, go ahead.

Mr. STIER. There is no question that there are a lot of things that are being contracted out that should not be, and my view is that one of the strong reasons for this is that the system we have is making suboptimal choices the right thing for people to do.

Let me give you an example. We talked about the hiring process. When the hiring process is broken and it is difficult for people to get the right talent inside agencies, it creates a big incentive to look outside government where you can contract for that service and not have to go through the crazy hiring process.

Senator TESTER. Got you.

Mr. STIER. I believe that a lot of poor choices are being made because of the system failures that we have. In essence, we need to change that system and by doing that, we will have a more cost-effective government, more work will be done inside government, and smarter choices will be made.

Senator TESTER. Yes. All right. Go ahead.

Ms. KELLEY. Last summer, during the sequestration, I found it highly offensive that agencies were paying contractors while they were also serving unpaid furlough notices to front-line employees who do the work of our country every day. Now, what I also saw was agencies started looking closer at their contracts that were out

there, because, for the most part, they were trying to minimize the number of unpaid furlough days. But, they took a look at things I think they should have looked at 3, 4, and 5 years ago.

Senator TESTER. Yes.

Ms. KELLEY. So, I think that has to continue now, that scrub of that list or whatever they want to call it. But, I do not think that the balance is right yet. I think there is still a lot of work out there that should be done by front-line employees. And, as importantly, in these years with very tight budgets, I think that money should be looked at to be spent on front-line employees who are doing the mission work of the agency.

Senator TESTER. Good. Carol.

Ms. BONOSARO. I would like to add to that. I think that one of the things that would help a great deal, but I do not expect to see it in my lifetime, is the ability to manage the budget and stop counting heads and full-time equivalents. That is what also helps drive contracting.

The other issue, I think, that we have never really entirely resolved, unless I have missed it, is the issue of what is inherently governmental. A number of years ago, we had an OMB Director who famously announced at one of our conferences that if you could find it in the Yellow Pages, the government should not be doing it. And I said, well, there are lots of attorneys in the Yellow Pages, too, but we have never really addressed that question head-on, either.

Senator TESTER. Yes.

Ms. BONOSARO. So, I think all of this comes together in a way that results in probably a lot more contracting than might otherwise be the case.

Senator TESTER. Yes. I would agree. I think it is an issue that we need to address as a Congress, quite frankly, because, from my perspective, I think they may be doing a great job in many cases, but the whole thing with uses and the lack of accountability, if that did not get your attention, nothing will.

I just want to thank you guys for your testimony and your straightforwardness in answering the questions. We have covered a fair amount of ground today. It is clear that we have some work to do. Whether it is to recruit, to build, or retain a skilled and highly capable Federal workforce, we have our hands full.

As I said earlier, if we seek an effective and efficient government, we need to ensure that Federal workers are able to make a living at their jobs and we need to ensure they have the opportunity to grow and feel valued. I think this hearing offers some ways we could do that. I look forward to working with not only the Ranking Member, but any of our colleagues on this Subcommittee or the Committee as a whole on these issues.

The hearing record is going to remain open for 15 days for any additional comments or questions.

Once again, I very much appreciate both the first panel, but you guys, since you are here, taking time out of your busy schedule to be here and give us your input. I look forward to working with you all to move the Federal workforce issue.

And, finally, I will just say this. I have two jobs in this world. I am a U.S. Senator from Montana, but I also farm, and whether

we like to call ourselves truly independent people in agriculture or not, we depend a lot on Farm Service Agency employees to make sure that we get the information so we can make informed decisions. David brought up the Border Patrol. We talked about VA. You can go down the list, Postal employees, just go down the list. Every day, something is touched—our lives are touched by a Federal employee. And if that Federal employee feels valued, I can tell you, just as in my job, if I feel valued, you are going to do a much better job.

Thank you all for being here, and this Committee hearing is adjourned.

[Whereupon, at 4:46 p.m., the Subcommittee was adjourned.]



# APPENDIX



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

STATEMENT OF  
THE HONORABLE KATHERINE ARCHULETA  
DIRECTOR  
U.S. OFFICE OF PERSONNEL MANAGEMENT

before the

SUBCOMMITTEE ON THE EFFICIENCY AND EFFECTIVENESS OF FEDERAL  
PROGRAMS AND THE FEDERAL WORKFORCE  
COMMITTEE ON HOMELAND SECURITY & GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE

on

"A More Efficient and Effective Government: Cultivating the Federal Workforce"

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May 6, 2014

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Chairman Tester, Ranking Member Portman, and Members of the Subcommittee:

Thank you for allowing me the opportunity to appear before you today to discuss the state of the Federal workforce. This week, we celebrate Public Service Recognition Week to recognize the service of Federal, as well as State and local, government employees. Those who have answered the call of public service, and especially those who have given their lives, deserve our gratitude for their contributions to the Nation. Circumstances such as the three year pay freeze, sequestration, the October 2013 government shutdown, and reductions in budgets, which have led to reductions in employee investment, have presented serious challenges to our Federal workforce. One of my top priorities as the Director of the Office of Personnel Management (OPM) is the enhancement of employee satisfaction and engagement. In fact, in our Strategic Plan for Fiscal Years 2014-2018, the goal for OPM is to provide leadership in helping agencies

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**Statement of The Honorable Katherine Archuleta  
U.S. Office of Personnel Management**

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**May 6, 2014**

create inclusive work environments where a diverse Federal workforce is fully engaged and energized to put forth its best effort, achieve their agency's mission, and remain committed to public service. As Director of OPM, I am working closely with the Chief Human Capital Officers Council (CHCO Council), the Office of Management and Budget, the National Council on Federal Labor-Management Relations, and agency leaders to address employee satisfaction and engagement.

**The Federal Employee Viewpoint Survey**

One tool measuring employee satisfaction and engagement is the Federal Employee Viewpoint Survey (FEVS). OPM has administered the FEVS, previously called the Federal Human Capital Survey, since 2002. The FEVS provides a snapshot of Federal employees' perceptions of whether, and to what extent, conditions that characterize successful organizations are present in their agencies. The survey is designed to provide agencies with valuable information on employee satisfaction, commitment, engagement, and ultimately retention needed for driving change within an organization. The FEVS is a self-administered confidential web-based survey of full- and part-time, permanent, non-seasonal employees across the Federal Government.

The FEVS is comprised of four Human Capital Assessment and Accountability Framework indices, including the Leadership & Knowledge Management Index, Results-Oriented Performance Culture Index, Talent Management Index, and Job Satisfaction Index. The indices were created to guide agencies in building high-performing organizations by providing consistent metrics for measuring progress toward Human Capital Assessment and Accountability Framework objectives. In addition, the FEVS includes an Employee Engagement Index and a Global Satisfaction Index. The Employee Engagement Index is comprised of three subfactors,

**Statement of The Honorable Katherine Archuleta  
U.S. Office of Personnel Management**

---  
**May 6, 2014**

including Leaders Lead (employees' perceptions of the integrity of leadership), Supervisors (interpersonal relationship between worker and supervisor, including trust), and Intrinsic Work Experience (employees' feelings of motivation and competency relating to their role in the workplace). The Global Satisfaction Index is a combination of employees' satisfaction considering everything with their job, pay, organization, and their willingness to recommend their organization as a good place to work.

In 2013, OPM surveyed approximately 780,000 employees from 81 agencies and over 376,000 employees responded, resulting in a 48 percent response rate. The 2013 FEVS government-wide results revealed that over 80 percent of the Federal employees who responded like the work they do, understand how their work relates to their agency's goals and priorities, and rate the overall quality of the work done by their work unit as high. However, all four of the Human Capital Assessment and Accountability Framework indices decreased for a third straight year. There were also decreases in all three subfactors of the Employee Engagement Index and all four items that comprise the Global Satisfaction Index. The item with the largest decrease was pay satisfaction (which decreased from 59 percent in 2012 to 54 percent in 2013) followed by employees recommending their organization as a good place to work (which decreased from 67 percent in 2012 to 63 percent in 2013).

OPM is committed to working with agencies to provide the tools needed to improve employee satisfaction and engagement. To assist in this partnership, each individual agency's leadership can use data from the FEVS to make improvements within their own organization. To assist agencies, OPM developed an online tool with over 13,000 agency subcomponents available which is a significant improvement from when this Administration began when approximately

**Statement of The Honorable Katherine Archuleta  
U.S. Office of Personnel Management**

---  
**May 6, 2014**

1,500 organizational breakouts were available in 2010. OPM has provided this data for agencies to use in order to better understand their FEVS results. In addition, OPM provides agencies with a detailed management report to assist with interpreting their agency-specific FEVS results. The detailed management report identifies strengths and challenges and includes a section that identifies where agencies can focus planning efforts based on survey results. Also, OPM, in partnership with the Department of Veteran Affairs, developed an Inclusion Quotient, called "the New IQ," using twenty questions from the FEVS. The New IQ assists agency leadership with measuring inclusion in order to assist managers and supervisors in practicing behaviors that foster inclusion. With all of this information, agency leadership can work to develop a more engaged and inclusive workforce. Finally, we are establishing a workgroup on the topic of employee engagement, which will identify best practices, obstacles to engagement, and processes that drive improvement.

**The President's Management Agenda – People and Culture**

The President's Management Agenda will also facilitate a more effective and efficient government that is supportive of economic growth. The President has encouraged agencies to re-evaluate traditional ways of doing business and to explore fresh ideas and approaches, including from the private sector, to deliver better, faster, and smarter services and businesses. The President believes, and I agree, that the best way to deliver success in the Management Agenda's areas of focus is to engage with not only agency leadership but also with employees and union representatives. We want to tackle the path forward together.

One of the four pillars of the Management Agenda is "People and Culture." Given OPM's work to make the Federal Government America's model employer for the 21st century, as well as our

**Statement of The Honorable Katherine Archuleta  
U.S. Office of Personnel Management**

---  
May 6, 2014

experience in championing the Federal workforce, OPM plays a pivotal role driving this piece of the Management Agenda forward. OPM believes that an engaged, inclusive, and diverse Federal workforce is critical to the Federal Government's success, and we look forward to working with the President to invest in our current and future Federal employees.

The "People and Culture" pillar of the Management Agenda is comprised of three sub-goals. These sub-goals are: (1) helping agencies create a culture of excellence and engagement that enables the highest possible performance from employees; (2) assisting agencies in building a strong, world-class Federal management team, beginning with the Senior Executive Service (SES); and (3) helping agencies to draw from all segments of society in order to ensure that they hire the best talent.

**Creating a Culture of Excellence and Engagement to Enable Higher Performance**

In seeking to create a culture of excellence and engagement to enable higher performance, three initiatives have been identified as positive courses of action. The three initiatives include GovConnect, GovU, and the development of data visualization tools. GovConnect is designed to help all agencies test and scale talent exchange programs. These programs, which a small number of agencies have already developed, enable employees to find project-based rotational assignments and enable managers to reach into a broader talent pool to fill critical skills needs. GovConnect creates a more mobile and agile workforce through communities of practice that can share ideas and solutions with each other through online networking.

For the second initiative, OPM is working on an enterprise approach to learning and development resource exchange called "GovU." GovU is modeled after OPM's Human

**Statement of The Honorable Katherine Archuleta  
U.S. Office of Personnel Management**

---  
**May 6, 2014**

Resources University (HRU). HRU has, at its core, a collaborative model for the sharing of training and development resources across the Federal Government. OPM hopes to continue in this model with GovU by enabling agencies to share training and development resources to meet common needs. Examples include onboarding, mandatory training, and skills training for occupations like HR that span the entire Federal enterprise. To facilitate this, OPM is collaborating with the CHCO Council and the Chief Learning Officers Council to create an operational project plan for sharing additional developmental resources where appropriate. Training and development resources are critical tools in employee growth, and OPM is reviewing these resources to ensure they are consistently excellent and easily accessible government-wide. For example, OPM recently announced a government-wide agreement with the University of Maryland's University College, which now provides discounted tuition for all Federal employees and their legal dependents who are not already eligible for discounted in-state tuition. Further, through increased training and development comes greater accountability from and higher performance expectations for Federal employees. As capabilities and credibility are enhanced, efforts are needed to incorporate continuous improvement in the educational opportunities and tools available to Federal employees.

The third initiative includes the development of a data driven approach to enhancing management in the form of a dashboard. The goal behind the dashboard is to drive improvements to engagement and government operations. Training and development are important to improving employee engagement, and the dashboard will enable agencies' leadership to quickly see and analyze their engagement metrics, including the Engagement Index

**Statement of The Honorable Katherine Archuleta  
U.S. Office of Personnel Management**

---  
**May 6, 2014**

from the FEVS. The dashboard will also allow agencies to collaboratively build on their strengths and to address their challenges.

**Building a World-Class Federal Management Team**

The Management Agenda's commitment to a first-class Federal workforce includes strong investments in civil service leadership. To that end, OPM is working with agencies to strengthen the SES-wide leadership and engagement training curriculum. This includes an emphasis on leveraging diversity, as well as the changing needs of the 21st century workforce. Additionally, by linking and coordinating cross-agency leadership initiatives, OPM will work government-wide to continue to expand management development opportunities for SES members and candidates.

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

Finally, at a time when agencies are dealing with smaller budgets, fewer hiring decisions, and less experienced human resources expertise, it becomes more critical than ever that agencies find the best talent possible. OPM is committed to working with agencies individually or through existing forums such as the CHCO Council, the Pathways Advisory Council, and others, to reduce skills gaps, foster diversity in Federal employment, and improve organizational outcomes. We hope to develop enhancements that will offer improvements to the Federal hiring process. For example, we hope to develop improvements to hiring and retention practices that will help agencies foster a highly effective workforce drawn from all segments of society. OPM will collaborate with Federal stakeholders to improve hiring outcomes in the short term by identifying and addressing "knots" within an agency process or to determine whether an OPM policy can be accomplished in a way that would help "untie that knot." In the short term, we will

**Statement of The Honorable Katherine Archuleta  
U.S. Office of Personnel Management**

---  
**May 6, 2014**

develop a variety of tools that would include additional guidance, an enhanced Hiring Tool Kit, or best practices guides. In the long-term, OPM may use demonstration projects, ask the Administration to adopt legislative changes, or revise its regulations to improve the Government's ability to ensure that its hiring processes attract and retain America's top talent.

**Conclusion**

Despite all the challenges, there is cause for optimism. Survey results show that Federal employees continue to be committed to serving the American people. Over 90 percent of respondents reported that the work they do is important; Federal employees report that they constantly look for ways to better do their jobs; and Federal employees report a willingness to put in the extra effort to get the job done. Employees are also happy with workplace flexibilities such as telework, leave, and alternative work schedules that help them be more productive by balancing their work and family needs. Harnessing this enthusiasm to encourage employee satisfaction and engagement is a top priority at OPM, and we know that an engaged workforce is a more productive workforce. I want to thank you for this opportunity to testify today, and I am happy to address any questions you may have.

United States Senate Committee on Homeland Security and Governmental Affairs  
Subcommittee on the Efficiency and Effectiveness of  
Federal Programs and the Federal Workforce  
A More Efficient and Effective Government: Cultivating the Federal Workforce  
May 6, 2014

Opening Statement of Carol Waller Pope  
Chairman, Federal Labor Relations Authority

Good afternoon. I want to thank the Committee and, in particular, Senators Tester and Portman, for conducting this hearing on a subject that is near and dear to my heart – attracting, engaging, and retaining a first-class, diverse workforce for the Federal Government.

I have been in public service as a part of the Federal workforce my entire professional career – starting as a career employee and later as a Presidential appointee. From 2009 until the end of 2012 and then again beginning last November, I have served as the Chairman of the Federal Labor Relations Authority. When I began working as a staff attorney at the Department of Labor, Office of the Solicitor in 1979, the idea of being the FLRA's Chairman wasn't even a dream. Serving as Chairman is an honor beyond measure. And I believe that my story speaks to employee engagement, succession planning, and a commitment to mission performance.

Before addressing our efforts to cultivate the FLRA's internal workforce, I would like to talk about the FLRA's mission. The FLRA exists to promote stable, constructive, labor-management relationships throughout the Federal Government and to resolve disputes in a manner that contributes to an effective and efficient government. That is, our customers are the management and labor components of the Federal workforce. This means that day in and day out, our employees are working to assist other Federal employees – whether management or labor – to accomplish the work of the government in a way that enhances mission performance and, we hope, employee engagement and satisfaction.

While the FLRA's "business" is assisting other Federal agencies and unions regarding workforce issues, I'm here to address our efforts to engage the FLRA's workforce in order to improve our mission performance and our employee satisfaction.

With the collaborative efforts of the FLRA's senior leadership and career employees at all levels, we have achieved nearly unprecedented improvements in employee morale over the last 5 years. To set the stage, in 2008 the FLRA was not only at the bottom of the employee-satisfaction rankings for small agencies, it was *below the bottom*. That's right, in 2008, the Partnership for Public Service excluded the FLRA's scores on the Employee Viewpoint Survey from the small-agency calculations because the FLRA's scores were so low they skewed the ranking of other small agencies. We busted the curve in the wrong direction!

The next time the survey was conducted – 2010 – the FLRA showed a 250 percent improvement in employee satisfaction. I am told the statisticians assumed there was a mistake and triple-checked their calculations. But there was no mistake. The FLRA moved from last place to 20th in the small-agency rankings, with a still-unbeaten 250 percent increase in overall employee satisfaction. Again, the FLRA busted the curve – but this time in the right direction. And 2010 wasn't our only good year. In 2011, we moved to number 7 in overall, small-agency rankings, and to number 8 in both 2012 and 2013.

So what exactly did we do to achieve these increases? The key, I think, is that FLRA employees and leadership undertook sincere, sustained efforts to focus on the core values of transparency and accountability. And we focused on mission accomplishment. These were not pro forma efforts. They were real and substantive. And they began with the recognition that from top to bottom and side to side, FLRA employees are deeply committed to the mission of the agency and the work they perform. FLRA's senior leadership clearly communicated its belief that its employees did important work and did it well. This resonated with employees. It probably contributed to that difficult-to-describe synergy that occurs when employees start to feel valued.

And there were more tangible things. As an example, in 2009, I held the first all-employee, town-hall meeting. The FLRA embraced the ideas of revitalization, reinvention, and reengagement – both as to our customers and our employees. We committed scarce resources to employee training and development in order to enhance mission-related skills and develop future leaders. We started a weekly newsletter for all employees. We made the FLRA's budget and case statistics available to all employees and began to discuss with employees how we might improve our performance. We began to fill key positions where possible. We celebrated Employee Recognition Week. And we celebrated cultural diversity through homegrown celebrations of Black History, Hispanic Heritage, and Women's History. We also we celebrated our incremental improvements in mission performance. In combination, I believe that these efforts may explain our increases in employee satisfaction. And, in my opinion, these tangible efforts are easily and economically replicable in other agencies.

What did we learn? A lot of things. Stated simply, we learned that successful efforts are multi-year and multi-pronged. Long-term support of and engagement with our employees resulted in improved efficiencies and mission performance. Indeed, given the pace of change, the efforts probably are never-ending.

I began, and would like to finish, with a focus on the FLRA's mission and our main goal, which continues to be improving labor-management relations outside the FLRA. We have improved our mission performance as well as our employee-satisfaction scores. But there is more work to be done. I would like to continue to work with our employees to improve the quality and timeliness of our services. And I would like to develop our technology and our workforce to be nimble and responsive to ever-changing needs. I would like to be able to offer more training and facilitation services both to prevent and

resolve disputes before they deplete resources and sour relationships. I would like the American public to be proud of the FLRA and the services it provides.

In the end, I believe that the most powerful inspiration to our employees in providing exemplary service is seeing the results of their work in improved labor-management relations in the government. And this correlation between improved mission performance and improved employee satisfaction would surely be the same for all agencies.

I would be happy to answer any questions.

HOLD FOR RELEASE  
UNTIL PRESENTED  
BY WITNESS  
May 6, 2014

**Statement of  
Jeri L. Buchholz  
Assistant Administrator for Human Capital Management  
National Aeronautics and Space Administration**

**before the  
Subcommittee on the Efficiency and Effectiveness of Federal Programs  
Homeland Security and Governmental Affairs Committee  
U.S. Senate**

Chairman Tester, Ranking Member Portman, and members of the subcommittee, thank you for the opportunity to testify today on the topic of employee morale and productivity in the Federal workforce.

At NASA, employee morale and productivity begins with a unique and exciting mission. Our orbiting outpost, the International Space Station, is home to a crew of astronauts from America and across the world, who are conducting research and learning how to live and work in space. We have scientists exploring with robotic spacecraft that are probing diverse regions of the solar system and the vast regions of interstellar space. We will soon launch the James Webb Space Telescope, which will allow our astrophysicists to see back in time to the formation of the first stars and galaxies. Our people are developing the aeronautics and space technologies for tomorrow's missions and we are preparing for a challenging mission to capture and redirect an asteroid for human exploration—a stepping-stone to future human exploration of Mars.

NASA is comprised of 35,000 contractors, 18,000 employees, 149 occupations, 50 states, 10 Centers, and one goal-- to reach for new heights and reveal the unknown, for the benefit of humankind.

But like any other large and complex organization, NASA faces management challenges in ensuring that we continue to engage our workforce and create a culture of innovation. Today, I would like to share with you three components of NASA's answer to these challenges.

First, we focus on connecting our people to each other and the mission every day. Connection begins at the top. The NASA Administrator, Charlie Bolden, fundamentally believes that communication is the cornerstone to connection, and he encourages every NASA employee to use his or her voice. He visits employees in their labs and other worksites to hear from them

directly about their work and their work life. And at a more aggregate level, the Administrator personally reviews the results of the Employee Viewpoint Survey, an annual survey administered by the U.S. Office of Personnel Management to Federal employees, down to the Center level -- so he can understand how we are doing as an agency and how we are doing at each major subcomponent.

To make people more connected to each other, we are working hard to make geography inconsequential. We have made great improvements in effective virtual collaboration. We are able to conduct acquisition activities, panel interviews, international presentations, and entire conferences in virtual space. That has become an integral part of NASA culture.

We measure the connectivity of our workforce through an index that we have developed based on the Employee Viewpoint Survey. When we look at survey data, we take a long view. We look at 10-year trend lines and watch for improvement over time. Continuous improvement is far more important to us than an overall score or ranking. And we do this year round, not just in response to this year's survey.

Second, we ensure that first line supervisors appreciate the importance of developing innovative employees. A key to success in all areas of workforce culture is the first line supervisor. These are the people whose day-to-day decisions can take your agency's goals and mission further, keep you where you are, or set you back. We infuse our leadership values into potential leaders early in their careers. We have agency level leadership development programs, as well as leadership development programs at the Center level. These programs have a heavy emphasis on personal effectiveness, relating to others, and self-reflection. Approximately 500 NASA employees have gone through these two leadership development programs.

We measure our success by asking our workforce, using our Building Model Supervisors and Leaders Index that we developed from relevant categories of the Employee Viewpoint Survey. NASA has seen continual overall improvement, 7.9 percentage points, in this index over the last decade.

Third, we recognize and reward innovative performance by moving past traditional monetary recognition. We use every tool that is available to us as a Federal employer to recognize our employees and their achievements, and we ask our employees to tell us what kinds of rewards they find most meaningful. Ultimately, however, there is no greater incentive to innovation than to have one's creativity recognized and incorporated into the mission. And there is no greater pride than being able to describe one's contributions to the public. We encourage our employees to do so through a variety of means, including social media.

We are engaged in a constant search for better ways to work. We model the behaviors that we expect from others. Over the past year, we have worked to reinforce these principles by asking each senior NASA leader to engage in a reverse mentoring relationship—to be mentored by a

junior employee in the agency on a topic of their choice. This was a tremendously successful program that gave the NASA senior leadership the opportunity to walk a mile in another's shoes.

All of these efforts have paid off. The most recent Employee Viewpoint Survey was administered to the Federal workforce just a few short weeks following the issuance of the sequestration guidance. Despite serious challenges to the agency imposed by sequestration, including delays in vital programs, NASA employees were able to stay focused on the mission. Although most Federal agencies' scores on the Best Places to Work index declined, NASA's score increased.

Likewise, during the government shut down, our efforts to improve both the quality and content of workforce communications helped our employees weather the shutdown and return to duty. We had the entire agency shut down by 9:00 AM Eastern Time, including California. Following the shutdown we received several notes from employees thanking us for the quality and timeliness of the communications sent by the agency. Upon return to duty, NASA employees were greeted at the front doors by senior NASA leaders.

In sum, we have a robust NASA strategy to engage our workforce and create a culture of innovation. We do this by connecting our workforce to the mission and to each other, building model supervisors, and recognizing and rewarding innovative performance. We were not satisfied when NASA was rated the best place to work in the federal government in 2012. So not only did NASA get first place again in 2013 – our scores showed that we continued to improve.

Mr. Chairman, thank you for the opportunity to appear before you. I would be please to respond to any questions.

57

**PREPARED STATEMENT OF**

**MS. PAIGE HINKLE-BOWLES**

**DEPUTY ASSISTANT SECRETARY  
CIVILIAN PERSONNEL POLICY  
U.S. DEPARTMENT OF DEFENSE**

**Before the**

**SUBCOMMITTEE ON EFFICIENCY AND EFFECTIVENESS OF FEDERAL  
PROGRAMS AND THE FEDERAL WORKFORCE  
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE**

**on**

**A MORE EFFICIENT AND EFFECTIVE GOVERNMENT: CULTIVATING THE  
FEDERAL WORKFORCE**

**MAY 6, 2014**

Chairman Tester, Ranking Member Portman, and Members of the Subcommittee:

On behalf of the Acting Under Secretary of Defense for Personnel and Readiness, the Honorable Jessica L. Wright, thank you for inviting the Department of Defense (DoD) to appear before this subcommittee. The Department shares the Subcommittee's focus on achieving a more efficient and effective Government, and we are wholly committed to enhancing the readiness, capability, and efficiency of our Total Force to accomplish the Department's mission. We welcome the opportunity to discuss the state of a key component of the Total Force, our valued Federal civilian workforce, and to highlight those initiatives aimed to enhance employee engagement, improve morale, and ensure the effective recruitment, retention, and development of an agile, highly qualified civilian workforce.

***State of the DoD Civilian Workforce***

Our people are a central element of the Department's ability to serve the Nation. Our workforce of over 900,000 civilians is employed in more than 600 occupations, in over 3,000 locations, to include nearly 100 foreign countries and territories around the world. The past few years have been challenging for the Department. However, our civilian employees continue to demonstrate resilience and a staunch commitment to the Department's mission even during these challenging times.

One of the highest profile impacts of sequestration affecting the Department was the administrative furlough of the majority of the civilian workforce. As one means to garner savings to meet sequestration mandates, we applied furlough actions in a consistent and equitable manner, with few exceptions based on unique mission requirements. We also authorized civilian hiring freezes, at DoD Component discretion, during this tough budget period.

The disruptions of the furlough had an immediate negative impact on our civilian workforce, potentially damaging our ability to carry out the Department's mission. Declines in morale and productivity, as well as the loss of critical civilian talent in high demand fields, such as cyber and intelligence, were all exacerbated by the challenging fiscal environment. The hiring freeze also put the Department further at risk of competency gaps and critical skill shortages in key mission critical areas.

The 2013 results of the Office of Personnel Management's (OPM) annual Federal Employee Viewpoint Survey (FEVS) revealed that the morale of the Department's civilian workforce had been declining prior to the implementation of the furloughs. Likely attributable to

continued pay freezes and limited budgets, FEVS responses indicated that our workforce's satisfaction with pay, opportunities for growth and advancement, and the resources available to get the job done, have declined from previous years. However, the Department continues to be strong in the areas of personal commitment to achieving the mission, looking for ways to do the job better, work/life balance and job satisfaction, and cooperation. The survey results also reflected that DoD's Senior Executive Service (SES) member perceptions regarding job and organizational satisfaction are higher than the rest of the Department's workforce.

These FEVS survey results provide the Department's leadership with valuable information about factors that affect the civilian workforce. The Department is committed to addressing workforce concerns, and is constantly assessing programs and policies in an effort to improve employee morale and engagement, achieve efficiencies, and enhance effective recruitment and retention strategies. This testimony discusses some of the initiatives and strategies underway.

#### ***Strategic Workforce Plan and Competency Assessment***

We continue to focus on our comprehensive Strategic Workforce Planning (SWP) efforts, which include strategies carried out by our 22 functional communities to recruit, retain, motivate, and develop the present and future workforce. These strategies involve direct contact and interaction with civilian employees in the advancement of career broadening opportunities, enhancement of training and credentialing programs, progression of recruitment and hiring flexibilities, and development of employee career mapping.

The most recent DoD SWP was submitted to Congress in September 2013. The plan detailed the ongoing accomplishments and strategy implementation for shaping a ready civilian workforce. The plan incorporated the requirements of section 115b of title 10, United States Code, and institutionalized the Department's strategic workforce planning process and functional community structure covering nearly 93 percent of the civilian workforce. The SWP continues to be an integral tool for informing the Department's policies and procedures for recruitment, retirement, and succession planning.

The Department has launched the Defense Competency Assessment Tool (DCAT) to validate enterprise occupational competency models and assess civilian employees' proficiency levels in the technical and non-technical competencies within their job series. DCAT also supports assessments by employees and their supervisors to inform both individual development

and organizational planning. The first DCAT phase is underway and will validate competency models for mission critical occupations as defined by the SWP, assess civilian workforce competency gaps, and determine future workforce competencies for a number of occupations. As competencies are identified, validated, and assessed, functional communities will be encouraged to develop enterprise career paths that outline education, training, and experiential opportunities for individual career progression. We anticipate that these career paths will also help to improve mission-readiness of the civilian workforce.

The Department also utilizes a Talent Management Process (TMP) to annually assess competencies and readiness, and to identify developmental opportunities and positions for its SES members. Readiness ratings are used to determine bench-strength capability for current and future leadership requirements, and to provide feedback to SES members on individual strengths and suggested executive development. Through the TMP, the Department is able to assess DoD-wide competency gaps within its executive corps, and develop necessary strategies to close these gaps.

#### ***Training, Education, and Professional Development***

We also recognize that learning is a key enabler for retaining talent and is essential to maintaining and improving morale and sustaining a high-performing workforce during these times. Despite extraordinary budget pressures, the Department continues to conduct our three enterprise-wide leader development programs, which offer development opportunities for entry-, mid-, and senior-level personnel. We are focused on developing civilian leaders who will lead effectively in increasingly complex environments, and maintain a learning organization that drives transformation and continuous improvement across the enterprise.

Furthermore, we are focused on the efficient delivery of training and development opportunities across the Department with the objective of developing DoD-wide civilian learning policies, approaches, and frameworks. The Department's goal is to invest in civilian training, education, and professional development by planning, programming, and budgeting at levels sufficient to enhance individual and organizational performance at all levels of the leadership continuum, from leading self – applicable to all civilian employees – to “leading the institution.”

#### ***Retirements, Recruitment, and Retention***

Approximately 13 percent of the Department's civilian employees are currently eligible to retire. We anticipate that 30 percent of our civilian workforce will be eligible to retire within the next 5 years. Varying factors such as furloughs, to include those as a result of the shutdown this fall, a three-year pay freeze, hiring freezes, and ongoing budget uncertainties have and will continue to factor heavily into employees' decisions about when to depart, as well as individual decisions to apply for positions in the Department, which will have an impact on recruiting, retention, and readiness. Due to the projected increase in the number of civilian employees eligible for retirement, we anticipate increased retirement activity in the coming years. Resignations to accept opportunities in the private sector have also increased. As these trends continue, the Department recognizes the potential loss of critical skills and knowledge within our civilian workforce. To mitigate long-term consequences, we continue to make use of available resources and authorities, such as direct hire, as well as hiring student and recent college graduates through the Pathways Program to hire critical skills. However, in FY 2013, we saw a decrease in the intake of recent graduates, impacting our force renewal and sustainment efforts. Veteran hiring continued though, thereby retaining their capability and valuable skill sets within the Department. We continue to lead the Federal government in new Veteran hires, and over 47 percent of our civilian workforce has prior military service. Our strategic workforce planning efforts strive to achieve an optimal balance among our varied hiring sources to ensure a capable and ready workforce for the future.

The Department has also initiated an enterprise strategic recruitment effort to make effective use of available resources and authorities to promote diversity and inclusion in the workplace, veterans and disabled veterans hiring, and student and recent graduates hiring. High visibility employment initiatives, such as DoD's Hiring Heroes Program, will ensure that the Department is attracting a diverse applicant pool to meet the Department's mission and support the Warfighter.

***Implementation of National Defense Authorization Act (NDAA) Personnel Authorities***

The NDAA for Fiscal Year (FY) 2010 directed the Department of Defense to design and implement a new performance management system and authorized flexibilities relating to appointments. Following the comprehensive efforts of three design teams comprised of union and non-union DoD employees, called "New Beginnings," the Department endorsed the vast majority of the design teams' recommendations for the new system and flexibilities. Several

recommendations have been implemented, such as Pathways, while other actions were placed on hold while the Department faced difficult budget realities, including sequestration and civilian furlough.

However, over the past few months, the Department's planning on the design teams' recommendations has been reenergized. In cooperation with the Department's national level unions, we are developing the new performance appraisal system, which will include a multi-level rating pattern that links performance expectations to mission and organizational goals, and that ensures the regular exchange of feedback between employees and rating officials during the appraisal cycle. We believe that such a system, which will involve and inform the Department's civilian employees, is critical to effective mission accomplishment as well as to increased employee morale and effectiveness. The Department will continue to work with the national level unions as we develop policy and tools in support of the new performance appraisal system, as well as the implementation of other "New Beginnings" flexibilities.

#### ***Union and Employee Engagement***

Employees and their union representatives are an integral part of achieving optimal balance throughout the Department. Collective bargaining rights are key to ensuring a healthy and engaged workforce. We recognize that employees and their union representatives are an essential source of ideas and information, and provide valuable input to aid in the decision-making process.

To that end, the Department recently reaffirmed its commitment to pre-decisional involvement of unions and the establishment of labor-management forums in support of the goals of Executive Order 13522, "Creating Labor Management Forums to Improve Delivery of Government Services." In addition, in response to concerns raised about the state of employee morale following the disruption of last year's furloughs associated with sequestration, the DoD Labor-Management Roundtable recently established a joint working group. The goal of this group is to formulate ideas and provide recommendations for building positive morale, as well as encourage further engagement of the workforce.

#### ***Other High Visibility DoD Initiatives***

The Department has embarked on a number of other efficiency initiatives to ensure the delivery of premier, innovative, and fiscally responsible civilian personnel policies, Human

Resource (HR) solutions, and advisory services. Our strategies are designed to enhance the Department's ability to provide trained, ready human resources at the right place and at the right time, while maximizing efficiency and employee well-being.

For example, we are increasing DoD's HR Information Technology (IT) efficiencies with the establishment of enterprise-level governance processes, and the consolidation of HR data centers across the Department. By eliminating redundant civilian HR IT systems, and improving IT strategies and decision making, the Department is driving toward a more integrated and efficient investment portfolio of HR IT solutions to meet the evolving needs of HR specialists, employees, supervisors, and leaders. We are also enhancing the Civilian Expeditionary Workforce (CEW) Program through the development of standardized civilian deployment policies that enable mission-ready civilians to meet contingency needs. The Department continues to reduce Federal Employees' Compensation Act (FECA) costs through the proactive use of transitional return-to-work strategies and effective FECA case management, and we continue to improve the resolution timeliness of Equal Employment Opportunity (EEO) cases.

#### ***Conclusion***

The Department's civilian employee's morale has been negatively affected by many factors, but we are dedicated to improving morale through multiple efforts. The Department values the work our civilian workforce performs in support of our military. We recognize their commitment to getting the job done even during these challenging times. We appreciate this year's one percent pay increase that brought the three-year pay freeze to an end, and the ability to once again pay performance awards to our high performing workforce.

Going forward, the Department is working to engage and shape our civilian workforce to increase efficiencies to ensure that the workforce is motivated and has the skills needed for the future. Thank you for your continued interest and support of the DoD civilian workforce and the opportunity to address this important matter. I look forward to your questions.



**AFGE**  
Congressional  
Testimony

STATEMENT BY

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

BEFORE THE

SUBCOMMITTEE ON THE EFFICIENCY AND EFFECTIVENESS OF  
FEDERAL PROGRAMS AND THE FEDERAL WORKFORCE

SENATE COMMITTEE ON HOMELAND SECURITY  
AND GOVERNMENTAL AFFAIRS

ON

A MORE EFFICIENT AND EFFECTIVE GOVERNMENT:  
CULTIVATING THE FEDERAL WORKFORCE

MAY 6, 2014

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Mr. Chairman and members of the Subcommittee: My name is J. David Cox and I am the National President of the American Federation of Government Employees, AFL-CIO (AFGE). On behalf of the more than 650,000 federal and District of Columbia workers our union represents, I thank you for the opportunity to testify today. The subject of this hearing is broad, and I was asked to address issues ranging from the impact of the past several years of anti-federal employee policies to the state of the federal workforce with respect to morale, recruitment and retention, and productivity and efficiency. It is clear that there can be no real separation between these two sets of issues, as one is a direct consequence of the other.

### **The Economic Attacks on the Federal Workforce**

Starting with the three year pay freeze initiated by President Obama which first took effect in 2010, these years have been relentlessly and unjustifiably harsh toward federal employees and their families. The rationale for freezing federal pay in 2010, you may recall, was based on two profoundly misguided notions. The President believed that he could appease his political enemies by imposing pain on a group his enemies disdained; he seemed to hope that by inflicting economic hardship on a group despised by his opponents, the opponents might be more open to compromise on issues important to their favored constituents. Of course, those compromises never materialized.

The second misguided notion that the President used to justify the pay freeze was that since so many middle and working class Americans were experiencing economic pain as a result of the bursting of the housing bubble and the ensuing financial crisis, federal employees should feel pain as well. Although it is arguably the responsibility of the President to promote the well-being of the working and middle class, in this case, the goal was to impose hardship. Expanding pain rather than alleviating it.

Then what started as a two-year pay freeze grew into three years. As was inevitable, the President's political opponents were neither appeased nor moved to compromise. The only effect was economic hardship for federal employees and their families and a sense of having been sacrificed for nothing. And yet, the pay freeze turned out to be only the beginning.

In February 2010, President Obama issued an Executive Order that established the National Commission on Fiscal Responsibility and Reform, now referred to as the Simpson-Bowles Commission, again as an attempt to appease his political enemies. The report issued by the commission, which did not receive sufficient support from its members to be formally submitted to Congress, contained numerous proposals to reduce the compensation of federal employees. One of the most ruinous, which derived from a deeply flawed recommendation developed by the Third Way think tank, was to impose drastic reductions in federal employees' retirement benefits. The proposal was developed using false assumptions and faulty logic. But that did not impede its progress: it was the basis for taxing federal employees hired in 2013 an extra 2.3 percent of salary to fund an extension of unemployment insurance. (This tax

increase/salary reduction is permanent even though the extension of unemployment insurance was temporary.) And it was the basis for the Bipartisan Budget Act of 2013's imposition of an additional tax increase/salary reduction on federal employees hired starting in 2014. These new employees' salaries will be 3.6 percent lower than those hired prior to 2013 and 1.3 percent lower than those hired in 2013.

The pay freezes and the retirement cuts are outrageous because they are unnecessary, they are contrary to the principles which form the basis for the laws governing federal pay and federal retirement benefits, and they are based on false claims by the Third Way authors of the proposal which found its way into the Simpson-Bowles Commission's failed report. Laws governing federal employee pay, federal employee pensions, and federal employee health benefits are also based on the principle of comparability with private sector practice. The federal government has sought to follow the practice of large private sector and state and local government employers. All the recent cuts to pay and retirement, however, mark a departure from the principle of private sector comparability.

The cuts to federal retirement have been an egregious violation of the principle of private sector comparability. Ninety-six percent of private sector defined benefit plans do not charge employees one red cent for their benefit according to the Bureau of Labor Statistics (BLS). In cases where state and local governments charge employees for their defined benefit plans, it is almost always because they do not participate in Social Security. But the Third Way/Simpson Bowles proposal claimed that charging federal employees for fully half the cost of their defined benefit, including those in the Federal Employees Retirement System (FERS) who pay 6.2 percent of their salaries into Social Security, would bring them in line with private sector practice. A horrible policy based on false assertions has made its way forward, and if it is not modified or repealed, it will impoverish an entire generation of federal employees. It should be noted here that Representative Paul Ryan's budgets for both this year and last contain the full Third Way/Simpson Bowles proposal, which would reduce salaries for all federal employees by 5.5 percent across-the-board.

On wages and salaries, the departure from private sector comparability has been even more extreme. The pay freezes have only increased the amount by which federal salaries lag behind those in the private sector and state and local government. Each year the Office of Personnel Management (OPM) calculates pay gaps between the federal government's salaries and the salaries paid in the private sector and state and local government on a city-by-city and job-by-job basis using data from BLS. In spite of an ongoing campaign to discredit the findings of OPM and BLS by various right-wing "think tanks" and news outlets, the data tell a consistent story. Comparing salaries for the actual jobs performed by federal employees with the salaries paid by private employers (and state and local government employers) who employ workers in the same jobs shows federal salaries are an average of 35% lower. The size of this pay gap grew during the period of the pay freeze and will continue to grow this year because private sector salaries will have grown by more than 1% in this year and last.

If declining salaries and retirement benefits were not enough, federal employees have also been victimized by the consequences of the Budget Control Act of 2011. After that Act's sequestration provisions went into effect, hundreds of thousands of federal employees were laid off for as many as six days in the summer of 2013. It was during the sequestration lay-offs that the real impact of the pay freeze and retirement cuts was made apparent. The loss of one week's or even a few days' pay was enough to send many federal workers into full-blown economic crisis.

I often thought during that time that if the purpose of the pay freeze was to extend the pain of the recession, to hurt working class Americans who happened to be employed by the Department of Defense or some other agency of the federal government the way other American workers had been hurt, then it was a rousing success. AFGE's telephones rang off the hooks with members calling about falling behind on the rent or the mortgage, being on the verge of having their cars repossessed, and not being able to make their child support payments. Worst were the calls from those in danger of losing their jobs because falling behind on bills threatened their security clearances. So we had children doing without support, workers losing the cars they depended on to get to the job, and breadwinners threatened with unemployment because their employer was locking them out of their jobs.

Then came the government shutdown. The federal employees whose pay had been frozen for three years out of political cynicism, whose retirement benefits had been cut out of a combination of political expediency, cruelty and ignorance; and who had just withstood up to six days of layoffs were now locked out of work because one group in Congress did not want uninsured Americans to have access to affordable health care.

While Congress and the President did agree to backpay for all federal employees affected by the shutdown/lockout, it would be highly inaccurate to say that all were made whole. For the hundreds of thousands of federal employees who have no savings and live paycheck to paycheck, the delay in receipt of their paychecks had real consequences. Whether they had to buy groceries with a high-interest credit card, had to pawn valuables, or whether they actually fell behind on rent, car payments, daycare, child support, or other obligations; the delayed paycheck coming so soon after the reduced paychecks from sequestration furloughs put them over the edge. I heard from parents who lost their daycare slots, families who were evicted from their apartments, workers whose cars were repossessed. These are real people who suffered real harm, not pawns on a political chess board, and the leaders who were elected to represent them, had let them down.

#### **Workforce Morale in the Face of Relentless Attacks**

How could morale be anything other than extremely low under these circumstances? The answer is that federal employees are a devoted and resilient bunch. They despise what the politicians have done to them. Even those whose retirement benefits have not been cut are outraged that the next generation – their children and grandchildren – will receive substantially lower compensation for doing the same jobs that they have

performed if these cuts are not repealed, the opposite of the American Dream of progress for each generation. They are still paying off debts incurred from sequestration and the delayed paychecks of the shutdown. They are furious that their employer holds them in such low regard. They are sick and tired of simultaneously being Congress' and the Administration's punching bag and ATM. But they love their country, they love their jobs and they are devoted to the missions of their agencies.

Wherever I go, I hear the same story. The anger over cuts to their compensation is massive, but the first concern of Border Patrol Agents is protecting Americans from drug smugglers, human traffickers, and other illegal crossings. The first concern of everybody working at a Veterans' Administration hospital is the welfare of wounded warriors. The first concern at our military installations is that the troops are well equipped and readiness is assured. The first concern at FEMA, TSA, and ICE is getting the job done for the American people. The first concern of our Social Security Administration members is that Americans receive all the benefits they have earned and paid for. The first concern of Corrections Officers is that our communities are protected from the dangerous criminals they guard in our federal prisons. And the first concern of USDA meat and poultry inspectors is that Americans have safe food to eat.

#### **Efficiency vs. Effectiveness in the Wake of the Budget Control Act**

The American people are lucky to have such devotion on the part of the federal workforce after four and a half years of relentless attacks. And I am so proud to serve as the president of the largest federal employee union. But as devoted as federal employees are, the budget policies of this era are making it all but impossible for this workforce to keep up productivity and efficiency. And while productivity and efficiency are important measures for any undertaking, whether it be a non-profit or a business, it is sometimes the case that efficiency and effectiveness are at odds.

Last month I spent several days along the U.S.-Mexico border with members of AFGE's National Border Patrol Council. Time and again, they described cases where the goal of border security and the goal of economic efficiency were in conflict. In short, the agency was rewarding managers for cutting costs, even where cost-cutting meant reductions in border security. So when I read in your invitation to testify that you wanted me to address the productivity and efficiency of the federal workforce, my mind went immediately to this important area. Do Border Patrol Agents do an outstanding job of securing the border? Yes. They perform an extraordinarily challenging, dangerous, and complex set of duties and do so under the most difficult circumstances.

But the agency is highly focused on efficiency and cost reduction, and some improvements in efficiency are coming at the cost of mission. Securing the border is not the same as maximizing profit in a widget factory. The same logic should not apply. So while I can assure you that Border Patrol Agents are as angry about the pay freezes, retirement cuts, and budget cuts that threaten their overtime pay eligibility as anyone would be, they keep a laser-focus on border security. And their biggest complaint is that their managers' performance bonuses are based on saving money, not on the

number of arrests or amount of illegal drugs confiscated from smugglers or other measures of security. Efficiency, not effectiveness, seems to be the priority, and border security suffers.

Mr. Chairman and Senator McCain, let me thank you for your leadership and introduction of S. 1691, the Border Patrol Pay Reform Act. Passage of this bill is crucial for the agency's ability to continue full coverage of the border and for stability and fairness in pay for Border Patrol Agents. AFGE greatly appreciates your support of this legislation.

The same issue has emerged at the Department of Agriculture with its proposal to replace government inspectors with company employees and increase the speed of the line to 175 birds per minute. Yes, this would save the USDA \$90 million over three years and increase poultry profits by hundreds of millions of dollars. But the safety of the food supply would be sacrificed in the bargain. Again, efficiency over effectiveness and public health suffers.

I see the same thing in Veterans' Hospitals. The VA's own handbook says that a physician should have no more than 1,200 patients, and the same standard has been extended to other independent providers such as nurse practitioners, physician assistants, and other health care providers. These standards exist to promote quality of care, so that patients are able, in a timely fashion, to obtain appointments for follow-up or preventive care. They also exist so that providers can monitor patients to make sure their conditions are not deteriorating or that medications are having the desired effect. But AFGE members tell me that caseloads for psychiatrists and other primary care physicians now routinely exceed 2,000 patients. And this can have a devastating impact on our veterans. When veterans with conditions ranging from Post-Traumatic Stress Disorder to diabetes are not able to get in to see their doctors, we all know how tragic the consequences can be. Similar situations occur for those in need of physical therapy follow-up appointments. And like Border Patrol and the USDA, the Veterans Health Administration has increasingly placed efficiency over the health and welfare of veterans. Higher caseloads for primary care providers may be efficient, but the sacred mission of the VA is being sacrificed in the process.

#### **One Bright Spot for Federal Pay and a Threat to Extinguish It**

Last month, OPM published a report entitled "*Governmentwide Strategy on Advancing Pay Equality in the Federal Government.*" It is the most informative, objective, and important examination of the federal pay system published by any entity in several years and deserves close attention, especially in light of the fanfare given over to so many extremely tendentious "studies" of federal pay from conservative think tanks. The OPM report was prepared in response to the President's request for a gender pay-equity analysis of federal pay systems that paid close attention to the General Schedule's classification system and its transparency. The President also asked for recommendations for administrative or legislative action that would promote "best practices" that were found to minimize inequities.

Although the report focused on just one outcome of the federal pay system – its success in advancing gender pay equity – the study provides important insight into the General Schedule system's strengths as a whole. Any pay and job classification system must be judged on attributes such as internal and external equity, as well as transparency and effectiveness. External equity refers to whether a pay system meets market standards. We know that the General Schedule fails the external equity test, but not because of any kind of systemic flaw but rather because successive Congresses and administrations have not funded it even before the pay freezes. We have the annual reports of the Federal Salary Council since 1995 to prove that.

But this OPM report on one aspect of internal equity, gender equity, is extremely telling. It compares data on federal employment over the past two decades and finds great progress on the part of women in ascending to higher-graded positions. But the most important finding was that *there is no significant gender pay difference by grade level among GS workers*. That is, at each pay grade, there was no real difference between the salaries paid to women and men doing the same jobs. This is a great virtue of the federal pay system.

The study showed that, depending on the methodology used, from 76 to 93 percent of the observed pay gap between federally employed men and women is attributable to women being concentrated in lower-graded occupations. Indeed, the only real observed inequities arose where managerial discretion operates, such as in the awarding of quality step increases, promotions, and starting salaries. While women are more frequent recipients of promotions and quality step increases, managers have exercised discretion in providing higher starting salaries to men. But even starting salaries were mostly equivalent; it was in just four occupational categories that male starting salaries exceeded those provided to women by more than ten percent. Among members of the non-General Schedule Senior Executive Service, women's salaries were 99.2 percent of men's, a remarkable achievement.

These findings constitute a ringing endorsement of the current pay system, a system that assigns salaries to the position, not the individual. In the jargon of pay-setting, the General Schedule is oriented more toward a "rank-in-position" rather than a "rank-in-person." And that orientation is the secret to having a pay system that avoids discrimination.

The federal government's disastrous experience with the National Security Personnel System (NSPS) in the Department of Defense during the George W. Bush administration is a cautionary tale on the dangers of abandoning an objective "rank-in-position" system like the General Schedule for federal agencies. From 2006 to 2009, 225,000 civilian workers in DoD were subject to a system that based salaries and annual salary adjustments on supervisors' assessments of employee performance. NSPS also granted managers tremendous "flexibility" on classification of jobs, hiring, assignments, promotion, tenure, and "performance management." The system's only additional funding relative to the General Schedule payroll base was for outside

consultants who had a large role in designing, implementing, and training DoD managers in their new system.

It was not surprising that even in its brief three-year reign, NSPS damaged the federal government's excellent record of internal equity on race and gender. Data on salaries, performance ratings, and bonuses showed marked advantages to being white and male, and working in close geographic proximity to the Pentagon. Those in the Office of the Secretary of Defense, the Defense Finance and Accounting Service and Tricare were found to be higher performers, on average, than civilian employees in the Departments of the Army, Navy or Air Force.

NSPS was a system conceived in a highly politicized context. The Department of Homeland Security (DHS) had been established two years earlier, in 2002, and its secretary was granted broad personnel authorities, construed by the agency to include the right to unilaterally abrogate provisions of collective bargaining agreements and replace them with agency directives. The rationale for DHS' grant of authority to create a new pay and personnel system was the war on terror and the administration's belief that union rights and national security were mutually exclusive. So two years later in 2004, Defense Secretary Rumsfeld used the same rationale to seek personnel authorities similar to those granted to the Secretary of Homeland Security.

The Department of Homeland Security's personnel system, named MaxHR, never really got off the ground, thanks to a lawsuit that successfully argued that its undermining of collective bargaining rights violated the law. But NSPS did move forward in part because its focus was not on eliminating the union *per se*, but rather on creating a pay system that allowed managers to reward themselves and their cronies, and punish others. NSPS could only have continued if Congress had been indifferent to its discriminatory outcomes. Fortunately, when faced with data that showed NSPS gave systemic advantages to white employees and other relatively powerful groups at the direct expense of other DoD civilians, and that the venerated Merit System Principles had been undermined, Congress voted to repeal the system in 2009.

But the architects of NSPS have not given up the dream of a subjective pay system for the federal government, one in which managers can decide each employee's salary and whether and by how much that salary will be adjusted each year. The most recent attempt to revive NSPS came this spring, when the contractor Booz Allen Hamilton (\$5.76 billion in revenue in 2013, 98 percent of which is from the federal government) endowed the publication of a report under the imprimatur of the Partnership for Public Service.

The report trods the well-worn path of those seeking lucrative contracts to revamp the federal personnel system. It employs the hackneyed tropes that have become all too familiar: the General Schedule is "stuck in the past," "broken," "rigid," and "fragmented." They conveniently neglect to acknowledge the fact that numerous flexibilities and modernizations have been enacted over the past few decades. In the 1990's, the General Schedule went from having one nationwide annual cost-of-living adjustment to

a city-by-city, labor market-by-labor market cost-of-labor salary adjustment system. Special rates were authorized as well. In the 2000's, Congress passed legislation that introduced broad new hiring authorities, managerial flexibilities in salary-setting, and a program for substantial bonuses for recruitment, relocation, and retention. Congress enacted legislation to allow student-loan repayment, new personnel system demonstration projects, and phased retirement. The list of new flexibilities is long, and in many cases, these new authorities have improved the General Schedule. In any case, the list stands as a refutation of the myth that the General Schedule is a relic, untouched by modernity or that Congress has failed to address needed changes in the civil service system for decades on end.

Congress has been careful, however, not to go so far as to undermine the Merit System. Unlike a private firm, the federal government is spending the public's money in ways that are meant to promote the public interest. NSPS was an object lesson in what happens when the Booz Allen Hamilton plan is implemented in a federal agency. Despite good intentions, the Merit System Principles are undermined, particularly the principles that promise "equal pay for work of substantially equal value," and that "employees be protected against arbitrary action, personal favoritism, or coercion for partisan political purposes." Veterans Preference in hiring, retention and promotions is also inevitably undermined. These are the lessons of NSPS.

We know that the Booz Allen Hamilton plan assumes dramatic increases in funding for federal pay so that no one would be any worse off than they would be with the protections of the General Schedule. As naïve and unrealistic as this assumption is, it is also based on a profound misunderstanding of the Merit System Principles. It is not enough to ensure that no one would be worse off. It remains wrong to distribute the system's hoped-for additional monies in a way that favors some demographic groups over others on the flimsy grounds of a manager's assessment of performance. In the public sector, there is too much risk of political favoritism, and too much risk that unconscious bias will result in greater rewards for those with good connections or the preferred gender or skin color. And the General Schedule's pay and classification system, as the most recent OPM report amply demonstrates, bests the private sector and any other type of split, "rank-in-person" system on equity time and again.

I do not wish to suggest that the Partnership advocates discrimination. We all know that its intentions are fine. But we also know that the road to hell is paved with good intentions, and AFGE has no desire to revisit the hell of NSPS. And there is no dispute that the blueprint Booz Allen Hamilton has submitted is not just cut from the same cloth as NSPS, it is NSPS *redux*.

While NSPS and its would-be successors fail the internal equity test, there is no question that when it comes to external equity, Congress and the Clinton, Bush, and Obama administrations have all failed to perform their role. It is preposterous to blame the current system for failing to produce external equity. External equity is a funding issue, and the General Schedule cannot fund itself. It relies on budget authority and appropriations. To pretend that Congress would magically provide billions more each

year to fund a new civil service system identical to one it repealed in 2009 on the grounds that it was discriminatory is folly.

The cost of living has risen 8 percent from 2010 to the present, a period which includes the three years of frozen federal pay plus this year's one percent adjustment. So even before the salary reductions for new employees of 1.3 percent and 3.6 percent, the purchasing power of federal salaries had declined by 7 percent. The degree to which they lag the market varies by city, but the nationwide average is 35.37 percent according to the most recent estimates from OPM, using data from BLS. And that number includes current locality payments which have been frozen for four, long years.

### **Inequality, the Decline of the American Middle Class, and the Compensation of Federal Employees**

The decline in living standards for America's middle class and the ongoing misery of the poor have been much in the news recently. On one side are those who deny the numbers, attribute changes in the distribution of income and wealth to changes in educational attainment or willingness to exert effort. On another side are those who recognize that the decline of unions, the rise of outsourcing and global free trade agreements, and the deregulation of the 1990's and other factors are better explanations. Median incomes for middle class American families, adjusted for inflation, are lower than they were in the 1970's and the very rich have benefited so disproportionately from economic growth over the decades that America is now more unequal than it was in the 1920's. Last week, the *New York Times* reported that both middle incomes and the incomes of the poor were higher in several European countries and Canada than they are in the US, and that after adjusting for inflation, median per capita income in the US has not improved at all since 2000.

Federal employees are typical middle class Americans. They work hard and have historically received modest, but fair pay from their employer. It has been recognized that the nation benefited from having an apolitical civil service governed by the merit system principles. The pay and benefits that derived from those principles were supposed to be adequate to recruit and retain a high-quality workforce, capable of carrying out important public sector functions, from law enforcement to guaranteeing care for wounded warriors to protecting public health.

The government would not be a bottom-of-the-barrel employer, paying the lowest possible wages and forgoing health care and retirement benefits, like so many of today's most profitable corporations. Likewise, the government would not be a place where anybody went to get rich at taxpayer's expense (that role is assumed by government contractors). The government as an employer would be a model when it came to ideals of internal equity and non-discrimination, promoting both fairness and seeking employees devoted to the public interest. And on pay and benefits, it would aim at "comparability," defined in the pay law as no less than 95 percent of what private and state and local government pays on a locality basis.

While some brave politicians have held fast to these principles over the past several years when there has been immense political pressure to reduce government spending no matter what, many more have succumbed to the notion that America should reconcile itself to declining living standards for all but the very rich. As such, they have supported the pay freeze for federal workers, which has cut the purchasing power of a federal paycheck by 7 percent, the retirement benefit cuts, which have cut purchasing power of some federal paychecks by an additional 2.3 or 3.6 percent; and they have supported the Budget Control Act's discretionary spending caps, which have meant temporary layoffs and could mean permanent job loss for thousands.

We recognize how pernicious are the politics behind the pressure to constantly reduce federal spending. We understand the vast power of those who would protect the low tax rates of the wealthy at any cost. And that is but one reason why any move toward fundamental civil service change, particularly changes to the federal pay system, are so ill-timed. One should oppose the Booz Allen Hamilton plan because it introduces subjectivity and politicization into federal pay and undermines veterans' preference and the merit system principles. But one should also oppose the plan because it reallocates salary dollars away from the lower grades toward the top, increasing inequality and decreasing opportunity for advancement. Even if the direct attacks on federal employees' pensions were to stop and funding for salaries were enhanced, it would be important to reject the Booz Allen Hamilton approach, because it quite explicitly introduces greater inequality between the top and the bottom of the federal pay scale.

Indeed, the elitism of the Booz Allen Hamilton plan is striking. It ignores the federal government's hourly workforce altogether. Apparently blue collar workers are so bereft of the qualities it wants to reward in its performance pay scheme that they are not worth notice. The plan's segmentation of the General Schedule or salaried workforce is also highly elitist. Employees in the lower grades, like hourly workers, are excluded entirely, again because, presumably, trying to measure their contribution to excellence would be a pointless exercise. But excluding the lowest paid federal workers is only one part of the inequality enhancement exercise that Booz Allen Hamilton proposes for the government. Like its NSPS forbearer, the plan would divide the workforce by occupational category, reserving the highest raises for the highest earners. Those in the midlevel occupations would stagnate or decline, while their betters would be provided with both higher salary increases and a larger pool of funds from which to draw performance-based adjustments.

The Booz Allen Hamilton plan should also be opposed because it can only undo the tremendous achievement of the current system with respect to eliminating discrimination in pay. I urge you to treat the findings of the OPM study on pay equity as important accomplishments worth protecting. We should be celebrating this success, not considering replacing the system that produced it. And that celebration must include full funding, so that federal employees can restore their status in the middle class.

Sometimes the terms middle class and working class are used interchangeably, but to me, being middle class means earning enough to accumulate savings, to have an economic cushion that allows a family to maintain living standards in hard times or indulge in a vacation or a new car from time to time. These past few years have shown me how few of the 650,000 federal and District of Columbia workers AFGE represents have that kind of economic cushion. And the reason they don't have it is not because they have spent extravagantly. It is because their salaries have not kept up with the cost of living or even with the salaries of their neighbors. They are sliding further down the income scale, and it is because of pay freezes, the Budget Control Act's sequestration, and the absence of political will to stop the slide.

I ask you to restore and protect this slice of America's working and middle class over whom you have such direct control. I urge you to introduce a Senate version of the Federal Adjustment of Income Rates (FAIR) Act, introduced in the House by Representatives Connolly, Cummings, Cartwright, Tierney, Moran and Lujan-Grisham, which would provide a 3.3 percent salary adjustment to federal employees in 2015. In addition, I ask you to repeal the needless tax increases on federal employees hired in 2013 and 2014. And please put the Booz Allen Hamilton pay plan on the shelf behind where some old budget and NSPS documents are collecting dust. There is no reason to keep on hurting federal workers and their families. Enough is enough.

That concludes my statement, Mr. Chairman. I am happy to respond to any questions.



**STATEMENT OF COLLEEN M. KELLEY  
NATIONAL PRESIDENT  
NATIONAL TREASURY EMPLOYEES UNION**

**ON**

**A MORE EFFICIENT AND EFFECTIVE GOVERNMENT:  
CULTIVATING THE FEDERAL WORKFORCE**

**BEFORE THE  
SUBCOMMITTEE ON THE EFFICIENCY AND EFFECTIVENESS OF  
FEDERAL PROGRAMS AND THE FEDERAL WORKFORCE  
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL  
AFFAIRS**

**U. S. SENATE**

**MAY 6, 2014**

Chairman Tester and Ranking Member Portman: Thank you for inviting me to testify today at your hearing. My name is Colleen Kelley and I am National President of the National Treasury Employees Union. NTEU represents over 150,000 federal employees in 31 agencies across the government. The people I represent all believe that we should have the most efficient and effective government possible, and they work to achieve that goal every day. Unfortunately, that task has become more difficult in the past three years.

#### **ASSAULT ON FEDERAL BENEFITS**

Federal employees have had their benefits diminished by \$138 billion in the name of deficit reduction. \$138 billion. They are the only group in the country to have been singled out to fix the federal deficit. Last year, during one of the budget negotiations, after federal employees had already contributed \$120 billion to deficit reduction, the *National Review* posted a story with the headline "Looking for Cuts? Consider Federal Employee Benefits". How do we cultivate the federal workforce when that workforce endures years of stagnant wages and lives under constant attack on their benefits and bad and misleading press? Still, the 2015 budget passed by the House of Representatives calls for \$125 billion more in cuts for federal employees.

Over the last three years, legislation has been introduced which sought significant increases in federal employee contributions to the federal retirement program, ending the FERS supplement for those who retire before age 62, changing the retirement formula from high three to high five, eliminating the FERS defined benefit entirely, and reducing the COLA increase each year by using the "chained" CPI as the benchmark. Discussions leading up to passage of the Bipartisan Budget Act included similar proposals. This kind of assault contributes to the low morale in the federal workforce.

A new federal employee is now required to have a minimum of 15.05% of pay taken out of each paycheck. 4.4% of that amount is a contribution to the FERS retirement system. The FERS system was a result of two years of work by Congress in the late 80's. The original FERS contribution of 0.8% was determined to be a reasonable employee contribution amount for the modest pension offered through FERS. Purely because Congress needed to find revenue, federal employees are paying an unreasonable amount into FERS. Congress must scale back FERS employee contributions to its original formula of 0.8%.

We appreciate your efforts, Senator Tester, to eliminate from the Postal Reform bill government-wide changes to the Federal Employees Compensation Act, the workers' compensation program in the federal government. These benefit cuts would impose a substantial and unfair income reduction on federal employees who are injured on the job. The cuts would be

particularly harmful to lower wage workers and those injured early in their working lives. We will continue to work with you to eliminate these provisions before the bill passes the Senate.

Recently, the Public Sector Loan Forgiveness Program has been in the news. This program requires graduates from professional programs such as law or medicine to work for 10 years in the public sector, including the federal government, make payments on their student loans without missing a payment, and at the end of 10 years, their student loans are forgiven. The first loans forgiven by this program will happen in 2017. I cannot emphasize enough how important this program is to attracting the best and brightest students into government service. Many of my members have told me that they simply could not afford to work for the federal government without this program. I hope we will have the Subcommittee's support on making sure that this program continues.

President Obama has recommended a 1% pay raise for 2015. As the President noted in his FY 2015 Budget Proposal's chapter on *Improving the Federal Workforce*, "Taking into account both the recent pay freezes and the changes in retirement contributions, earnings for new Federal employees have fallen 10 percentage points relative to the private sector between 2009 and 2014." A one percent pay raise is insufficient. We have recommended that Congress pass a 3.3% pay raise, a small catch-up for a group of employees being asked to do more and more with less and less. NTEU cannot state strongly enough that defined benefit pensions are what created a middle class in this country. The only way we can begin to strengthen the middle class again is to provide decent wages and decent, guaranteed pension benefits. We need more Americans making livable wages with a modest guaranteed pension. The current notion, popular in some circles, that such benefits should be removed from the 2 million workers in the civil service simply makes no sense.

## **SEQUESTRATION**

The sequester is the result of Congress's inability to reach agreement on a long-term deficit reduction plan. At the time, it was believed that the sequester cuts would be so severe, it would force the Republicans and Democrats to compromise, but it did not. The sequester requires \$1.2 trillion in cuts to government spending over the years 2013 to 2021. Each year, OMB must sequester \$109 billion from projected spending. Although the recently passed Bipartisan Budget Act changed the amounts for 2014 and 2015, cuts will still be needed in the years 2016-2021. Unless the sequester is ended, it will have a crushing impact on jobs and economic growth, and will cripple the ability of the government to deliver services to the American public.

Sequestration has made it much more difficult for the federal workforce to do its job and complete its missions. If you want an efficient and effective government, don't starve it to death. Don't make your workers stay home with no pay. Don't cut training. Don't make federal employees choose between necessary maintenance projects and closing call centers or cutting Homeless Assistance Grants.

### **Sequestration and the IRS**

The IRS' ability to continue helping taxpayers meet their obligations and generate revenue to fund the government has been severely challenged due to funding reductions in recent years and the cuts mandated by sequestration. Since FY 2011, the IRS budget has been reduced by almost \$1 billion due to a cut of \$305 million for FY 2012 and over \$600 million as a result of sequestration. The IRS has operated under an exception-only hiring freeze since December 2010. The Service has reduced its full-time, permanent employees by 10,000 since the end of FY 2010, more than 5,000 of which are front-line enforcement employees.

In addition, the cuts mandated by sequestration forced the IRS to furlough all of its employees for three days this fiscal year. According to the IRS, the sequester cuts to operating expenses and furloughs of employees has resulted in the inability of millions of taxpayers to get answers from IRS call centers and taxpayer assistance centers and significantly delayed IRS responses to taxpayer letters.

The adverse impact of insufficient funding on the IRS was further exacerbated by the recent government shutdown, which forced the IRS to announce it would have to delay the start of the 2014 filing season by one to two weeks. During the 16-day shutdown, approximately 90 percent of the IRS workforce was furloughed, including revenue agents, revenue officers and other employees involved in the collection work that helped the IRS bring in \$2.52 trillion, roughly 93 percent of federal government receipts, in FY 2012.

### **Sequestration and the CBP**

The CBP's initial sequester plan required all CBP employees to be furloughed up to 14 days. With additional funding included in the FY 2013 CR and the authority to reprogram funds, furlough days for CBP employees were avoided. As welcome as this development was, however, CBP was particularly hard-hit by the sequester. CBP had to continue a hiring freeze for non-frontline personnel, reduce funding for training and limit overtime hours available for

frontline personnel, even as it recognized the adverse impact these actions would have on its vital missions of helping secure our nation's borders and facilitating vital trade.

Sufficient Customs and Border Protection (CBP) staffing is critical to ensure security at our nation's ports of entry and mitigate prolonged wait times at the air, sea and land ports of entry. There is perhaps no greater roadblock to legitimate trade and travel efficiency than the lack of sufficient staff at the ports. Understaffed ports leads to long delays in our commercial lanes as cargo waits to enter U.S. commerce.

Those delays result in real losses to the U.S. economy. According to a draft report prepared by the Department of Commerce, border delays in 2008 cost the U.S. economy nearly 26,000 jobs and \$6 billion in output, \$1.4 billion in wages, and \$600 million in tax revenues annually. According to the same report, by 2017, average wait times could increase to nearly 100 minutes, costing the U.S. more than 54,000 jobs and \$12 billion in output, \$3 billion in wages and \$1.2 billion in tax revenues annually. The cumulative loss in output due to border delays over the next ten years is estimated to be \$86 billion.

#### **GAO Report**

The GAO report on sequestration, "2013 Sequestration: Agencies Reduced Some Services and Investments, While Taking Certain Actions to Mitigate Effects", published in March 2014, provides a devastating look at how just one year of sequestration affected the federal government and its workforce. Customs and Border Protection had to cancel training classes, including those related to detecting potential terrorists and high-risk cargo. Greater backlogs and delays were experienced at the Social Security Administration and at OPM. DOJ filed more than 1,600 fewer criminal and civil cases. Treasury indicated that reductions at the IRS will likely result in billions of dollars in lost revenue. GAO noted that many officials, at agencies that furloughed employees and at agencies that did not, expressed concerns about how sequestration affected the morale of current employees, as well as affecting their ability to recruit personnel with appropriate skills.

Particularly of note for this hearing is the fact that the GAO report states that agencies believed that sequestration has had a negative effect on strategic workforce planning. It makes sense that it's difficult to align your workforce needs with your mission when the amount you have to spend shrinks significantly. While the budget agreement passed this year eases the effects of sequestration at least for FY 2014 and 2015, it still does not provide enough relief for the government to work at its best. Sequestration was a bad idea from its very beginning. It is not possible to run an efficient or effective government under its constraints. The Act creating it

needs to be amended. Sequestration must end and Congress must return to a more reasonable budgeting policy.

#### **PROTECTING MSPB REVIEW FOR SENSITIVE POSITIONS**

This past August, the U. S. Court of Appeals for the Federal Circuit released its decision in Kaplan v. Conyers. The Court ruled that the Merit Systems Protection Board (MSPB) could not engage in substantive review of Department of Defense (DoD) decisions concerning the eligibility of employees to occupy “sensitive” positions, even though the MSPB had been capably doing so for decades. While the decision was technically limited to DoD, its broad reasoning will almost certainly be extended to all agencies. In essence, the Conyers decision allows the executive branch to ignore the Civil Service Reform Act. If the MSPB is not able to review eligibility determinations, agencies can remove, suspend, or demote any employee they deem “ineligible” without ever having to justify the basis for their determination. Senator Tester, I know you understand the significance of Congress’s role in undoing the effect of the Federal circuit decision, and NTEU appreciates your work and the work of your staff, in introducing S. 1809, a bill that will restore these important appeal rights. We also thank Senators McCaskill and Grassley for co-sponsoring the bill.

#### **THE BEST PLACE TO WORK?**

For several years, the Partnership for Public Service has taken data from OPM’s Federal Employee Viewpoint Survey and issued a report called “Best Places to Work in the Federal Government”. Although the majority of respondents indicated that they like the work they do, it is clear from the survey that federal employee morale is at an all-time low. Not surprisingly, after three years of a pay freeze, satisfaction with pay has declined significantly. Other big drops can be seen in training and development opportunities and rewards and advancements. Fewer than half believe they have sufficient resources to do their jobs. In addition, support for innovation in the government is declining. Agencies need to work on providing an atmosphere where innovative thinking is rewarded and respected.

Let me spend a minute on “sufficient resources”. Wherever I go, my members talk to me about how difficult it has become to accomplish the tasks before them. The number one problem is there are not enough employees left for the work that needs to be done. Employees leave and no one replaces them. As I indicated earlier, the IRS lost 10,000 workers in the last four years. The work didn’t decrease. If anything, it has increased. The IRS is not an exception, unfortunately. The loss of personnel throughout the government, and the inability of agencies to fill those positions due to lack of funds severely affects the morale of the civil service.

The results of the Partnership survey are troubling. There is little evidence of cultivating the federal workforce. The survey was done before the 16-day furlough when the government shut down, so it is possible that there would be even more dissatisfaction shown by federal employees if the survey was done after the shutdown. As you know, Senators, the shutdown furloughed hundreds of thousands of federal employees without a guarantee of pay for more than two weeks, and it required thousands more to continue working without knowing when they would be paid. The shutdown was extremely stressful for employees and a disgraceful waste of scarce federal resources.

As I said in the beginning, NTEU members want an efficient and effective government. They want to be the engine that pulls that train. They want to work in an environment that respects them, that gives them the tools to do their work, and that encourages them to do things in new and more productive ways. We ask for your support in creating that environment. Thank you.



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TESTIMONY

of

CAROL BONOSARO

President

SENIOR EXECUTIVES ASSOCIATION

Before the

SENATE SUBCOMMITTEE ON THE EFFICIENCY AND EFFECTIVENESS OF FEDERAL PROGRAMS  
AND THE FEDERAL WORKFORCE

"A MORE EFFICIENT AND EFFECTIVE GOVERNMENT: CULTIVATING THE FEDERAL WORKFORCE."

May 6, 2014

Chairman Tester, Ranking Member Portman and Distinguished Members of the Subcommittee:

Thank you for the opportunity to testify before this Subcommittee on the challenges facing the federal workforce, including those specific to the Senior Executive Service. The Senior Executives Association (SEA) is a professional association that for 30 years has represented the interests of career federal executives in government, including those in Senior Executive Service (SES) and equivalent positions, such as Senior Level (SL) and Scientific and Professional (ST) positions.

The Senior Executive Service is comprised of the approximately 7,000 men and woman who are critical to a high performing government and are crucial to implementing the political and management agenda in each agency and of the Administration. These are the top career professionals in government, with an average of 26 years of experience, who obtained their positions on the basis of merit. Career Senior Executives undertake a myriad of jobs and hold substantial responsibilities, including overseeing budgets and programs that would place their responsibilities on par with executives in Fortune 500 companies. Those Senior Executives that have received Presidential Distinguished Rank Awards exemplify the work of the career leadership corps, with the 46 award winners in 2012 saving the government an estimated \$94 billion.

Unfortunately, the SES is facing challenges. Like the rest of the federal workforce, Senior Executives have dealt with several years of budget cuts, pay freezes, downward pressure on performance awards, bans on conference, training and travel spending, and attrition. Workloads remain high, and morale and recruitment and retention efforts are suffering making it difficult for employees to ensure agencies are fully meeting their missions and serving the American people as effectively as possible. To ensure that the SES remains the high caliber corps that it is today, and that it was intended to be as established by the Civil Service Reform Act of 1978, it is necessary to understand the challenges facing the corps and identify appropriate solutions.

#### **OVERVIEW OF KEY CHALLENGES FACING THE SES**

Federal career executives are currently facing unprecedented challenges as they attempt to effectively administer large scale government programs under exceedingly constrained and uncertain financial circumstances. Added to these fiscal realities are growing weariness, circumspection, caution and fear that the difficult decisions they are tasked with making could be subject to second guessing and retribution by Members of Congress. Further, there is a growing sense among career executives that Administration political appointees are underutilizing their talents, undervaluing their contributions, questioning their expertise and judgment, and not being fully supportive during these difficult times.

It is no secret that federal employees are being debased on many fronts – in the media, in Congress, and perhaps most importantly, in the public eye. Several so-called “scandals” have surfaced and the entire federal workforce (and in particular the SES corps) is bearing the brunt

of poor judgment and damaging actions committed by a few. Regrettably, there has been limited visible support emanating from the Administration or Congress in defense of federal workers, especially Senior Executives, despite their selfless service and noteworthy accomplishments.

The cumulative effect of these circumstances, coupled with the deterioration of their pay for performance system, is becoming apparent. With increasing frequency many career senior executives are concerned about making the right decisions and taking risks as opposed to making "safe decisions;" that is, they sometimes see the right decisions or risk taking as being potentially career-damaging or career-ending in the current climate. Unfortunately, avoiding the more difficult and critical issues (and the tough decisions associated with them) diminishes opportunities for breakthroughs in technological innovation and productivity, increased cost savings and efficiencies, process and program enhancements, and improved resources utilization. Moreover, avoiding risk and choosing safe vs. right decisions ultimately does a disservice to the American public who, as taxpayers, deserve our government's best – as opposed to just "good enough."

The loss of key staff due to retirements and resignations and eroding employee morale have also added to pressures on career executives who continue to work tirelessly to manage mission essential programs across the government. On top of these challenges, career executives have increasingly been subjected to Inspector General and congressionally-mandated investigations into the propriety of their management actions and decisions – to the point where many feel they are being treated as "guilty until proven innocent." Congressional oversight is a critical aspect of effective government, yet when such oversight and accompanying legislative action is taken to the point of micromanagement, effective government becomes a difficult if not impossible goal to accomplish.

In the midst of these challenges, executives have witnessed a series of recent events and decisions by the current Administration and Congress that have shaken their faith in the fairness and intent of the government's policies and practices impacting their pay, recognition and employment security. With greater frequency, high performing Senior Executives themselves are choosing to retire or seek employment in the private sector rather than continue in a system they believe does not support or reward their efforts – and in some cases seems to denigrate their value as critical front-line leaders of the most important and impactful federal programs that affect all Americans. As time passes, the situation is getting worse and not better. The following are specific areas that SEA believes must be dealt with in the near term, along with recommendations for reform.

#### **Recruitment & Retention Challenges**

Since completing a survey in 2009 of GS-14 and GS-15 employees regarding their views of the attractors and detractors to serving in SES and SP positions, SEA has been extremely concerned that the SES is increasingly becoming less attractive to qualified GS employees. Responses to the survey ("Taking the Helm," [www.seniorexecs.org](http://www.seniorexecs.org)) confirmed that there is a brewing

recruitment problem. GS-14s and GS-15s are losing interest in joining the SES and the attractors of the system (e.g. the chance to contribute to the agency's mission, increased responsibility, and greater opportunity for innovation) are outweighed by the detractors (e.g. skewed work-life balance, increased job risks, lack of assured pay, and the possibility of geographic reassignment).

In the years since the survey, the detractors to serving in the SES have increased dramatically. Pay compression and overlap has grown, with upwards of 25% of GS-15s already making more than their SES supervisors, even as the ability of Senior Executives to receive fair consideration for pay adjustments and performance awards has declined. SEA has also been made aware that some major agencies have appointed GS-15s to SES positions without increasing their pay.

A related disincentive is that potential candidates to the SES know that the SES system may entail mobility, yet agencies are increasingly declining to pay relocation expenses when career executives have the opportunity to apply for a position in a different geographic area; in fact, SEA has received reports of instances where agencies have encouraged executives to apply for such positions rather than exercise their right to transfer them – thus avoiding the need to pay relocation expenses. Unfortunately agencies are viewing mobility and relocation as budgetary and procurement functions rather than a key human capital element designed to encourage recruitment and retention of a high caliber workforce.

Compounding the detractors at the SES level is a related, emerging trend – the lack of succession planning and reduced bench strength. There is a growing reality that many agencies, due mostly to budgetary and workload pressures, have not done a particularly good job of succession planning or otherwise preparing the next generation of replacements for key career SES executives who are becoming retirement eligible. For example, the number of formal agency SES Candidate Development Programs (CDPs) is declining due to current budgetary constraints and increasingly restricted replacement hiring into SES positions. Other leadership training, executive coaching and mentoring programs that otherwise would contribute to increased succession readiness are also being cut for the same reasons. In addition, training and executive development provided to employees already in SES positions is also being cut, making it more difficult for current executives to meet emerging technical and managerial challenges or to take on broader responsibilities.

In order to reverse these recruitment trouble spots, SEA has identified several areas that require immediate attention by Congress and the Administration:

*Create Uniform Candidate Development Programs*

Candidate Development Programs are the important first step in providing training to potential Senior Executives. CDPs are by no means uniform government-wide, and some agencies rarely conduct CDPs, making it difficult to groom aspiring candidates to the SES. Given the declining interest of GS-14s and GS-15s in joining the SES, it is imperative that agencies identify possible candidates, communicate CDP opportunities, and build a culture of opportunity for qualified candidates to enter and complete a CDP.

Many small agencies do not have the resources to run CDPs on a regular basis. And they are further disinclined to actively identify potential candidates by engaging in what could be viewed as “pre-selection.” However, if agencies do not take an active role in building the candidate pipeline and ensuring funding for CDPs, qualified candidates will not necessarily be inclined to enter a CDP. Should an aspiring candidate complete a CDP, problems remain. Some agencies conduct programs that place all of their graduates in SES positions, while other programs leave many of their graduates without prospects for receiving an SES appointment. More effort needs to be channeled into selecting the right candidates for the programs, assessing CDPs to understand why graduates are not being placed within the SES if they are well-qualified and looking to CDP graduates when SES vacancies occur. SEA supports legislation or regulation to encourage agencies to consider already certified candidates (those GS employees who have successfully completed a CDP, but have not yet been selected for a position) before sending more employees into a CDP. Doing so would constitute a cost-conscious process that allows the government to capitalize on the investments it has made in its promising GS-14 and 15 employees.

*Provide an Assured Increase in Salary to New Senior Executives*

Each new Senior Executive, who has come from a General Schedule or equivalent position, should receive a salary adjustment that is at least 5% greater than the salary they made as a GS employee directly before joining the SES.

*Standardize Succession Planning and Onboarding*

SEA encourages OPM to ensure that agencies are engaging in continuous succession planning and devoting attention to filling mission-critical positions. In addition, SEA encourages this committee to take up legislation to establish an onboarding program- focusing on agency mission, individual and organizational performance objectives, and other criteria- for newly appointed career and non-career Senior Executives.

On the other side of the coin are retention challenges as nearly two thirds of the current SES corps is eligible to retire within the next five years. *Already the retirement rate among the SES has increased from 5.7% in FY 2009 to 8.0% in FY 2013 – a 40% increase.* The challenges listed at the beginning of this testimony will only serve to accelerate retirements among the current SES corps. This turnover of executive leadership is costly for agencies as it results in brain drain and loss of institutional capability at a time when government most needs career executive leadership, expertise, and commitment.

One of the drivers leading to turnover has been sequestration. Due to budgetary pressures, many agencies are choosing not to backfill key executive positions when vacancies occur. This often results in managerial work being shifted from the vacant position to a filled SES position in a related program area. The added workload and managerial pressures can result in insufficient attention being paid to key programmatic and organizational activities – and also

increased executive stress, overload, and burn-out – all of which further contribute to costly and ill-timed turnover as well as increased risk in program management and oversight.

While the issue of budget cuts and sequestration is not likely to be addressed in the near term, SEA calls on Congress to focus on the positive incentives that will reverse current recruitment and retention trends. For current Senior Executives, addressing fairness in performance management and righting the skewed risk to reward ratio would be a good first step.

Another driver leading to executive turnover has been the increasingly negative rhetoric about Senior Executives and the lack of public support and recognition from the Administration and Congress of the achievements of the career leadership. Recognition of key achievements is one of the most treasured rewards for federal career executives. Recent actions by the Administration culminating with the cancellation of Presidential Rank Awards for FY 2013 have raised concerns about the Administration's willingness and commitment to recognize the significant contributions of career Senior Executives.

Even prior to this "penny-wise and pound foolish" approach, the White House had delayed the review and selection process for the FY 2012 SES Rank Award winners (including those from the Intelligence and Foreign Service communities) to a point where awardees began to wonder about whether their achievements were truly valued. Since the outset of the Obama Administration, the number of Distinguished Rank Award winners has dropped each year from 75 in FY 2009 to 46 for FY 2012 (39% drop). Even more drastically, the number of Meritorious Rank Award winners has dropped from 269 in FY 2009 to 78 in FY 2012 (65% drop). Further, OPM currently does not publish the names of the awardees (SEA does) and agencies have been under instructions to do nothing to identify them publicly. This is in sharp contrast to previous Administrations; prior recognition included President Reagan presenting the awards personally and OPM publishing booklets highlighting Rank Award winners.

Although SEA strongly disagrees with the Administration's recent cancellation of the traditional Rank Awards program for FY 2013, the Association does believe that recognition, aside from the award itself, can and should still be given. Moreover, the accomplishments of the Rank Awardees, including the \$95 billion in savings generated by the 46 Distinguished Rank Award winners from 2012, are exactly the type of work accomplished by federal employees that the Administration and Congress should be touting and encouraging.

The perception created by the lack of recognition and the lack of action to address many of the detractors of the SES system have exacerbated the trend of increased executive turnover.

#### **SES Pay and Performance Management Reform**

The current SES pay and performance management system is the main alternate pay system covering senior level employees. It was created by statute in 2003 and implemented in 2004. There has now been sufficient time and experience to examine how well the system works. SEA believes the system needs to be modified to ensure that quality applicants will aspire to the

SES and those already in the SES will want to stay. The large number (upwards of 50 percent at some agencies) of Senior Executives eligible to retire makes a review of the SES system even more imperative.

Over the past several years, multiple surveys of Senior Executives have highlighted that the SES pay and performance system is a major factor in the recruitment and retention challenges facing the SES. SEA has become aware of a perception among an increasing number of federal managers that the SES is not a desirable career goal. This is due in large part to the skewed risk and reward ratio that Senior Executives face. Senior Executives take on more duties and work longer hours, yet are not eligible for locality pay or annual comparability pay raises, all of which are a part of the compensation system for General Schedule (GS) employees, along with compensatory time.

While there are many managers who are motivated by a call to public service, incentives are still needed to encourage others to make the leap from the GS-14/15 level into the SES. Those who do join the executive ranks find that the pay and performance management system does not work as intended. What is clear is that a system that was meant to relieve pay compression, to be transparent and flexible, and to reward superior performance, has instead become a disincentive for many of the best employees who might otherwise desire to serve in the highest ranks of the career civil service.

In the SES, all pay adjustments are based on performance, and performance awards were included in the 1978 legislation establishing the corps. Along with the current rhetoric surrounding federal pay, less than satisfactory agency administration of the SES pay system and the Administration's reduction in the pool available for performance awards is degrading the pay for performance concept. Yet performance awards are an essential part of SES compensation and they are made on the basis of meaningful distinctions in performance. Like all federal employees, Senior Executives were subjected to three years of frozen pay and even though that was lifted for GS employees, many agencies did not grant pay adjustments to their SES employees. Because SES annual pay increases are entirely discretionary, this has created the perception that a Senior Executive cannot rely on the receipt of an increase based on superior performance.

Moreover, there has been pressure on agencies to limit performance awards as well. In FY 2011 the Administration reduced the percentage of SES bonus money available in agency performance award pay out pools from a statutory maximum of 10% of aggregate salary to a maximum of 5% - a 50% reduction in available pay for performance funding. This guidance has been repeated for FY 2012 and FY 2013. Some agencies (DoD most noteworthy) have further reduced the amount in SES performance awards pools to as little as 1%, resulting in drastic reductions in the number and amounts of awards granted award - to the point where many SES executives rated as "Outstanding" are not receiving awards. Along with efforts by the Administration to suppress performance awards, Congress has also passed or considered bills to limit or ban performance awards. OPM regulations governing SES performance management require making meaningful distinctions in rating and paying SES employees based

on performance. Moreover, cancelling performance awards may have the effect of putting in jeopardy OPM certification of agencies' SES performance management systems – which would further weaken pay for performance.

Given this situation, SEA conducted a survey of its members in February to determine attitudes about the Pay and performance management system and to identify how it is being implemented. (The full report on the survey can be found at [www.seniorexecs.org](http://www.seniorexecs.org)). The survey results paint a troubling picture of a broken performance management system.

Underpinning any pay for performance system is the concept that excellent performance is recognized and rewarded. Currently, there is no guarantee that an outstanding rating will result in either a pay adjustment or performance award. When the main tenet of pay for performance is broken, the system becomes a disincentive to motivating and engaging employees.

On top of the pay issue, the survey highlights areas that SEA has long raised of fairness and transparency in ratings. According to the survey, one quarter of respondents had not received an FY 2013 performance rating several months into the next performance cycle. Other respondents reported a lack of performance plans (by which individual goals are set and by which SES performance is measured) although the new performance cycle had already begun. Still other respondents commented on the lack of information and transparency by agencies, actions by OPM and OMB on funding awards, timing of ratings and final decisions, and a lack of accountability by the political appointees overseeing the process to ensure timeliness, fairness and accuracy. As is true at all levels of the federal workforce, fair and effective performance systems directly and positively impact both organizational and individual accomplishment.

For the past several years, SEA has sounded the alarm that the risk to reward ratio originally expressed in the statute created the SES is becoming increasingly skewed. The premise of the SES system is that Senior Executives face greater risk (including virtually no job protections and the possibility of geographic reassignment) for greater rewards (including performance awards and, for some, a Presidential Rank Award). Given the erosion of the pay for performance system, the risk remains but the reward is fading. The system has many disincentives for current Senior Executives and those in the pipeline. SEA is not advocating for “Wall Street bonuses” and the reality is that Senior Executives serve in the government due to a dedication to the missions of their agencies and the ability to serve the public – not for high levels of pay.

What SEA urges is for Congress and the Administration to either restore the idea underpinning pay for performance and encourage agencies to provide performance awards to high performers, or to put some measure of stability back in the system. This could be accomplished by restoring locality pay to the SES and providing an annual adjustment to Senior Executives rated fully successful or higher. Such an adjustment would be tied to the average annual pay increase of the General Schedule in order to ease pay overlap.

SEA also believes that OPM needs to continue to promote a unified performance appraisal system that it rolled out in 2012 and to ensure that agencies implement the process with timely

ratings and performance plans and transparency in decision-making. To facilitate this work, SEA encourages Congress to codify the SES Performance Management Office at OPM.

### **Conclusion**

As the Subcommittee considers the state of the federal workforce, the challenges facing the SES are illustrative of the issues that must be addressed for all employees – including recruitment, retention and declining morale – all of which hamper innovation and efficient government operations. At a time when the President has issued a management agenda with a focus on employee engagement, the current state of the SES system is a barrier to achieving that goal. Despite the negative rhetoric emanating from some in Congress and the media, the vast majority of Senior Executives are committed, highly qualified and experienced professionals whose leadership is integral to the effective functioning of government. An engaged and utilized senior leadership corps is essential to any high-performing company. If a private company treated its Senior Executives the way federal career Senior Executives are treated (or frankly, the way the federal workforce as a whole has been treated), the company would fail.

SEA urges Congress to work with stakeholders and focus on reforming the SES to right the risk to reward ratio. As SEA's report on the member survey concludes: "The beneficiaries of a properly balanced system are not only executives themselves, but government as a whole that benefits from their innovation, creativity and dedicated service to the nation. Unfortunately, this balance has eroded to a point where low morale, growing turnover, and increasingly dysfunctional human resources policies and practices are jeopardizing the administration of important agency programs and national goals."



**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 Efficiency and Effectiveness of Federal Programs and the  
Federal Workforce**

**Hearing Entitled  
"A More Efficient and Effective Government: Cultivating the Federal Workforce"**

**May 6, 2014**

Chairman Tester, Ranking Member Portman, and Members of the Subcommittee, thank you 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. I appreciate your invitation to testify on the state of our current workforce and hope to provide some concrete ideas for how Congress can strengthen our civil service.

I am very pleased you are taking the time to hold this hearing today during *Public Service Recognition Week*. Public employees at all levels of government, including the federal government, do important work often without thanks or recognition and they deserve our praise. Earlier today we held a breakfast where we recognized 33 individuals and teams as finalists for the *Service to America Medals*. The accomplishments of these finalists are truly remarkable. Senator Portman, two of your constituents saved U.S. soldiers' lives in Afghanistan by creating and deploying a new aerial sensor system to help Army units detect and destroy deadly improvised explosive devices. Other finalists have generated nearly \$1 billion in aid for 60 projects in 42 developing countries during the past two years through an innovative public-private loan guarantee program, revolutionized drug prevention and addiction treatment programs in 70 countries around the world, and investigated Medicare fraud which led to more than 600 convictions in South Florida and the recovery of hundreds of millions of dollars. These finalists serve as role models and show us that it is possible to overcome the many obstacles federal employees face every day and achieve tremendous success.

You asked us here today to testify on the state of the current federal workforce, including morale, productivity and efficiency. As you well know, this has been a challenging time for federal employees. We routinely hear from federal leaders that the impact of the federal government shutdown, sequestration and hiring and pay freezes has been significant. Budget cuts and budget uncertainty has limited hiring, widened skills gaps, reduced training needed to keep workforce skills current and made succession planning very difficult. Sequestration and the shutdown also put a huge strain on the men and women who serve in the workforce. Leaders told us that in many instances they could not afford their personnel, which led to furloughs and in some cases RIFs, and yet they felt increasing pressure to meet mission-needs. All of this negatively impacted the ability of leaders to effectively manage their organizations and ultimately deliver on their missions. It is therefore not surprising that morale across the federal government is the lowest it has been since 2003.

#### **Employee Satisfaction and Commitment**

##### *Cause for Concern*

The Partnership for Public Service, with support from Deloitte and Hay Group, produces the annual *Best Places to Work in the Federal Government*® rankings. The rankings are based on the results of the Federal Employee Viewpoint Survey (FEVS) administered by the Office of Personnel Management and provide a detailed view of employee satisfaction and commitment across federal agencies and subcomponents. Employee satisfaction and commitment are two necessary ingredients in developing high-performing organizations and attracting top talent. The rankings are also an important tool for congressional oversight and for ensuring that employee satisfaction is a top priority for government managers and leaders. They provide a mechanism for holding agency leaders accountable for the health of their organizations, serve as an early warning sign for agencies in trouble, offer a roadmap for improvement and give job seekers insights into how federal employees view their agencies. Since the rankings provide such critical information, we believe it is important that the survey be done on an annual basis and the data released as soon as possible so agencies can more quickly make improvements.

The 2013 *Best Places to Work* data present a disturbing picture of federal employees throughout the government who are increasingly dissatisfied with their jobs and workplaces. Government-wide, federal

employee job satisfaction and commitment dropped for the third year in a row, tumbling three points to a score of 57.8 on a scale of 100. This represents the lowest overall *Best Places to Work* score since the rankings were first launched in 2003. In contrast, private-sector employee satisfaction improved by 0.7 points in 2013 to a score of 70.7, according to Hay Group.

The Partnership and Deloitte also measure 10 key workplace categories that influence employee satisfaction and commitment. For the second year in a row, the 2013 rankings show a decline in every one of these 10 categories. Effective leadership was the key driver as it has been every year since the rankings were launched in 2003, followed by a match between agency mission and employee skills. The third most important factor, satisfaction with pay, emerged for the first time in 2010, replacing work–life balance as a key element of overall satisfaction and commitment.

Our analysis of the Federal Employee Viewpoint Survey (FEVS) found that employee answers to questions related to effective leadership – the number one driver of employee satisfaction and commitment across government as mentioned above – were particularly alarming. Only 38.5 percent of employees believe leaders in their organization generate high levels of motivation and commitment in the workforce and 44.8 percent are satisfied with the information they receive from management on what's going on in their organization. Forty-nine percent said they have a high level of respect for their organization's senior leaders and just half of respondents said their organization's leaders maintain high standards of honesty and integrity. While there are bright spots related to immediate supervisors – 65.8 percent of respondents say they believe their immediate supervisor/team leader is doing a good job – the overall problem is that senior leaders are not doing enough to earn trust and motivate the workforce.

According to our analysis, the FEVS questions also show that federal employees do not believe their agency has, or is able to recruit, the talent it needs to deliver on its mission. A third of respondents believe the workforce does not have the job-relevant knowledge and skills necessary to accomplish organizational goals. Just 38.8 percent of employees say their work unit is able to recruit people with the right skills. If agencies are unable to recruit and hire needed talent, agency performance will be negatively impacted.

In addition, only half of federal employees report that they are satisfied with their pay, which is down nearly 13 points from 2010. Given recent pay freezes, furloughs and the government shutdown it is not surprising that people are less satisfied with pay. However, research shows that it is increasingly difficult for the federal government to remain competitive, as the private sector is able to pay market rates to recruit highly-skilled individuals in mission-critical fields.

The average starting salary for recent college graduates in the federal government in the Washington, D.C. metropolitan area in 2013 was \$34,075 for a GS-5 or \$42,209 for a GS-7. According to a January 2014 salary survey by the National Association of Colleges and Employers (NACE), the average salary for 2013 graduates in all sectors was \$45,633. For those individuals in mission-critical fields, the average salaries across sectors is significantly higher – \$62,564 for engineers, \$59,084 for computer scientists and \$55,144 for individuals with a background in business. In addition, a 2012 Congressional Research Service study entitled *Comparing the Compensation of Federal and Private-Sector Employees* found the total compensation (pay and benefits) for federal employees who have doctorates or professional degrees is 18 percent lower, on average, than for similar employees working in the private sector. These salaries make it difficult for the federal government to compete for mission-critical talent and can impact employee retention.

Our analysis of the FEVS questions also shows that employees do not believe the current performance management system makes meaningful distinctions in performance or appropriately rewards those who are doing innovative work. Only 43.4 percent of employees believe they are rewarded for doing good work and 33.4 percent of employees believe that creativity and innovation are rewarded. In addition, there

is a lack of trust in the performance appraisal system, and many believe supervisors are not doing enough to address performance-related issues. Just 29.4 percent of employees believe promotions in their work unit are based on merit. Only 25.8 percent of employees believe that steps are taken to deal appropriately with poor performers. If federal employees do not believe there are credible systems and competent leaders in place to reward high-performers or improve or remove poor performers, this will likely have a negative impact on individual and organizational performance.

These survey responses are certainly a cause for concern. Perhaps even more troubling is the fact that just a third of federal employees believe the survey results will be used to make their agency a better place to work, and this number is trending in the wrong direction. On the other hand, there are a few bright spots that are worth illustrating. Amidst these difficult times federal employees in a handful of agencies are actually reporting increased satisfaction and commitment to the workplace. We encourage this committee to take some time to consider what these agencies are doing right, as we believe they serve as a model for other agencies in government.

#### *Bright Spots*

As previously mentioned, the 2013 *Best Places to Work* government-wide score is the lowest it has been since the rankings were first launched in 2003. We suspect that pay freezes, furloughs and anti-government sentiment were contributing factors. However, we also know that it is possible to improve employee engagement, even in difficult environments. In 2013, for example, nearly one quarter of federal organizations improved their scores, despite the challenging year. NASA, the number one agency in 2012, was not only awarded the top spot again in 2013, but it was also the most improved agency. In fact, NASA's *Best Places* score has risen every year since 2007 in spite of budget cuts and the end of the space shuttle program. In addition, NASA has been the top-rated large agency in innovation every year since 2010. Leadership attributes much of its success to the agency's extensive focus on three key priority areas: connecting people to each other and the mission, building model supervisors and recognizing and rewarding innovative performance.

Over the years, we have seen some remarkable change happen at the subcomponent level in government, as well. The United States Mint at the Department of Treasury made significant progress in improving employee satisfaction after years at the bottom of the *Best Places* rankings. Between 2010 and 2011, the Mint increased its score by 21.2 percent, moving from the 201<sup>st</sup> subcomponent in 2010 to the 57<sup>th</sup> in 2011. In particular, the Mint saw large gains in effective leadership, strategic management, employee skills-mission match, training and development and teamwork. This was in large part due to leadership attention to the rankings. They held focus groups and town hall meetings and took a number of steps to increase communication with employees and encourage feedback. They also worked cooperatively with the union, added new training and development opportunities and held executives accountable for carrying out the workplace changes by having workforce satisfaction goals embedded in their performance plans.

Several other agencies have successfully improved their rankings by holding senior leaders accountable for doing so. For example, the U.S. Patent and Trademark Office, Department of Transportation and Nuclear Regulatory Commission, have created incentives for senior leaders by holding them accountable in their executive performance plans for taking demonstrable actions to improve employee engagement. Efforts to improve engagement and satisfaction might include reducing communication barriers, building employee trust and confidence through open communication, holding employee listening sessions, improving internal communication and implementing "quick-wins".

The Partnership and Deloitte recently published a set of case studies highlighting six federal agencies – Patent and Trademark Office, National Aeronautics and Space Administration, Department of State, Department of Transportation, the United States Mint and the Nuclear Regulatory Commission – that

have successfully improved employee satisfaction and commitment.<sup>1</sup> Some of the success stories have been mentioned above. We found that successful agencies employ several key strategies: 1) Own the change – hold executives accountable for using employee survey data and use the data as a measure of their success; 2) Partner with unions – establish an effective working relationship with employee unions; 3) Go for quick wins – design and execute short-term activities to act on employee feedback that can contribute to a longer-term culture change; 4) Develop shared values – commit to shared organizational values and align agency activities and employee interactions to those values; 5) Build connections through communication – use multiple communication methods to connect employees to the mission, the agency and their coworkers; and 6) Invest in employees – develop employee thought leadership, technical training and mentoring.

### **Civil Service Reforms Needed**

While there are some bright spots, which we have highlighted above, the overall results from the *Best Places to Work* rankings and employee responses to key questions in the Federal Employee Viewpoint Survey send a clear message that employees are not satisfied with their workplace and do not believe the current civil service system serves them well. The system – the main elements of which were last updated over 60 years ago—is not enabling agencies to hire the talent they need, develop high-potential employees and reward and retain the very best performers.

The Partnership and Booz Allen Hamilton recently embarked on a two-year research effort to understand the challenges facing the workforce and to chart a path forward. On April 2, 2014, we released a report entitled *Building the Enterprise: A New Civil Service Framework*, which creates an overarching strategy for reforming our civil service system. The report is intended to start a conversation about how to modernize a system that in its current form was largely designed in the 1940's and received its last comprehensive update in 1978. The personnel system governing more than 2 million workers reflects a time when most federal jobs were clerical and required few specialized skills, and when the government's role in society was smaller and far less complicated. The world has changed dramatically, but the civil service system has remained stuck in the past, serving as a barrier rather than an aid to attracting, hiring and retaining highly skilled and educated employees needed to respond to today's domestic and global challenges. Civil servants are the government's greatest assets, but they are ill-served by the system in which they work.

We know civil service reform is ambitious and it will take significant time and sustained attention -- the Senate Governmental Affairs Committee held 12 days of public hearings and seven markup sessions when it considered the Civil Service Reform Act of 1978 – but we believe it is critical and deserves such deliberation. The recommendations we make below are all interconnected and there would be value in addressing them as a package, but we also think there could be opportunities to advance some of these pieces on their own, particularly those recommendations around hiring and leadership.

Below are a set of recommendations we urge Congress to consider. For more details about our proposal we encourage you to refer to our report, *Building the Enterprise: A New Civil Service Framework*.

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<sup>1</sup> Partnership for Public Service and Deloitte, *Ten Years of the Best Places to Work in the Federal Government Rankings: How Six Federal Agencies Improved Employee Satisfaction and Commitment*, September 2013, <http://ourpublicservice.org/OPS/publications/viewcontentdetails.php?id=231>.

### 1. Unify the Civil Service

The federal civil service system has become increasingly obsolete, with most of its major components last retooled more than six decades ago. As that system has aged, agencies both large and small have broken from its ranks, cutting deals with Congress for agency-specific personnel flexibilities, including separate compensation systems, to further their own unique missions and circumstances. The net result is a balkanized, disjointed system with some agencies exempt from all or part of the general civil service rules to create their own more modern agency-specific systems, and other agencies still mired in an antiquated 1949 law. Agencies end up competing not only with the private sector, but also with each other for talent, and those organizations without personnel flexibilities are at a great disadvantage.

*Congress should pass legislation to:*

- Create a common, yet flexible, civil service system for all of government to level the playing field in the competition for talent, while preserving core civil service principles such as merit, nonpartisanship, veteran's preference, non-discrimination and due process.
- Codify the President's Management Council (PMC) – comprised of the deputy secretaries from each cabinet agency and chaired by the deputy director for management for OMB – and charge it with working closely with OMB and OPM to oversee and monitor the implementation of the new civil service framework.
- Codify the National Council on Federal Labor Management Relations as the principle platform for consultation between the executive branch and the unions that represent most of its employees.

### 2. Modernize Pay and Classification

The federal pay-setting process undermines the ability of the government to attract and retain high-quality, white-collar talent because it treats the workforce as a unified mass, and it bears little relationship to the compensations rates paid for similar work in the broader labor market. The job classifications reflect a time when more than 70 percent of federal employees performed clerical or low-level administrative work and have little relevance to the knowledge work performed by a majority of today's civil servants. In addition, statutory distinctions between those classifications – represented by the 15 General Schedule pay grades – are arbitrary and arcane. It is difficult to know how federal jobs – and federal salary rates – compare with the competition, and as a consequence the current system for making adjustments to those rates is fatally flawed.

*Congress should pass legislation to:*

- Replace the General Schedule with a federal compensation system that is more market- and performance-sensitive to enable the federal government to recruit the talent it needs without overpaying, or underpaying, for critical skills and expertise. Set pay for specific occupations in accordance with the general labor market and take total compensation – pay and benefits – into account.
- For the professional and administrative positions, collapse the 15 levels of the General Schedule into five work levels and create a dual-track system that better enables both technical experts and managers to progress.

### **3. Strengthen Performance Management**

We believe the performance management system is sound in theory but has never realized its full potential in practice. Agencies do a poor job of describing organizational performance requirements and translating them into meaningful individual and team performance expectations. There are few consequences – positive or negative – when those expectations are not met or when they are exceeded. Agencies often do not effectively select, train and hold managers accountable for working with their employees on performance issues. Employees and managers often view performance management as a paperwork exercise with little bearing on promotion prospects and almost none on pay, even though logic suggests that promotions should be based on how well employees do their jobs. In addition, supervisors often are reluctant to make difficult performance decisions for fear of litigation when they hold poor performers accountable or lack the tools to reward their top performers. The net result is a ratings distribution where a large number of employees are rated above average because it is the most expedient way to check the box. This does little to motivate or help employees and can negatively impact organizational performance.

*Congress should pass legislation to:*

- Establish performance review boards modeled after those established by law to oversee administration of the Senior Executive Service performance management system. The boards would analyze rating patterns by occupation, grade level and demographics in order to assure that they are consistent with organizational performance and merit principles.
- Require classroom training, mentoring and coaching for new supervisors and periodic recertification to ensure supervisors and managers are equipped to lead their employees. Require new supervisors to have demonstrated key competencies in order to continue serving in a supervisory capacity after the one-year probationary period.
- Hold managers accountable in their performance plans for taking steps to address employee satisfaction and commitment. Also hold them accountable for managing their employees, including rewarding high performers and developing and/or removing poor performers.
- Minimize tenure-based pay increases for managers and employees, and instead base pay progression within a particular salary band on performance – up to an occupation’s market rate for performance that meets expectations, and above that rate only for performance that exceeds expectations.
- Create a unified dispute resolution process for all individual employee complaints and appeals that will preserve due process rights, speed decision-making and best serve the interests of employees and managers.

### **4. Reform Federal Hiring**

Over the years, various laws and process requirements have greatly complicated the federal hiring process. As a result, the federal hiring process has become so slow, complex, opaque and imprecise in its ability to identify the best candidates that it is more likely to impede than facilitate the government’s ability to hire well. In addition, successful private sector best practices cannot be used in the federal government because of the overly complicated rules and regulations. Finally, the

federal government's assessment tools are not consistently identifying the best candidates, so agencies are not getting the talent they need.

*Congress should pass legislation to:*

- Allow all agencies to use the same recruiting flexibilities that some agencies now have to create a level playing field among federal employers. Allow agencies to use direct-hire authority when there is a shortage of highly qualified candidates, while still preserving long-held principles such as merit-based hiring, veteran's preference, diversity, nondiscrimination and political independence.
- Authorize agencies to share their lists of best qualified candidates with each other, a common-sense, cost-effective reform to help agencies find top talent, particularly for hard-to-fill positions.
- Codify current regulation allowing agencies to convert high-performing interns paid by the federal government to a permanent position. Allow unpaid interns in a comparable position to be converted as well as those who work in a federal agency but are paid by a third party under contract to government. The federal government converts just 8.7 percent<sup>2</sup> of federal interns compared to 58.6 percent<sup>3</sup> in the private sector. The government is missing out on a huge opportunity to build a critical talent pipeline for the future. Attracting this talent is also important in building generational diversity since only 7.1 percent of the federal workforce today is under the age of 30 compared to 23 percent in the total civilian workforce.
- Expand the use of scholarships and ROTC-like programs to attract mission-critical talent to the federal government.
- Allow agencies to rehire former federal employees to any position for which they qualify. Currently, former federal employees who have held a career or career-conditional position may be non-competitively reinstated to a position within the federal government, but only to a job that is at or below the grade level they last held in the federal government, despite the fact they may be qualified for a more senior position due to several years of valuable higher-level experience outside the government.
- Require that supervisors, managers and agency leaders are held accountable in their performance plans for hiring and developing the next generation of talent.
- Provide resources and encourage OPM to develop a robust inventory of applicant assessment tools that can be used by agencies to select talent that is best matched to the jobs being filled.

##### **5. Focus on Leadership**

The challenges facing our federal government today are great. They require executives who have had a diversity of experience and perspective and who can work across agencies and sectors to solve complex problems. However, the reality is that the vast majority of new executives – 92 percent – come from within government, 76 percent from the same agency subcomponent. In addition, the

<sup>2</sup> Partnership analysis of the fiscal 2011 Enterprise Human Resources Integration-Statistical Data Mart (EHRI-SDM), provided by the Office of Personnel Management.

<sup>3</sup> National Association of Colleges and Employers, *2012 Internship & Co-op Survey*, April 2012, 4, <http://www.naceweb.org/intern-co-op-survey/>.

original vision of the SES as a mobile corps of leaders that could be deployed across government to work on cross-agency goals and missions, has never been realized. Executives are largely seen as agency-specific rather than government-wide assets. In addition, the top political leadership in government is transitory, with appointees serving for relatively short periods of time and not held accountable for the management and the long-term health of the organizations they lead.

*Congress should pass legislation to:*

- Create a single, four-tier SES with increased responsibility and pay. Ensure that each of the four tiers would include separate tracks for technical experts. This would allow agencies to promote skilled professionals for their technical value and not force them to become supervisors and managers in order to grow professionally.
- Designate Tier 4 SES as enterprise executives who are deployed across government to fulfill specific cross-agency missions and functions. Require enterprise executives to serve five-year term appointments and hold performance contracts with the PMC. Authorize enterprise executives to be compensated up to the vice president's salary or at a minimum Level I of the federal Executive Schedule.
- Establish an Enterprise Executive Resources Board, chaired by the OMB deputy director of management and comprised of members of the PMC, the OPM director and some of government's most respected former career executives, to select, deploy, monitor and evaluate Tier 4 enterprise executives.
- Authorize agencies, rather than OPM, to certify that their selected SES candidates in Tiers 1 through 3 possess the Executive Core Qualifications rather than relying on the current OPM-run Qualifications Review Board that now must approve those chosen for executive positions. Require OPM to annually review hiring decisions to ensure agencies are acting appropriately.
- Require candidates for the SES to have demonstrated experience in another sector, level of government or agency before being selected for the SES. This will ensure executives are being selected for their breadth of experience, and ability to work effectively across organizational and functional boundaries.
- Cap the number of non-career SES at each agency at 10 percent to ensure that no agency becomes a repository for political favors and to promote better selection of individuals whose skills match agency missions. Currently, the percentage of political non-career members of the SES is limited by law to 10 percent government-wide, but individual agencies can and do exceed this percentage.
- Require C-Suite positions, such as chief financial officers, chief human capital officers, chief information officers and the chief acquisition officers, be filled by a career appointee for a renewable term of six years and require performance contracts for these positions. We believe that reducing the number of management jobs filled through political appointments will reduce critical vacancies across government and ensure continuity between administrations. We also believe that Congress should require each new administration to recommend specific political positions that should be converted to career status or eliminated altogether.

We know the civil service reforms we have discussed here will be a significant undertaking. It will require considerable deliberation to ensure all voices and perspective are heard and it will require

sustained attention by this subcommittee. We encourage you to hold hearings on the issue and we stand ready to assist you in any way possible.

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



*Samuel J. Heyman*  
SERVICE to AMERICA MEDALS

## 2014 FINALISTS

### Call to Service Medal Finalists

This medal recognizes a federal employee whose professional achievements reflect the important contributions that a new generation brings to public service.

#### **Jonathan Baker**

Delta IV Launch Systems Deputy Chief Engineer  
U.S. Air Force Space and Missile Systems Center Launch Systems Directorate  
El Segundo, California  
Saved taxpayers more than \$4 billion on the purchase of 40 new rockets, and led the engineering team responsible for launching 13 Air Force satellites into orbit

#### **Anthony Cotton, Amanda Femal, Jason Fleming, JP Gibbons and the Development Credit Authority Transaction Teams**

Africa Team Leader (Cotton); Asia and Middle East Team Leader (Femal); Latin America/Caribbean and Eastern Europe Team Leader (Fleming); and Strategic Transactions Team Leader (Gibbons)  
U.S. Agency for International Development, Development Credit Authority  
Washington, D.C.  
Generated nearly \$1 billion in aid for 60 projects in 42 developing countries during the past two years through an innovative, public-private loan guarantee program

#### **Sofia Hussain**

Senior Forensic Accountant, Division of Enforcement  
Securities and Exchange Commission  
Boston, Massachusetts  
Helped federal investigators crack intricate securities fraud cases and return hundreds of millions of dollars to investors by introducing cutting-edge technology and data analysis

#### **Sara Meyers**

Director, Sandy Program Management Office  
Department of Housing and Urban Development  
Washington, D.C.  
Created sophisticated data analysis systems to evaluate the performance of federal housing programs, and set up processes to track \$13.6 billion in economic stimulus and \$50 billion for Hurricane Sandy disaster recovery

#### **Miguel O. Román**

Research Physical Scientist, Terrestrial Information Systems Laboratory  
National Aeronautics and Space Administration, Goddard Space Flight Center  
Greenbelt, Maryland  
Provided timely and reliable information on wildfires, storm damage and global energy consumption to help scientists and policymakers better understand and respond to natural disasters and climate change



*Samuel J. Heyman*  
SERVICE to AMERICA MEDALS

## 2014 FINALISTS

### Career Achievement Medal Finalists

This medal recognizes a federal employee for significant accomplishments throughout a lifetime of achievement in public service.

#### **Scott Gerald Borg**

Head, Antarctic Sciences Section, Division of Polar Programs  
National Science Foundation  
Arlington, Virginia

Directed a world-class research program in Antarctica that led to important scientific discoveries about climate change, the origins of the universe, previously unknown sea life and two new dinosaur species

#### **Thomas Browne**

Deputy Director, Office of Anticrime Programs  
Department of State, Bureau of International Narcotics and Law Enforcement Affairs  
Washington, D.C.

Transformed drug prevention and addiction treatment programs in 70 countries around the world, providing special care and assistance to women and children

#### **Robert A. Canino**

Regional Attorney, Dallas District Office  
Equal Employment Opportunity Commission  
Dallas, Texas

Pioneered the use of civil rights laws to try human trafficking cases when criminal enforcement and labor laws proved ineffective in defending foreign-born and intellectually disabled workers who were abused and exploited

#### **Edwin Kneedler**

Deputy Solicitor General  
Department of Justice  
Washington, D.C.

Argued 125 cases and helped shape the government's legal position on hundreds more before the Supreme Court, while setting a high standard for integrity and protecting the long term interests of the United States

#### **E. Ramona Trovato**

Associate Assistant Administrator, Office of Research and Development  
Environmental Protection Agency  
Washington, D.C.

Helped transform national environmental health policy by focusing attention on the impact of pollutants on children, and by devising strategies to respond to biological, chemical and radiological contamination from a terrorist attack



*Samuel J. Heyman*  
SERVICE to AMERICA MEDALS

## 2014 FINALISTS

### Citizen Services Medal Finalists

This medal recognizes a federal employee for a significant contribution to the nation in activities related to citizen services (including economic development, education, health care, housing, labor and transportation).

#### **Michael Byrne**

Former Geographic Information Officer  
Federal Communications Commission  
Washington, D.C.

Put detailed data about our nation's broadband availability and communications systems in the hands of citizens and policymakers through the use of interactive online maps and other visualizations

#### **Marcia Crosse**

Director, Health Care  
Government Accountability Office  
Washington, D.C.

Directed congressional attention and prompted reforms to the Food and Drug Administration's global role in the regulation of drugs and medical devices to help the agency better protect public health

#### **James D. Green**

Project Officer, Division of Safety Research  
Centers for Disease Control and Prevention, National Institute for Occupational Safety and Health  
Morgantown, West Virginia

Collaborated with the ambulance manufacturing industry and multiple federal agencies to create ambulance crash standards to help reduce injuries and fatalities among EMS workers and patients

#### **Douglas James Norton**

Senior Environmental Scientist, Watershed Branch  
Environmental Protection Agency  
Washington, D.C.

Engaged citizens, scientists and state agencies in protecting their local streams, lakes and rivers by providing access to water quality data and assessment tools via the web

#### **Günter Waibel, Adam Metallo and Vincent Rossi**

Director, Digitization Program Office (Waibel) and 3D Program Officers (Metallo and Rossi)  
Smithsonian Institution  
Washington, D.C.

Made iconic treasures from the Smithsonian's vast collection accessible to students, teachers, historians and curious visitors everywhere through the use of computerized 3-D imaging and printing technologies



*Samuel J. Heyman*  
SERVICE to AMERICA MEDALS

## 2014 FINALISTS

### **Homeland Security and Law Enforcement Medal Finalists**

This medal recognizes a federal employee for a significant contribution to the nation in activities related to homeland security and law enforcement (including border and transportation security, civil rights, counterterrorism, emergency response, fraud prevention, and intelligence).

#### **Omar Pérez Aybar, Reginald J. France and the Miami HEAT Teams**

Assistant Special Agents in Charge, Miami Regional Office  
Department of Health and Human Services, Office of Inspector General  
Miami Lakes, Florida

Led hundreds of Medicare fraud investigations that have resulted in more than 600 convictions in South Florida, recovering hundreds of millions of dollars and providing an investigative roadmap for other jurisdictions to follow

#### **Susan M. Hanson**

Senior Resident Agent  
Federal Bureau of Investigation  
Dothan, Alabama

Brought to justice four prison guards who brutally beat and murdered an inmate, and exposed a culture of abuse in Alabama prisons

#### **Anthony Regalbuto**

Chief, Office of International and Domestic Port Security  
U.S. Coast Guard  
Washington, D.C.

Assessed the vulnerabilities of hundreds of marine facilities and created comprehensive security plans for domestic and international shipping ports to guard against terrorist attacks

#### **Gilbert Bindewald, Alice A. Lippert and Patrick Willging**

Program Manager, Advanced Grid Modeling Research (Bindewald); Senior Technical Advisor, Energy Infrastructure Modeling and Analysis (Lippert); Senior Logistics Specialist (Willging)  
Department of Energy, Office of Electricity Delivery and Energy Reliability (Bindewald and Lippert); Office of Petroleum Reserve (Willging)  
Washington, D.C.

Helped government authorities and power companies deliver emergency services and restore electricity following widespread natural disasters by creating critical information sharing and assessment tools



*Samuel J. Heyman*  
**SERVICE to AMERICA MEDALS**

## **2014 FINALISTS**

### **Management Excellence Medal Finalists**

This medal recognizes a federal employee for demonstrating superior leadership and management excellence through a significant contribution to the nation that exemplifies efficient, effective and results-oriented government.

#### **Sonny Hashmi**

Acting Chief Information Officer  
General Services Administration  
Washington, D.C.

Led the General Service Administration's "Cloud Initiative," improving employee effectiveness, reducing agency costs and creating a model for other federal agencies to follow

#### **Alan J. Lindenmoyer**

Program Manager, Commercial Crew and Cargo Program  
National Aeronautics and Space Administration, Johnson Space Center  
Houston, Texas

Transformed NASA's space travel programs, helping the U.S. continue important space research while reducing taxpayer costs and stimulating the commercial space industry

#### **Marion Mollegen McFadden and the Hurricane Sandy Rebuilding Task Force Staff**

Senior Attorney for Disaster Recovery  
Department of Housing and Urban Development  
Washington, D.C.

In the months following Hurricane Sandy, coordinated efforts of numerous federal agencies to help rebuild stronger and safer communities

#### **Ronald E. Walters**

Acting Principal Deputy Undersecretary for Memorial Affairs  
Department of Veterans Affairs  
Washington, D.C.

Honored our country's veterans by delivering the pinnacle of care and service at their final resting place, while increasing availability and access to burial sites throughout the country



*Samuel J. Heyman*  
SERVICE to AMERICA MEDALS

## 2014 FINALISTS

### **National Security and International Affairs Medal Finalists**

This medal recognizes a federal employee for a significant contribution to the nation in activities related to national security and international affairs (including defense, military affairs, diplomacy, foreign assistance and trade).

#### **Jill Boezwinkle**

Senior Program Manager, Development Innovation Ventures  
U.S. Agency for International Development  
Washington, D.C.

Guided a U.S. initiative to provide safe drinking water to 5 million people in Kenya and Uganda, saving lives and preventing illnesses for thousands of individuals

#### **R. Patrick DeGroot**

Deputy Product Manager  
Department of the Army  
Aberdeen Proving Ground, Maryland

Helped America's warfighters achieve mission success and stay out of harm's way by developing and deploying a new mobile communications network that gives Army units continuous connectivity on the battlefield

#### **Jonathan Gandomi**

Former Field Representative for the Counter-Lord's Resistance Army Mission  
Department of State, Bureau of Conflict and Stabilization Operations  
Washington, D.C.

Coordinated U.S. efforts to end the atrocities of the Lord's Resistance Army, one of Africa's oldest and most brutal extremist groups, and help victims overcome decades of violence

#### **Dr. Rana A. Hajjeh and the Hib Initiative Team**

Director, Division of Bacterial Diseases  
Centers for Disease Control and Prevention  
Atlanta, Georgia

Led a global campaign to convince some of the world's poorest countries to use a vaccine to fight bacterial meningitis and pneumonia, an initiative that is estimated to save the lives of 7 million children by 2020

#### **Sean C. Young and Benjamin J. Tran**

Electronics Engineers  
Air Force Research Laboratory  
Wright-Patterson Air Force Base, Ohio

Saved U.S. soldiers' lives in Afghanistan by creating and deploying a new aerial sensor system to help Army and Special Forces units detect and destroy deadly improvised explosive devices



*Samuel J. Heyman*  
SERVICE to AMERICA MEDALS

## 2014 FINALISTS

### Science and Environment Medal Finalists

This medal recognizes a federal employee for a significant contribution to the nation in activities related to science and environment (including biomedicine, economics, energy, information technology, meteorology, resource conservation and space).

#### **William A. Bauman, M.D. and Ann M. Spungen, Ph.D.**

Director (Bauman) and Associate Director (Spungen), National Center of Excellence for the Medical Consequences of Spinal Cord Injury  
Department of Veterans Affairs, James J. Peters VA Medical Center  
Bronx, New York

Greatly improved the health care and the quality of life of paralyzed veterans by developing new ways to treat long-overlooked medical problems

#### **William Charmley and James Tamm**

Division Director, Assessment and Standards Division (Charmley) and Chief, Fuel Economy Division (Tamm)  
Environmental Protection Agency (Charmley); National Highway Traffic Safety Administration (Tamm)

Ann Arbor, Michigan (Charmley); Washington, D.C. (Tamm)

Led an interagency team that developed standards for cars and light trucks that will double fuel economy by 2025 and reduce carbon dioxide emissions by 6 billion metric tons

#### **John Cymbalsky**

Program Manager, Appliance and Equipment Standards  
Department of Energy, Office of Energy Efficiency and Renewable Energy  
Washington, D.C.

Brought together industry and environmental groups to adopt new efficiency standards for appliances and commercial equipment that will save consumers money and reduce energy consumption and air pollution

#### **Richard Rast**

Senior Engineer  
Air Force Research Laboratory  
Kirtland Air Force Base, New Mexico

Developed a new, low cost method of locating and tracking space debris that could severely damage or destroy spacecraft and vital communications, navigation and weather satellites

#### **Jeffrey Rogers**

Program Manager (Ret.)  
Defense Advanced Research Projects Agency  
Arlington, Virginia

Created a wearable sensor that provides real-time information on the risk of traumatic brain injuries to soldiers exposed to bomb blasts, resulting in quicker medical treatment and uncovering previously undiagnosed injuries



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**Statement of National President Jon Adler  
 Federal Law Enforcement Officers Association**

**On**

**“A More Efficient and Effective Government: Cultivating the Federal Workforce”**

**Before the**

**Subcommittee on Efficiency and Effectiveness of Federal  
 Programs and the Federal Workforce  
 Senate Homeland Security and Governmental Affairs Committee**

**May 6, 2014**

Mr. Chairman, Ranking Member Portman, and Members of the Subcommittee, I am pleased to submit this statement on behalf of the membership of the Federal Law Enforcement Officers Association. FLEOA is a non-partisan, nonprofit professional organization representing more than 26,000 criminal investigators in 65 agencies across the federal government. We thank you for convening this hearing on the state of the federal workforce. I would be remiss, Chairman Tester, if I did not also thank you for your steadfast leadership on preventing harmful changes to the Federal Employees Compensation Act and your continued support for federal law enforcement.

Since the terrorist attacks of September 11, 2001, our nation has taken a proactive, "forward leaning" position in order to ensure that America and its citizens are protected from both foreign and domestic threats. That protection has come at a high cost. A cost not only in terms of dollars spent, but in countless agent-hours, deployments, and lives lost. As the National President of the Federal Law Enforcement Officers Association, I have the privilege of representing men and women who are on the front lines protecting our nation both at home and abroad. At the American Embassies in Iraq and Afghanistan, Diplomatic Security Service Agents are there doing their job. In Iraq and Afghanistan and the broader CENTCOM area, multi-agency federal law enforcement task forces, led by the FBI, are tracking down and capturing those that wish to do us harm. The US Marshal's Service is protecting Afghanistan's Court system while DEA Agents, are working to eradicate the spread of opium in that country. Here at home, Secret Service Agents are working around the clock to keep America's leaders safe. On the borders, the dedicated officers of the US Border Patrol are keeping a war from spreading onto American soil. These officers are on the front lines in the war on terror, and are responsible for hundreds of millions of dollars in seizures each year from terrorist financiers, money launders, and drug cartels.

As this introduction indicates, federal law enforcement is a profession that is absolutely unique in the ranks of the federal government, and the federal law enforcement officer has no counterpart in the private sector. Federal law enforcement officers are routinely asked to put their lives on the line to protect our nation from terrorists and criminals. It is one of the most stressful, most dangerous, and most rewarding careers for those who meet the rigorous requirements of the job. It is in recognition of these facts that Congress established distinct pay, benefit, and personnel systems for federal law enforcement positions.

Unfortunately, in both the 112<sup>th</sup> and 113<sup>th</sup> Congresses these same pay, benefit, and personnel systems have been under attack, largely as part of the effort to address the negative effects of sequestration. While each of the workforce policy changes that have been considered to date may appear to have merit in the overall effort to reduce the federal budget, they have also negatively impacted both employee morale and the various missions law enforcement agencies are asked to perform. Such policies have the potential to significantly impact the safety of both federal law enforcement officers and the public.

Indeed, as today's hearing notice intimates, federal law enforcement officers in recent years have weathered a perfect storm of assaults on their jobs and their livelihoods through the government shutdown, sequestration, and hiring and pay freezes, to name just a few. This has been an ever-present reality for the men and women I represent. But they have also been subject to almost relentless verbal assaults as overpaid and underperforming bureaucrats, the threats of layoffs and reductions-in-force, the prospect of significant changes to their retirement system, the threat of additional budget cuts endangering both agency mission and officer safety, and a continuing attempt to alter the disability benefits available to those officers who have sacrificed themselves in defense of this nation. Without question, each of these and many other initiatives have taken a heavy toll on federal law enforcement officers' morale and on agency recruitment and retention efforts. Yet to their credit, the federal law enforcement community has never let it affect their dedication to carrying out their sworn mission to protect and serve their fellow citizens.

Despite the resiliency of our federal law enforcement workforce, it is past time for Congress and the Administration to reverse course before the effects are irreversible. Serious consideration must be given to prioritizing both the human capital and operational needs of the agencies charged with protecting homeland security and public safety. It is no easy, quick, or inexpensive thing to recruit, vet, train, and assign an individual to a federal law enforcement position. Particularly if it is in response to an imminent threat or to a catastrophic natural or manmade disaster.

To do so means placing a greater emphasis on recognizing the unique nature of the law enforcement mission, and law enforcement officers and their agencies, within the federal government for purposes of staffing, allocation of resources, and personnel policies. While we agree that there is a legitimate need to reduce the cost and size of the federal government, we must not do so at the expense of the homeland security and public safety needs of our nation and its citizens. It is neither fair nor wise to try and balance the budget on the backs of those whose sole mission is to keep us safe. Congress should recognize federal law enforcement as the "essential" government service that it is, and carefully consider the impact that any future workforce policy changes will have on both personnel and mission.

In conclusion, Mr. Chairman, we hope that this will be the first of several hearings examining the impact that recent Administration actions, federal agency policies, and congressional legislation have had on federal law enforcement. We also trust that this Subcommittee will help steer the Congress and the Administration towards solutions that build up and retain a highly capable and qualified workforce. FLEOA looks forward to working with you and others to advance solutions for the benefit of the brave men and women who are asked to put their lives on the line to protect us each and every day.



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President

Lily Eskelsen Garcia  
Vice President

Rebecca S. Pringle  
Secretary-Treasurer

John Stocks  
Executive Director

May 15, 2014

United States Senate  
Committee on Homeland Security and Governmental Affairs  
Washington, DC 20010

Dear Senator:

On behalf of the three million members of the National Education Association and the students they serve, we would like to offer our views on the Government Pension Offset and Windfall Elimination Provision in connection with the May 6 hearing, "A More Efficient and Effective Government: Cultivating the Federal Workforce."

The Government Pension Offset (GPO) reduces public employees' Social Security spousal or survivor benefits by two-thirds of their public pension. It affects people who work as federal, state, or local government employees, including educators, police officers, and firefighters, if the job is not covered by Social Security. Nationwide, more than one-third of teachers and education employees, and more than one-fifth of other public employees, are not covered by Social Security, and are, therefore, subject to the GPO.

An estimated 9 out of 10 public employees affected by the GPO lose their **entire** spousal benefit, even though their deceased spouse paid Social Security taxes for many years. The impact is harshest for those who can least afford the loss: lower-income women. They have less money to spend in their local economy, and sometimes have to turn to expensive government programs like food stamps to make ends meet.

NEA receives hundreds of phone calls and letters from educators impacted by the GPO. Many are struggling to survive on incomes close to poverty, fearing they will be unable to cover their housing, medical, and food expenses on their meager incomes. For example:

*My husband was diagnosed with glioblastoma, the most aggressive type of brain cancer. After surgery, radiation and chemotherapy, his sight was affected so he could no longer drive or read. Therefore, he could no longer work as a real estate appraiser. We lived on my teacher retirement pension, my small Social Security benefit (\$250 a month before Medicare), and his Social Security check of \$1,600. It was an adjustment having one income totally lost, but with careful management and no unforeseen unexpected expenses we could do it. My husband lost his battle in April. Within two weeks of his death his Social Security benefit no longer was coming. After a phone interview with a Social Security representative, I found out that I would see none of it. Now my income was almost cut in half again. Trying to deal with his death was compounded immeasurably by*

*this huge loss financially. I still wonder how I am going to make it. My husband worked all his life and paid into Social Security. He was in the Marines and the Army and was a Vietnam vet. I worked as a teacher of young children most of my life as well as other jobs to earn my Social Security benefit. The GPO and the WEP are devastating to me. What can I do to help get these repealed?—Heidi from Maine*

The Windfall Elimination Provision (WEP) reduces the earned Social Security benefits of an individual who also receives a public pension from a job not covered by Social Security. It affects people who worked in jobs not covered by Social Security and in jobs in which they earned Social Security benefits—such as educators who do not earn Social Security in the public schools, but who work part-time or during the summer in jobs covered by Social Security.

The WEP penalizes individuals who move into teaching from private sector employment, or who seek to supplement their often insufficient public wages by working part-time or in the summer months in jobs covered by Social Security. Educators enter the profession, often at considerable financial sacrifice, because of their commitment to our nation's children and their belief in the importance of ensuring every child the opportunity to excel. Yet, many of these dedicated individuals are unaware that their choice to educate America's children comes at a price—the loss of benefits they earned in other jobs. For example:

*After graduating from college, I went to work in corporate America. I worked my way into management and was making three times what I do now as a school teacher. For twelve years I was in a rewarding position, doing the "right" thing in life, making a good salary, and was very proud of what I did for a living. Due to company management downsizing, I was forced to make a decision to move or demote. I chose to leave the company and go back to school to get a teaching credential. To this day, I believe that it was one of the best decisions I've ever made. I believed (and still do) that I could make a difference in students' lives. Now, I find out that my financial reward for all these hard years of honest work is to have my Social Security benefits significantly cut each year that I teach. This is a true example of the government making it "easier and better" not to go into public service. There is something wrong when our country needs good, qualified, devoted teachers, and then takes away the money they earned before they decided to become good, qualified, devoted teachers. Some of the best teachers we have are those who have brought all their prior experience, travels, knowledge, training, and skills to the classroom. Why are we penalizing these great teachers?—Carrie in California*

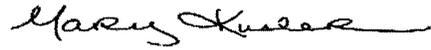
While the amount of reduction depends on when the person retires and how many years of earnings he or she has accumulated, many public employees can lose a significant portion of the Social Security benefits they earned in other jobs. Many NEA members report that they are subject to double penalties—losing both their own benefits and spousal benefits due to the combined impact of the GPO and WEP.

The GPO and WEP have an impact far beyond those states in which public employees are not covered by Social Security. Because people move from state to state, there are affected individuals everywhere. The number of people impacted across the country is growing every day as more and more people reach retirement age.

NEA strongly supports repeal of the GPO and WEP. The *Social Security Fairness Act* (H.R. 1795/S. 896) would repeal these unfair offsets and has 18 co-sponsors in the Senate. Yet, Congress has taken no action to move this important legislation. We urge Congress to stop delaying and to repeal the GPO and WEP.

Thank you for the opportunity to offer these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Mary Kusler". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mary Kusler  
Director, Government Relations

**TO:** The Distinguished Members of the Subcommittee on Efficiency and Effectiveness of Federal Programs and the Federal Workforce

**FROM:** Jeremy Furrer, Presidential Management Fellow, Class of 2011  
Lauren Hansen, Presidential Management Fellow, Class of 2013  
Jeny Mills, Presidential Management Fellow, Class of 2013

**DATE:** May 6, 2014

**RE:** The Impact of Sequestration, the Government Shutdown, and Departmental Hiring Freezes on the Presidential Management Fellowship Program

*To the Distinguished Members of the Subcommittee on Efficiency and Effectiveness of Federal Programs and the Federal Workforce:*

We respectfully submit for your consideration this memorandum concerning the detrimental impact of the budget sequestration of 2013, the sixteen day federal government shutdown, and departmental hiring freezes on the Presidential Management Fellowship (PMF) Program. Over the past several years, there has been a steady decline in the number of individual Finalists placed within this prestigious and vital leadership development program. It is our view that given the mounting challenges faced by federal agencies, as well as the inevitable retirement of hundreds of thousands of federal employees within the next decade, it is of the utmost importance that the PMF Program receives the support and resources necessary to prosper through times of unpredictable budgetary circumstances.

**The Presidential Management Fellowship Program as a Recruitment, Retention, and Succession Tool**

The PMF Program is a flagship leadership development program for entry level advanced degree candidates that is managed by the U.S. Office of Personnel Management (OPM). The two year program offers candidates the opportunity to partake in 160 hours of formal classroom training, as well as a 4 to 6 month developmental assignment. Each year thousands of candidates from universities and colleges around the country apply to be a part of this prestigious program. After a lengthy, 8-month application process, OPM selects a small proportion of the original applicants to become PMF Finalists. As a PMF Finalist, individuals have the opportunity to apply for positions reserved by federal agencies specifically for PMFs.

The PMF Program has been a critical recruitment and retention tool for federal agencies since the original inception of the program in 1977. Agencies have the opportunity to recruit exceptionally talented individuals who have been vigorously vetted through OPM's application process. Many PMFs remain in their respective agency for years after the conclusion of the program, while others contribute their knowledge and skills in other federal agencies. The program is also an important succession tool. With the U.S. Government Accountability Office recently estimating that as many as 600,000, or 31 percent, of federal career employees will become eligible to retire by as early as September 2017,<sup>1</sup> many federal agencies will inevitably utilize this program to welcome and train new leaders who will be essential to the continuation of important governmental functions.

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<sup>1</sup> U.S. Government Accountability Office. *FEDERAL WORKFORCE: Recent Trends in Civilian Employment and Compensation*. GAO-14-214. Washington, DC. January 2014.

**The Impact of Sequestration, the Government Shutdown, and Departmental Hiring Freezes on the Presidential Management Fellowship Program in 2013**

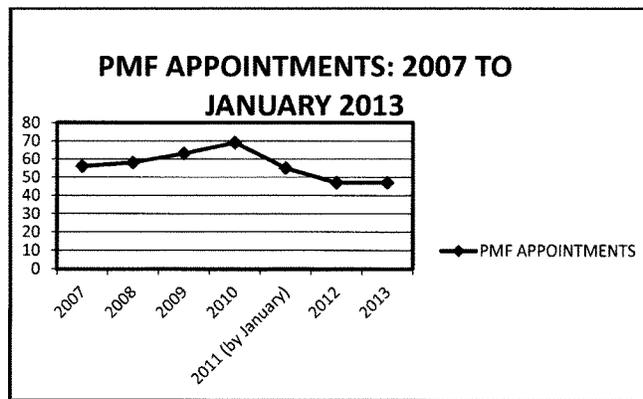
As with many other federal programs, the PMF Program has felt the brunt of recent budgetary uncertainties. The budget sequestration of 2013, the sixteen day federal government shutdown, and departmental hiring freezes have all affected the implementation of the PMF Program. While the impact of ongoing budgetary uncertainties on the PMF Program can be observed over the past several years, the Class of 2013 PMF Finalists were particularly affected and burdened by the harsh restrictions that recent events imposed on federal hiring.

The Class of 2013 PMF Finalists consisted of 668 highly qualified individuals. They were notified on April 8, 2013 of their status as PMF Finalists and given until April 8, 2014 to find placement, or else they would forfeit the opportunity to participate in the program. By late February 2014, only six weeks before the eligibility deadline, just 32 percent had found appointment within a federal agency. For comparison, in 2011, 55 percent of the PMF Finalists were appointed by January. Further, of the 265 veterans who were 2013 PMF Finalists, only 68 had found placement by February 2014. The impact of sequestration, the government shutdown, and departmental hiring freezes is plainly apparent.

Since January 2014, members of the Class of 2013 PMF Finalists, along with a number of PMF Alumni, undertook several initiatives in an effort to support the 68 percent of PMF Finalists who had not found placement. On December 2, 2014, a total of 257 unplaced 2013 Finalists petitioned OPM to extend the April 8, 2014 deadline. Subsequently, on February 25th, the 2013 PMF Finalists, with support from PMF Alumni, conducted a 24-hour email campaign, during which 2013 PMF Finalists and PMF Alumni sent messages to OPM Director Katherine Archuleta in support of immediate action to aid the high number of remaining Finalists. OPM held a final job fair on March 10th, during which many federal agencies hired numerous 2013 PMF Finalists. With this most recent effort, initial projections indicate that 47 percent of the original 668 PMF Finalists were able to find placement within a federal agency prior to the deadline.

**A Summation of Placement Trends Since 2007**

As previously stated, the impact of budgetary uncertainties over the past several years has had a detrimental impact on the PMF Program. The graph below depicts the steady decline in PMF appointments since 2010:



From 2007 through 2010, the placement rate grew steadily, beginning at 56 percent in 2007 and growing gradually to 69 percent in 2010. Since 2010, the rate has trended on a downward trajectory, dipping to a projected 55 percent in 2011, and decreasing to its current rate of 47 percent.

Placement rates within the PMF Program for our nation's veterans have also been sharply impacted by recent events. Out of the total number of 2013 PMF Finalists, approximately 40 percent were eligible for veterans' preference; however, as of April 10, 2014, only 31 percent of Finalists appointed had veterans' preference. This means that only 37 percent of veterans from the 2013 Class received appointments—approximately 99 veterans out of a total of 265.

#### **Recommendations**

We respectfully submit the following as recommendations that, if implemented, would have a substantial and beneficial impact on the PMF Program. These recommendations were formulated from feedback and comments received from both 2013 PMF Finalists and PMF Alumni.

1. A formal report conducted on behalf of OPM to analyze the administration of the PMF Program. The report would focus on recent trends, as well as the impact of sequestration, the government shutdown, and departmental hiring freezes. The report would be utilized to identify areas of weakness in the program and to develop solutions to such issues. The report would also be used to initiate contingency planning in the event of future imperfect circumstances.
2. Proactive contingency planning and enhanced management on behalf of OPM to ensure that future events do not threaten the value of the PMF Program to federal agencies.
3. Continuing oversight by the Distinguished Members of this Committee in order to provide the guidance necessary for the PMF Program to be successful, as well as to uphold accountability of its administration.

#### **Concluding Remarks**

PMF Finalists are among the most promising students and young professionals, and they frequently lend new perspectives and talents to the federal workforce. They support the spirit and intent of public service, often forgoing more lucrative opportunities to lend their knowledge and skills to benefit the essential work of the federal government. It is our view that with the growing number of challenges faced by federal departments, the PMF Program will be of vital importance to future recruitment, retention, and succession planning. For this reason, we ask that the Distinguished Members of this Committee consider providing additional support and direction for this essential program.

Thank you for your time and consideration.

**Post-Hearing Questions for the Record  
Submitted to the Honorable Katherine Archuleta  
From Senator Jon Tester**

**“A More Efficient and Effective Government: Cultivating the Federal Workforce”  
May 6, 2014**

1. What steps has OPM taken to address specific locality pay adjustments in the Bakken to recruit and retain federal employees – especially at the Bureau of Land Management?

*Response: Last December the Federal Salary Council studied the issue of establishing a separate locality pay area for the Bakken region. The Council advised the President's Pay Agent (DOL, OMB, and OPM) that establishing a separate locality pay area for the Bakken region is not feasible and recommended that OPM encourage agencies facing recruitment or retention challenges to maximize their use of pay flexibilities such as special salary rates. OPM has met with several agencies on this issue, including reviewing what information the employing agencies should submit as part of a special rates request to OPM.*

*The Department of the Interior (DOI) has taken the lead role in working with OPM to consider establishing special salary rates in the Bakken region and in other petroleum producing areas in the United States. Additionally, OPM is assisting DOI with compiling and assembling the necessary workforce analysis that OPM must receive as part of the request and which includes items such as the number of employees, agencies' projected work needs, vacancy rates, and length of position advertisements/time of hire. Interior is leading the effort to develop the special rates request and will work with OPM to contact other agencies in the areas studied and include them in the special rates request as needed.*

2. Are you processing specific agency requests to provide incentives in a timely manner?

*Response: OPM has not received any agency headquarters' requests to provide incentives to employees in the Bakken region. Agencies have considerable discretionary authority to provide compensation incentives to address recruitment and retention issues, either directly or by request to OPM, including special rates, critical pay, student loan repayments, and recruitment, relocation, and retention incentives. OPM stands ready to respond to any request we receive.*

3. To what extent could or should federal employees be doing the work currently done by contract employees on security clearance background investigations?

*Response: Currently, Federal and contract investigators perform essentially the same type of work and OPM FIS believes that the quantity of work performed by Federal staff versus the quantity of work performed by contractors strikes an appropriate balance. In general, OPM feeds work to the Federal investigators first since the Federal staff is a static cost regardless of case load. The remaining cases available for scheduling are then distributed to the contractors based on factors such as workload capacity, the case types for which they have competitively bid, and whether the contractor is meeting all of the performance measures in the contract. For example, contractors can scale up or down as needed based on demand and have the capacity to obtain information in remote locations where placing Federal employees would be excessively costly.*

*In response to Public Law 110-417 § 321, 31 U.S.C. 501 note, on September 12, 2011, OMB's Office of Federal Procurement Policy published Policy Letter 11-01, Performance of Inherently Governmental and Critical Functions, which provided the most current guidance on when governmental outsourcing is and is not appropriate. OMB cited as inherently governmental:*

*The conduct of administrative hearings to determine the eligibility of any person for a security clearance, or involving actions that affect matters of personal reputation or eligibility to participate in government programs. 76 F.R. 56227, 56241 at Appendix A, ¶ 18.*

*The carve-out of the adjudicative process from the background investigation appears to confirm the view that has prevailed since at least 1995 that the background investigation itself is not inherently governmental.*

*As a matter of good practice and to protect the integrity of the security clearance process, rather than because of any requirement of law, OPM FIS now ensures that the background investigations of OPM FIS contract employees are reviewed by Federal staff.*

4. In the wake of the USIS revelations, what steps has OPM taken to increase accountability over the contractors conducting background investigations on your behalf?

*Response: As of February 2014, OPM has federalized the final quality review, meaning that every case is reviewed by a Federal employee for completeness and quality before it is transmitted to a customer. In addition, OPM has established a new internal audit team and has increased the number of inspections of its contractors four-fold. OPM has also*

*changed the way in which the inspections are being conducted, permitting a deeper dive into the data to gain an improved picture of the contractor's compliance with the contract requirements. OPM is engaged in an interagency Quality Assessment Working Group that we co-chair with the Department of Defense and the Office of the Director of National Intelligence (ODNI). The working group is comprised of 20 Federal agencies involved in investigations and adjudications who are developing better and more standardized means to measure the quality of background investigations across the Federal Government. Finally, OPM and ODNI are working on training standards for investigators and adjudicators. This will help to ensure that investigations are conducted to consistent standards across all investigating agencies.*

5. In what ways have the increased employee contributions to FERS under P.L. 112-96 and P.L. 113-67 impacted the ability of federal agencies to recruit and retain qualified employees? What will be the projected impact of these increased contributions on attracting and keeping employees in the future?

*Response: The Federal Government remains very competitive in the labor market by offering a full array of benefits and work-life flexibilities. OPM has not yet analyzed the impact of these laws on the agencies' ability to recruit and retain qualified employees as it is too early to evaluate the impact.*

6. Despite recent progress in reducing the backlog in processing federal retirement claims, OPM continues to rely on a partially paper-based processing system. Former federal employees waited, on average, 61 days as of February 2014 for new federal retirement claims to be processed (i.e., to receive their full pension benefits). What specific ongoing changes in retirement processing are expected to further reduce the backlog? What steps still need to be taken to reduce average processing time, including measures to modernize the information technology that supports claims processing?

*Response: OPM has begun the process to acquire a case management solution with workflow capability to facilitate payment of accurate and timely benefits payments for some retirement case scenarios. We are gathering requirements and that work will continue as we implement additional workflows in FY 2015 to cover most of our retirement cases. This case management solution will give us greater insight into the cases themselves, our processes, and our performance within those workflows by providing richer data that informs our analysis for process improvement efforts and our management decisions and policies. Concurrently, we will complete the pilot project with payroll service providers for accepting payroll data from Shared Service Centers using a standardized data format that will eliminate the need for paper records. Additionally, we are pursuing the capability for employees to submit retirement applications online, reducing the paper currently sent by agencies to OPM.*

**Questions for the Congressional Record**

U.S. Senator Rob Portman

*Subcommittee on the Efficiency and Effectiveness of  
Federal Programs and the Federal Workforce*

*U.S. Senate Committee on Homeland Security and Government Affairs*

For the Subcommittee hearing:

**“A More Efficient and Effective Government: Cultivating the Federal Workforce”**

Tuesday, May 6, 2014

**JERI L. BUCHHOLZ**

Assistant Administrator for Human Capital Management

NASA

1. Employees at the John Glenn Research Center fulfill several leadership roles that are critical to programs and projects in all of NASA’s missions. Glenn’s recent contributions to these missions include:

- **For the Human Exploration & Space Operations missions**, NASA Glenn provided engineering and technical services, analysis, and other services to support development of the Space Launch System (SLS) and the Orion Multi-Purpose Crew Vehicle. It also led aspects of the Human Research Program, which performs research in support of astronaut health, and developed next generation systems that support humans reaching farther into space – critical to accomplishing the President’s stated goal of putting a human on mars.
- **For the Science mission**, NASA Glenn managed the Radioisotope Power Systems Program and developed associated technologies, co-managed the Advanced Stirling Radioisotope Generator project, managed the In-Space Propulsion Technology Program, spacecraft bus sample return and reentry, and developed scientific instruments and mission concepts for planetary surfaces.
- In support of the **Aeronautics mission**, NASA Glenn continues to build on its world-class aeronautics heritage through its leadership of a wide variety of fundamental research in subsonic, supersonic, and rotary aircraft, and through its program management efforts to support flight in any atmosphere at any speed and the enhancement of aviation safety. Much of this work occurs at the Plum Brook Station in Sandusky, Ohio.

If you look at NASA’s own numbers, about 52 percent of NASA workers are age 50 or above. By contrast, about 60 percent of NASA Glenn’s workers are age 50 or above. I know this is not a problem unique to NASA.

- Do you think the aging workforce represents a threat to the long term health of NASA’s research and development workforce and specifically to the Glenn Center?

While the average age of NASA's workforce is increasing, the Agency has been able to refresh the workforce each year through hiring. Hiring activity over the last few years has included both experienced employees and student pipeline hiring. NASA has maintained a steady population of student FTEs each year mostly in the STEM fields, which is our primary mechanism for ensuring the long-term health of the research and development workforce. Since the Agency has experienced relatively low attrition rates, especially in the Science and Engineering (S&E) workforce, NASA has enjoyed consistency of, and access to, talent. This allows experienced NASA professionals to pass on their expertise to subsequent generations of technical talent.

Although the aging of the workforce is a long-term challenge to Glenn Research Center, Glenn is proactively working to significantly increase student hiring. This will help rebuild GRC's succession planning pipeline and increase the transfer of knowledge from experienced employees to those in the early stages of their careers. Limited hiring opportunities in recent years have hampered Glenn's ability to deal with this issue as quickly as desired.

- Can you explain why the Glenn Center has a higher concentration of workers over 50 as it relates to other NASA centers?

Although Glenn's percentage of workers over 50 is above the NASA average, it is about the same as at other NASA research Centers. During the 1990s and early 2000s, workforce at the research Centers was reduced at a higher rate than the workforce at other NASA Centers. This resulted in fewer opportunities to hire employees who were at earlier stages of their careers.

Glenn's attrition continues to remain very low. Glenn's average attrition rate for the past five years has been 4.2 percent, which is the second lowest in the Agency. The low attrition rate results in a workforce that continues to age, with few opportunities to hire employees who may be at earlier stages of their careers.

- A great deal of intellectual capital exists among the current NASA workforce. What steps is NASA taking to ensure that this knowledge isn't lost when the current generation of scientists and engineers retire, but rather is transferred to the next generation of workers?

NASA's scientists and engineers have historically remained at the Agency well beyond retirement eligibility dates, reflecting the high degree of commitment to the Agency's mission and programs. The Agency has also experienced low rates of non-retirement losses, especially in the Science & Engineering population. Estimates of future retirement based on historical loss rates do not show surges of losses in any one-year or any significant increase of losses when compared to current levels. As a consequence of these patterns, we expect senior, experienced professionals will remain at the Agency for long periods of time and will continue to be available to pass on their intellectual capital and expertise to more junior employees at the

Agency. Also, NASA's workforce is matrixed to project work so that any engineer or scientist can be assigned to multiple programs and projects in the course of a year, thus coming into contact with a wide variety of senior professionals at the Agency.

2. I understand that your focus within NASA is primarily on the workforce, not on how the Agency sets its funding priorities. But one can often impact the other. In 1994, the Glenn Center had a budget of \$1 billion and a total civil service workforce of about 2,500 employees. Since then, the budget has been gradually reduced to about \$668 million (FY12), which supports about 1,700 civil servants.

- In your view, how do these types of reductions in investment and workforce impact overall efficiency and effectiveness in NASA's centers? Do you have a sense of how the reductions have impacted Glenn specifically?

NASA continues to adjust its workforce's size and mix of skills to address changing mission priorities and a leaner fiscal environment. Over the last decade, NASA Centers have diversified the mission work they perform, thus providing each Center with the ability to utilize their capabilities, including workforce, even when the distribution of funding across missions varies over time. Centers also have flexibility to make tradeoffs between funding for contractor workforce and procurements and funding for internal assets and capabilities, including workforce. For example, the Agency has reduced the number of support service contractors in response to changes in the human space flight mission portfolio and Agency top line budget reductions.

Reductions have impacted Glenn's workforce transformation capabilities. Limited hiring opportunities have narrowed the scope of succession planning and slowed knowledge transfer. As stated above, Glenn is actively working to increase student hiring while leveraging their experienced workforce to continue playing an important role in NASA's space technology development efforts.

- What steps have you taken to sharpen and improve the Glenn Center's workforce so that it can continue delivering on its important mission in a consistent manner over time, despite repeated reductions in budget and workforce?

Glenn continues to focus on developing and improving its workforce through a variety of training programs, such as supervisory training, program management, and systems engineering. Given continuing reductions to training budgets, Glenn is relying more on its own employees with subject matter expertise to deliver in-house training and to transfer knowledge to more junior employees. Glenn is also using employee details and rotational assignments to build depth and breadth of knowledge and experience. New mentoring programs also facilitate the development and transfer of knowledge.

CHARRTS No.: SHSGAC-01-003  
Senate Committee on Governmental Affairs  
Hearing Date: May 06, 2014  
Subject: A More Efficient and Effective Government: Cultivating the Federal Workforce  
Witness: Ms. Hinkle-Bowles  
Senator: Senator Tester  
Question: #1

Personnel cuts

Question. Last year's Defense Authorization Act required that any cuts to uniformed military personnel be met proportionately from the civilian side. As a result, DOD is estimating civilian personnel reductions in the tens of thousands over the next few years. However, attrition alone will not address the needed number of personnel cuts and involuntary separations and layoffs that may ultimately be implemented. What is DOD doing to prepare for these pending cuts to manpower, and what steps are being taken to mitigate the impact on how the Department carries out its mission?

Answer. The Department is currently operating under hiring restrictions and targeting reductions, as needed, to achieve efficiencies while meeting mission requirements. The use of reductions-in-force permit the Department to make targeted cuts in civilian employee levels.

In addition, workforce management tools, such as Voluntary Separation Incentive Pay and Voluntary Early Retirement Authority, have been authorized and encouraged, both of which are valuable in reducing involuntary separations and associated costs.

Question: #2

Recruiting and retaining women

Question. As of December 2013, 44% of civilian employees in the executive branch were female, compared to 47% in the total U.S. labor force. What initiatives are underway, and with what documented success, to recruit and retain women in the civilian workforce at DOD?

Answer. Approximately 34 percent of DoD's civilian workforce is comprised of women, which is less than that cited for the executive branch, but likely attributable to the fact that DoD's traditional applicant pool includes many former Service members. The Department continues to lead the Federal government in new Veteran hiring. From October 2013 to March 2014, 53 percent of all DoD new hires were Veterans. We continually monitor civilian workforce demographics, and include efforts to recruit female both Veterans and non-Veterans.

CHARRTS No.: SHSGAC-01-001  
Senate Committee on Governmental Affairs  
Hearing Date: May 06, 2014  
Subject: A More Efficient and Effective Government: Cultivating the Federal Workforce  
Witness: Ms. Hinkle-Bowles  
Senator: Senator Portman  
Question: #1

Section 1107 of the FY14 NDAA

Question. Section 1107 of the Fiscal Year 2014 National Defense Authorization Act included several provisions establishing new authorities for the direct hiring and management of personnel at Department of Defense Science and Technology Reinvention Laboratories. These authorities are important to meet the unique personnel challenges of scientific laboratories. Can you provide an update on the implementation of the section and when you expect guidance to be provided to the laboratories?

Answer.

Section 1107 of the NDAA for Fiscal Year 2014 authorized Scientific and Technical Reinvention Laboratory (STRL) directors the authority to appoint qualified candidates possessing a bachelor's degree and appoint qualified veteran candidates, and established in each STRL senior scientific technical manager positions classified above GS-15 of the General Schedule. A Federal Register Notice (FRN) to implement these authorities is in final coordination. The estimated publication date is July 2014. Once published, STRL directors will be able to execute these flexibilities.

Question: #2

Moving SES members to different jobs

Question. Members of the Senior Executive Service in all agencies can be asked to move from one job to another. This is probably most evident in the Defense Department, which has a culture of rotating positions among military members. However, of the three services, the Air Force is most aggressive in moving SES members to different jobs. While there are some benefits to this policy, there are also negative effects, particularly in science and technical fields. Does the Defense Department have a standard policy on rotating members of the Senior Executive Service or do the Services each maintain their own policy? Has the department done any studies to document the advantages and disadvantages of rotating SES members? Are there some fields—for example, scientific and technical positions—that get treated differently for rotation of positions?

Answer. The Department-wide policy on the rotation of executives, which is found in DoD Directive 1403.03, encourages movement of its SES workforce as a means to meet mission requirements and facilitate individual development. Components differ in their practices of

moving SES members depending on the readiness and potential of individual executives and needs of the Component and/or functional community.

While our current policy has proven to be an effective means to ensure we develop our SES workforce, the Department also leverages the rich research conducted by external organizations, to ensure we consider the best in executive talent management practices in the federal and private sectors. Studies such as those by the Institute for Defense Analyses on Interagency National Security Knowledge and Skills, and Booz Allen Hamilton, which jointly with DoD, studied Senior Executive Development, have helped to validate the Department's institutional approach to senior executive management, as well as to provide new ideas for enhancing and utilizing this critical workforce.

Question: #3

Travel and Conferences

Question. In response to the controversial handling of travel and conferences by government agencies the Administration and Congress are restricting spending on travel and conference attendance by federal employees. While this was a very necessary step, I understand that travel and conference restrictions affect scientists more severely than many other workers because attending and presenting at conferences is a critical part of scientific discovery and an integral part of career development. Earlier this year, when she testified before this committee, Beth F. Cobert, Deputy Director for Management, Office of Management and Budget, acknowledged the value of attending conferences for U.S. science and engineering community. Please describe what is being done in the Defense Department to ensure that necessary scientific work can continue through conference attendances by federal scientists? Have you or others noticed that travel and conference restrictions are cited as a reason for scientists leaving the federal government, or not wanting to accept a federal job?

Answer. The Department's Scientific and Technology (S&T) community leadership maintains a continuous dialogue with the Components and laboratories on issues affecting their ability to achieve the mission requirements. Components have developed various approaches to meeting mission requirements and dealing with constraints, to include budget reductions. The Department is tracking progress and monitoring for situations that may require a need for additional policy.

The Department is aware of losses of renowned experts in highly acclaimed research fields who cite the lack of conference attendance as a factor in their decisions to leave the Department. While not all S&T organizations have the same degree of concern, many have implemented exit surveys to quantify the significance of attrition due to restrictions on conference attendance. As additional evidence is collected and analyzed, the Department will be better positioned to develop strategies to address the full impacts on DoD's laboratory and research enterprise.