

**WORKFORCE FOR THE 21ST CENTURY:  
ANALYZING THE PRESIDENT'S MANAGEMENT  
AGENDA**

---

**HEARING**  
BEFORE THE  
**COMMITTEE ON OVERSIGHT  
AND GOVERNMENT REFORM**  
**HOUSE OF REPRESENTATIVES**  
ONE HUNDRED FIFTEENTH CONGRESS  
SECOND SESSION

MAY 16, 2018

**Serial No. 115-96**

Printed for the use of the Committee on Oversight and Government Reform



Available via the World Wide Web: <http://www.govinfo.gov>  
<http://oversight.house.gov>

U.S. GOVERNMENT PUBLISHING OFFICE

31-422 PDF

WASHINGTON : 2018

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

Trey Gowdy, South Carolina, *Chairman*

John J. Duncan, Jr., Tennessee  
Darrell E. Issa, California  
Jim Jordan, Ohio  
Mark Sanford, South Carolina  
Justin Amash, Michigan  
Paul A. Gosar, Arizona  
Scott DesJarlais, Tennessee  
Virginia Foxx, North Carolina  
Thomas Massie, Kentucky  
Mark Meadows, North Carolina  
Ron DeSantis, Florida  
Dennis A. Ross, Florida  
Mark Walker, North Carolina  
Rod Blum, Iowa  
Jody B. Hice, Georgia  
Steve Russell, Oklahoma  
Glenn Grothman, Wisconsin  
Will Hurd, Texas  
Gary J. Palmer, Alabama  
James Comer, Kentucky  
Paul Mitchell, Michigan  
Greg Gianforte, Montana  
*Vacancy*

Elijah E. Cummings, Maryland, *Ranking  
Minority Member*  
Carolyn B. Maloney, New York  
Eleanor Holmes Norton, District of Columbia  
Wm. Lacy Clay, Missouri  
Stephen F. Lynch, Massachusetts  
Jim Cooper, Tennessee  
Gerald E. Connolly, Virginia  
Robin L. Kelly, Illinois  
Brenda L. Lawrence, Michigan  
Bonnie Watson Coleman, New Jersey  
Raja Krishnamoorthi, Illinois  
Jamie Raskin, Maryland  
Jimmy Gomez, Maryland  
Peter Welch, Vermont  
Matt Cartwright, Pennsylvania  
Mark DeSaulnier, California  
Stacey E. Plaskett, Virgin Islands  
John P. Sarbanes, Maryland

SHERIA CLARKE, *Staff Director*  
WILLIAM MCKENNA, *General Counsel*  
KEVIN ORTIZ, *Professional Staff Member*  
JULIE DUNNE, *Government Operations Subcommittee Staff Director*  
SHARON CASEY, *Deputy Chief Clerk*  
DAVID RAPALLO, *Minority Staff Director*

# CONTENTS

|   |           |
|---|-----------|
| Hearing held on May 16, 2018 .....  | Page<br>1 |
| WITNESSES   |           |
| PANEL I   |           |
| The Honorable Margaret Weichert, Deputy Director for Management, U.S.<br>Office of Management and Budget            |           |
| Oral Statement .....  | 5         |
| Written Statement .....   | 7         |
| The Honorable Jeff Pon, Director, U.S. Office of Personnel Management   |           |
| Oral Statement .....  | 12        |
| Written Statement .....   | 14        |
| PANEL II  |           |
| Mr. Bill Valdez, President, Senior Executives Association   |           |
| Oral Statement .....  | 41        |
| Written Statement .....   | 43        |
| Mr. Max Stier, President and CEO, Partnership for Public Service  |           |
| Oral Statement .....  | 61        |
| Written Statement .....   | 64        |
| Ms. Jacqueline Simon, Policy Director, American Federation of Government<br>Employees                               |           |
| Oral Statement .....  | 76        |
| Written Statement .....   | 78        |
| APPENDIX  |           |
| Letter of December 19, 2017, from Mr. Cummings to Office of Management<br>and Budget submitted by Ms. Maloney ..... | 104       |
| Letter of February 16, 2018, from Office of Management and Budget to<br>Mr. Cummings submitted by Ms. Maloney ..... | 106       |
| The National Treasury Employees Union Statement for the Record submitted<br>by Mr. Connolly .....                   | 108       |
| Response from Ms. Weichert, Office of Management and Budget, to Questions<br>for the Record .....                   | 116       |
| Response from Mr. Pon, Office of Personnel Management, to Questions for<br>the Record .....                         | 119       |
| Response from Mr. Stier, Partnership for Public Service, to Questions for<br>the Record .....                       | 133       |



## **WORKFORCE FOR THE 21ST CENTURY: ANALYZING THE PRESIDENT'S MANAGEMENT AGENDA**

---

**Wednesday, May 16, 2018**

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,  
*Washington, D.C.*

The committee met, pursuant to call, at 1:30 p.m., in Room 2154, Rayburn House Office Building, Hon. Trey Gowdy [chairman of the committee] presiding.

Present: Representatives Gowdy, Jordan, Amash, Meadows, DeSantis, Walker, Blum, Hice, Russell, Grothman, Hurd, Palmer, Mitchell, Cummings, Maloney, Norton, Clay, Lynch, Connolly, Lawrence, Krishnamoorthi, Raskin, DeSaulnier, and Sarbanes.

Chairman GOWDY. The Committee on Oversight and Government Reform will come to order. Without objection, the presiding member is authorized to declare a recess at any time. We do expect a vote series around 2:00 this afternoon. At that time, we will recess for the duration of votes, likely around 30 minutes, and then reconvene shortly thereafter.

With that, I will recognize the gentleman from Maryland, the ranking member of the committee, Mr. Cummings, for his opening statement.

Mr. CUMMINGS. Thank you very much, Mr. Chairman. And welcome to our witnesses today for this very important hearing.

If the United States Government were a business, it would be in the service industry. Most of the expenses in the service industry are for salaries and retirement benefits. In other words, most of the expenses are for the workers who provide the services.

The people of the United States Civil Service are secretaries; they are the firefighters; the scientists, and attorneys; you know the ones, the janitors that are cleaning the bathroom, the nurses, and the doctors. They direct air traffic to keep our skies the safest in the world. They keep our military planes, helicopters, and vehicles in optimal condition.

They care for our veterans and our senior citizens. They ensure that our Social Security benefits are delivered on time and accurately. They enforce the laws of the Nation, and protect the environment for generations yet unborn.

They are the ones that pick up the dead bodies. Come on now. They do the jobs so often that nobody wants to do. And when the government is not working as it should for our citizens, they blow the whistle out of a solemn sense of duty and patriotism.

Without those brave Federal employees, this committee could not perform our job of oversight.

But government is not a business. The government's purpose is to promote the interests of the American people, not to make a profit.

Federal workers perform vital and essential tasks for our Nation, without fear or favor. Our dedicated civil servants do this work without any intention of getting rich.

In other words, they can work a lifetime, quite often, and make far less than they would have made had they been in private industry. But they feel a duty, they feel a calling to help people. They are public servants, and they support middle-class families.

Unfortunately, it appears that President Trump does not value these workers or the critical services they provide to the American people. Today's hearing will expose the aggressive attacks the Trump administration is waging on middle-class Federal workers and their agencies.

Earlier this month, the Trump administration submitted to Congress a draconian proposal to cut more than \$143 billion over the next 10 years from the pay and benefits of middle-class Federal workers, retirees, future retirees, and even their survivors.

The Trump plan could eliminate, or would eliminate, cost-of-living-adjustments for current and future retirees in the Federal Employee Retirement System, and it will reduce COLAs for other retirees and survivors, including children who suffered a loss of a parent. This provision would erode the value of retirement income, and would not even keep pace with inflation. We can be a better country than that.

The Trump plan would impose higher costs on employees for their pensions without any corresponding increase in retirement benefits. I don't care how you look at it; this is a wage cut.

The Trump plan would reduce retirement pay by replacing the existing system, which is based on 3 consecutive years of highest pay salary, with a system based on 5 years of highest pay. This provision would lower the retirement pay for many Federal employees.

Enacting the changes that President Trump demands under the guise of reform would betray the promises our Nation has made to Federal workers who dedicate their lives to public service, as well as their families. It also would severely degrade recruitment, retention, and the performance of our civil service.

This is not the first time Republicans had degraded the paychecks of public servants. Over the past decade, they have cut Federal pay and benefits by \$195 billion, according to the nonpartisan Congressional Budget Office. They instituted a 3-year pay freeze that costs Federal workers \$98 billion. They increased required employee contributions to Federal retirement programs twice, and cut employee take-home pay by an estimated \$21 billion.

More than 755,000 Federal employees were furloughed due to sequestration cuts, costing Federal employees more than \$1 billion. And Federal workers received pay adjustments that were lower than specified by statute from 2014 through 2018, costing them an additional \$75 billion.

What makes the Trump administration's proposal so disappointing is that it comes after the President and the Republicans in Congress enacted \$1.5 trillion in tax cuts for wealthy individuals and corporations. Who is going to fund those tax cuts for the rich? Middle class workers, that's who. And that is just absolutely wrong.

President Trump has demonstrated contempt for public servants from his first day in office when he prohibited Federal employees from filling vacant positions. He has attacked government watchdogs, ethics officials, law enforcement officials, and career government employees. His administration has issued illegal gag orders to try to stop whistleblowers from telling Congress what their agencies are really doing, and his agencies are attacking employee unions that protect whistleblowers from retaliation.

We need to reject this latest proposal in a string of terrible proposals, this sabotage of the United States civil service. We need to begin building back up the confidence of our Federal employees. They have already paid billions to help pay down the debt. They should not be asked now to help fund tax cuts for the rich.

And I say to our Federal employees, thank you for all that you do every day and that you are doing today, for you are giving your blood, sweat, and tears to lift us all up. And with that, Mr. Chairman, I yield back.

Chairman GOWDY. The gentleman from Maryland yields. The gentleman from North Carolina, who has worked tirelessly on this issue, Mr. Meadows, is recognized for an opening statement.

Mr. MEADOWS. I thank you, Mr. Chairman, for your leadership on this effort and, certainly, for the witnesses who are here today as we start to look at this.

Certainly, on March 20 of this year, the administration released the President's Management Agenda. As we well know, that agenda lays out the administration's long-term vision for improving the performance of the Federal Government; states the specific goals of this administration to improve the ability of agencies to deliver mission outcomes. And I think that is a critical point, is as we look at those outcomes, it is certainly something that all Americans can welcome, provide excellent service.

In this very hearing, we have had a number of hearings where, with the IRS, and the ranking member and I have said that the service levels in terms of getting a live person is not something that we ought to be bragging about. So as we look at that, it is really about being an effective steward of the American taxpayers' dollars.

This administration has identified three key drivers of this transformation: Information technology, modernization, the data accountability and the transparency, and then certainly, the workforce for the 21st century. All three of these drivers are certainly interconnected, and success in improving that performance of the Federal Government cannot be achieved without progress in all three of those areas.

Today, however, we will focus on that third driver, developing a workforce for the 21st century, which is a core jurisdictional responsibility of this committee under the House rules.

Federal employees underpin nearly all of the operations of the government, and we must ensure that we continue to hire and retain the best and brightest.

I have been very disappointed to find that many times, Members of Congress only go to Federal agencies to complain, not to assess what is going on; and so, I have found it very illuminating and very rewarding, quite frankly, with our Federal workforce when we go in, to actually have conversations with the people that do the work. And I have been fascinated by their ability to give great suggestions on how we might improve the efficiency of the Federal workforce.

In fact, I would also say, their recommendations are better than any that would come out of this committee on either side of the aisle, because they understand both the barriers, the roadblocks, and also the disincentives that we have within our 40-year old civil service way of doing business.

So I want to thank both of you. As we look at this particular issue, I think probably the most important thing that we can do is stay laser-focused on the ultimate goal of this third rail, which is looking at how do we retain, how do we make sure that we properly compensate—and yes, you are hearing that from a Republican—and how do we make sure that as we deal with all of this, whether it is the annual survey that we sometimes—in fact, we get, the annual survey—I see my good friend in the audience here. As we look at the surveys, how do we actually take those and make an action point?

This committee is committed to do that in a bipartisan fashion, but I also think that it is going to require many of us to perhaps pull away the old thinking that we have that it has to be this way or that way or no way, and work in a real bipartisan way to make sure that we have an effective workforce.

So I look forward to hearing from both of the witnesses, and I thank the chairman for his leadership.

Chairman GOWDY. The gentleman from North Carolina yields back.

We are pleased to introduce our first panel of witnesses: The Honorable Margaret Weichert, Deputy Director for Management in the Office of Management and Budget, and the Honorable Jeff Pon, Director of the Office of Personnel Management.

Pursuant to committee rules, all witnesses will be sworn before they testify, so I would ask you to please stand and raise your right hands.

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

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

I think you are both familiar with our timing and lights, so rest assured that your opening statements will be read by all the members, and you are welcome to take 5 minutes to summarize. We will recognize you first, Ms. Weichert.

**PANEL I****WITNESS STATEMENTS****STATEMENT OF HON. MARGARET WEICHERT**

Ms. WEICHERT. Chairman Gowdy, Ranking Member Cummings, and members of the committee, thank you for the opportunity to appear before you today to discuss the President's Management Agenda, or PMA, which is designed to modernize government for the 21st century.

Most Americans don't think about the Federal Government every day, but when they need government services, they expect them to work. The PMA lays out a long-term vision for effective government that achieves missions, and enhances the services upon which the American people depend. By modernizing the Federal Government in key areas, we will improve the ability of agencies to deliver mission outcomes, provide excellent service, and effectively steward taxpayer resources.

The public believes that the Federal Government serves critical roles, and in some areas, performs them well. Yet, public trust in the Federal Government continues to decline, currently sitting at near-historic lows. While the Federal Government's business is to serve the American people in core mission areas, this becomes too bureaucratic and complex to meet the needs of the 21st century.

The Federal Government still operates with many capabilities and processes established in the mid-20th century, if not earlier, despite dramatic changes in technology, society, and the needs of the American people in the digital age. No matter how well-intentioned, complicated and duplicative Federal processes can create confusion among veterans, farmers, job seekers and others trying to interact with their government. Those in government must recognize that citizens today are not well-served by the same approaches, technology, and skill sets of the past. We face complex and interconnected challenges that cannot be solved via siloed efforts.

If we want to get traction on fixing real barriers to change, we must use broader system-level thinking to address aging technology infrastructure, disconnected data, and an outmoded civil service framework.

So modernizing government for the 21st century requires work in three interconnected areas: Modern information technology; data accountability and transparency; and a modern workforce that enables senior leaders and front-line managers to align staff skills with evolving mission needs. Our management of the workforce will have to be more nimble and agile with the capacity to reskill and redeploy the workers we already have to keep pace with ever faster change.

We cannot underestimate how tightly woven these three areas are, or the extent to which people are the linchpins of success. The Federal Government is the largest single direct employer in the Nation. Taxpayers invest more than \$200 billion annually in the productivity of our 2.1 million civilian Federal employees. An even larger "indirect" workforce of people employed by contractors sup-

ports mission work. We owe it to the public to ensure that we are spending these dollars wisely.

And it is people who drive the business of government. We can purchase new IT systems, but do our Federal employees have the optimal skills and tools to negotiate contracts and keep computer networks safe and secure? We can turn to data to drive results, but do we have enough data scientists who know what the data means and can figure out how to fill in our knowledge gaps?

As the majority of our career civil servants approach retirement age, have we positioned the Federal Government to compete effectively for the next generation of highly-qualified individuals needed for key roles?

Today, the overarching answer to these questions is no. Why? It starts with the Federal civil service system. The job classification system is outdated and unwieldy. The compensation structure is overly rigid. The lengthy hiring process often results in top job candidates taking jobs elsewhere before we can extend an offer. Employees and managers alike agree that the existing employee performance management system fails to reward the best and address the worst employees.

The reality is that today's Federal personnel system is a relic of an earlier era. It is rooted in the Pendleton Civil Service Reform Act of 1883, and the Classification Act of 1923. The Civil Service Reform Act of 1978 made a series of changes, including creating the Office of Personnel Management, but even these reforms were enacted long before many current Federal workers were even of working age.

In the intervening years, a complicated web of process requirements, and confusing suboptimal policies have resulted in an archaic system that does not address the needs of the Federal workforce.

So a reexamination of the Federal human resource function is needed. Healthy organizations are designed to change and adapt, and the United States government is no exception. In ratifying the Constitution, our Founders sought to establish a durable governing framework that would "establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty."

Our Federal workforce goes to work each day dedicated to this constitutional vision, so we must take care to ensure that existing government policies and procedures help us to better achieve the Founders' goals, and do not hinder the workforce in pursuing the mission, service, and stewardship goals of government.

Thank you, Mr. Chairman.

[Prepared statement of Ms. Weichert follows:]

**TESTIMONY OF MARGARET WEICHERT**  
DEPUTY DIRECTOR FOR MANAGEMENT  
OFFICE OF MANAGEMENT AND BUDGET  
BEFORE THE COMMITTEE ON  
OVERSIGHT AND GOVERNMENT REFORM  
UNITED STATES HOUSE OF REPRESENTATIVES

May 16, 2018

Chairman Gowdy, Ranking Member Cummings, and Members of the Committee, thank you for the opportunity to appear before you today to discuss the President’s Management Agenda – or “PMA” – to Modernize Government for the 21<sup>st</sup> Century.

Most Americans don’t think about the Federal Government every day, but when they need Government services, they expect them to work. The PMA lays out a long-term vision for effective government that achieves missions and enhances the services upon which the American people depend. By modernizing the Federal Government in key areas, we will improve the ability of agencies to deliver mission outcomes, provide excellent service, and effectively steward taxpayer dollars.

The public believes that the Federal Government serves critical roles and, in some areas, performs them well.<sup>1</sup> Yet public trust in the Federal Government continues to decline, currently sitting at near-historic lows.<sup>2</sup> While the Federal Government’s business is to serve the American

---

<sup>1</sup> Pew Research Center, December 2017, “Government Gets Lower Ratings for Handling Health Care, Environment, Disaster Response.”

<sup>2</sup> Pew Research Center, December 2017, “Government Gets Lower Ratings for Handling Health Care, Environment, Disaster Response.”

people in core mission areas, it has become too bureaucratic and complex to meet the needs of the 21<sup>st</sup> Century.

The Federal Government still operates with many capabilities and processes established in the mid-20<sup>th</sup> Century—if not earlier—despite dramatic changes in technology, society and the needs of the American people in the digital age. No matter how well intentioned, complicated and duplicative, Federal processes can create confusion among veterans, farmers, job seekers and others trying to interact with their government. Those in Government must recognize that citizens today are not well-served by the same approaches, technology, and skillsets of the past. We face complex and interconnected challenges that cannot be solved via siloed efforts. If we want to get traction on the real barriers to change, we must use broader, system-level thinking, to address aging technology infrastructure, disconnected data and an outmoded civil service framework.

Modernizing Government for the 21<sup>st</sup> Century requires work in three interconnected areas:

- **Modern information technology (IT)** must function as the backbone of how Government serves the public in the digital age. Meeting customer expectations, keeping sensitive data and systems private and secure, and ensuring responsive, multi-channel access to services are all critical parts of the vision for modern government.
- **Data, accountability, and transparency** will provide the tools and framework to deliver better outcomes to the public and to hold agencies accountable to taxpayers. Data-driven capabilities will also fuel economic growth.
- **A modern workforce** must enable senior leaders and front-line managers to align staff skills with evolving mission needs. Our management of the workforce will have to be more nimble

and agile, with the capacity to reskill and redeploy the workers we already have, to keep pace with ever-faster change.

We cannot underestimate how tightly woven together these three areas are—or the extent to which people are the lynchpins of success. The Federal Government is the single largest direct employer in the Nation. Taxpayers invest more than \$200 billion annually in the productivity of our 2.1 million civilian Federal employees. An even larger “indirect” workforce of people employed by contractors supports mission work paid for by taxpayer dollars. We owe it to the public to ensure that we are spending these dollars wisely.

And it is people who drive the business of government. We can purchase new IT systems, but do our Federal employees have the optimal skills and tools to negotiate contracts, and to keep computer networks safe and secure? We can turn to data to drive results, but do we have enough data scientists who know what the data means and can figure out how to fill in our knowledge gaps? As the majority of our career civil servants approach retirement age, have we positioned the Federal Government to compete effectively for the next generation of highly-qualified individuals needed to fill key roles?

Today, the overarching answer to these questions is “No.”

Why? It starts with the Federal civil service system. The job classification system is outdated and unwieldy. The compensation structure is overly rigid. The lengthy hiring process often results in top job candidates taking jobs elsewhere before we can extend an offer. Employees

and managers alike agree that the existing employee performance management system fails to reward the best and address the worst employees.<sup>3</sup>

The reality is that today's Federal personnel system is a relic of an earlier era. It is rooted in the Pendleton Civil Service Reform Act of 1883 and the Classification Act of 1923. The Civil Service Reform Act of 1978 made a series of changes, including creating the Office of Personnel Management (OPM), but even these reforms were enacted long before many current Federal workers were of working age.

In the intervening years, a complicated web of administrative processes, requirements, and authorities has yielded an increasingly complex and confusing personnel system, one which is broadly acknowledged as being archaic in many respects, and not addressing the realities of the contemporary workforce. It certainly does not provide the capabilities required for effective management of the Federal workforce, appropriate stewardship of taxpayer funds, and strategic transformation. The creation by Congress in recent years of a variety of alternative personnel systems showcases the limitations of the underlying structure. "Workaround" personnel capabilities and authorities allowed specific organizations to address unique problems, and postponed broader overhaul of the core system. However, the cumulative effect of decades of workarounds and exceptions is a fragmented, unwieldy personnel structure.

A reexamination of the human resources function is also needed. In the private sector, leading companies adapt their organization design and human capital capabilities in response to market changes, customer needs, and shareholder concerns. The private sector continually finds new ways to evolve human capital management programs to maximize contributions from their

---

<sup>3</sup> Federal Employee Viewpoint Survey, 2017.

people. The public sector should be similarly responsive to changes in mission, service, and stewardship realities. We need to move toward an integrated, enterprise-oriented approach to strategic Federal workforce management. This means constantly seeking to ensure our workforce is the appropriate size and equipped with the relevant skills to accomplish the missions the Government is entrusted to carry out.

Healthy organizations are designed to change and adapt. The United States Government is no exception. In ratifying the Constitution, our Founders sought to establish a durable governing framework that would “establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty.” We must take care to ensure that existing government policies and procedures help us to better achieve the Founders’ goal of constitutional self-government.

So when HR functions and processes hinder the effectiveness of Government we need to address those fundamental challenges. Ultimately, it is our responsibility as part of the President’s Management Agenda, to ensure that our workforce is well positioned for the 21<sup>st</sup> Century, and can efficiently support the broader mission, service and stewardship goals that the American people count on. This Administration believes that modernizing the Federal Government represents a profound bipartisan opportunity to work across branches of Government and political differences to align the mechanics of Government to better meet America’s needs. The Administration looks forward to working with Congress and other stakeholders to promote dialogue that quickly leads to action and translates our long-term vision into tangible improvements for the American people.

Chairman GOWDY. Yes, ma'am. Ms. Weichert, thank you.  
Mr. Pon, you are recognized for 5 minutes.

**STATEMENT OF HON. JEFF T.H. PON**

Mr. PON. Chairman Gowdy, Ranking Member Cummings, and members of this committee, my name is Jeff T. H. Pon. I am the Director of the U.S. Office of Personnel Management.

Today is my first time before this committee as the Director of OPM. I am excited to be here to discuss the President's Management Agenda. This is an especially dynamic topic for this administration which, under the leadership of President Trump, is championing civil service reform concepts.

Working together with the Office of Management and Budget, Margaret and I, and agencies and partners in developing the roll-out of the PMA, I believe the work is off to a strong start.

The civil service system is long overdue for an update. The last time there was meaningful overhaul of Federal personnel systems was in 1978. President Trump is the sixth President since overhauling the Federal personnel system, and then there was a lot of change between the intervening years. However, those rules governing the civil service have not kept up to pace.

Today, Federal hiring and our pay systems are not simple. As the private sector has found out adaptive ways to market sensitivities, the Federal personnel system has remained relatively unchanged and static. Federal jobs can take sometimes more than a year to fill, and hiring managers often are frustrated by what they perceive as layers of rules and cumbersome and inefficient processes.

Specific challenges can emerge when the Federal Government needs to provide a targeting hiring strategy to address emerging needs and threats. This is not to say that we should abandon the core principles of our current Federal personnel system, and will remain a strong advocate for those principles.

For example, we all agree that merit systems principles and the existence of Federal employment commitments such as those made to our Nation's veterans should continue to hold strong. While retaining these principles, though, we have an opportunity to strengthen our execution of the Federal employee experience.

Today's workforce is increasingly shifting towards a "gig" economy, where employees work for shorter periods of time in mission-focused areas. Our ability to accommodate this in the Federal work employment is constrained by our rules and system of design at the time when most workers don't expect to sign up for a long career.

The current rules can stymie innovation and, in addition, like fostering public-private exchanges between the Federal Government and the private sector. We should also examine the current practices to bringing in students and recent grads to be confident we are providing the best opportunities for individuals starting new chapters in their careers. By addressing bureaucratic hurdles, we can better align the Federal Government's practices and the practices to the private sector.

Further, as workers enter their careers, we should prize mobility over stability. We should seek avenues to give talented individuals opportunities to work in short-term jobs with portable benefits.

As OPM modernizes key elements of the civil service, our IT systems will need to keep pace. The world is becoming increasingly paperless, and to address this IT challenge, OPM will create a government-wide employee digital record that will make government-wide H.R. Data accessible in a secure cloud environment, and employees' records will include data from various stages of an employee's career, which will then be available to the employees' access for anytime anywhere.

We will do this by identifying cost savings areas and opportunities for building greater protections for our systems, while retiring existing systems as better ones become available.

As we move forward, our best resource will always be our people. The Federal Government should honor high performers and those with mission-critical skills through creative, innovative, and mechanisms that the administration's proposed workforce fund—the workforce fund would allow agencies to better target pay incentives for recruitment and retention for top-performing employees with critical skill sets.

Further, through careful planning and consideration of the results presented to each agency through tools like the Federal Employee Viewpoint Survey, agencies can assess their successes and address areas where they may be lagging.

Finally, in my communications role as Director of OPM, I will make regular celebration of our Federal workforce. It will be a cornerstone of my job. Our Federal workers need a strong champion, and I am more than proud to fulfill that duty.

Thank you again for inviting me to testify, and I am happy to answer any questions you may have.

[Prepared statement of Mr. Pon follows:]



**UNITED STATES OFFICE OF PERSONNEL MANAGEMENT**

**STATEMENT OF**

**DR. JEFF T.H. PON**

**DIRECTOR**

**U.S. OFFICE OF PERSONNEL MANAGEMENT**

**before the**

**COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM**

**UNITED STATES HOUSE OF REPRESENTATIVES**

**on**

**“WORKFORCE FOR THE 21<sup>st</sup> CENTURY: ANALYZING THE**

**PRESIDENT’S MANAGEMENT AGENDA”**

--

**May 16, 2018**

---

Chairman Gowdy, Ranking Member Cummings, and members of the Committee, my name is Dr. Jeff T.H. Pon, and I am the Director of the Office of Personnel Management (OPM). I was confirmed by the United States Senate and sworn in as the Director of OPM in March of this year. Today is my first time before this Committee, and I am excited to be here to discuss the President’s Management Agenda (PMA). This is an especially dynamic topic for this Administration, which, under the leadership of President Trump, is championing civil service reform concepts. We could not conduct America’s operations without relying on the diligence of the millions of Federal employees across the Government. The President is eager to take on the substantial challenge of modernizing the Federal civil service and its supporting information technology (IT) infrastructure. I firmly believe the best way we can improve the function of the Federal Government is to empower employees by removing the barriers they face in accomplishing their mission, while effectively stewarding taxpayer dollars. The Trump Administration is committed to these important changes and will work with Congress and this Committee to deliver meaningful change to the American people. Working together with the

**Statement of Dr. Jeff T.H. Pon**  
**Director**  
**U.S. Office of Personnel Management**  
--  
**May 16, 2018**

Office of Management and Budget and our agency partners in the development and rollout of the PMA, I believe our work is off to a strong start.

**Civil Service Modernization**

To begin, the civil service system and the way we engage with Federal employees are long overdue for an update. The last time there was a meaningful overhaul of Federal personnel systems was in the Civil Service Reform Act of 1978 (CSRA) during the Carter Administration. President Trump is the sixth president since the passage of CSRA, and much about the world has changed in the intervening years. However, the rules governing the civil service have not kept pace with an ever challenging world.

Further, although the purposes underlying the CSRA were sensible – even noble – there were latent flaws in the statute that should be corrected, and there has been some unfortunate subsequent decisional law interpreting the statute. The evolution of challenges facing the civil service, as well as problems that have arisen in the execution of the civil service laws, have rendered certain aspects of the statutory scheme unnecessarily complex and outdated. Attempts to repair statutes, rules, and regulations governing hiring, performance management, pay, and retirement have taken place in a piecemeal fashion that has undermined the core purpose of CSRA – i.e., to operate as a uniform scheme to replace a patchwork quilt of civil service laws. The time for this piecemeal approach to the Federal civil service is over. It is time to take a more sweeping approach to reform as we build a civil service for tomorrow and into the future. This Administration is committed to elevating the way in which we handle the Government’s most important asset – our people. We will have a renewed commitment to strategic workforce planning, by taking the conversation around how to accomplish our shared goals off the backburner and putting it in the forefront.

The current Federal personnel experience is difficult to navigate for even experienced human resources (HR) practitioners, to say nothing of the challenges faced by others ranging from frontline managers and supervisors to applicants. Today, Federal hiring is not simple, and it does not lend itself easily to a strategic, targeted approach when desired talent is sought. The same can be said of the Federal Government’s pay systems. As the private sector has found ways to adapt to market sensitivities, the Federal personnel system cannot.

This lack of flexibility puts the Federal Government at a disadvantage for hiring and retaining top talent. This has real world effects for our Government and our nation. The challenges being addressed by our nation’s civil servants are epic – curing diseases; securing our borders; protecting us all from cyber intruders; among others – but some of today’s applicants hadn’t even been born the last time Congress reformed our civil service system. Our personnel systems

**Statement of Dr. Jeff T.H. Pon**  
**Director**  
**U.S. Office of Personnel Management**  
 --  
**May 16, 2018**

must focus on prioritizing results, providing good value for the public, recognizing our employees who excel, and enabling effective stewardship of hardworking taxpayers' dollars while aligning our workforce to meet emerging needs. This is not to say, however, we should abandon the core principles of our current Federal personnel system. For example, we all agree on a strong commitment to the merit system principles. This means our recruitment efforts should be designed to reach all segments of our nation, and selections should be made through a fair and open process. Employees must be treated fairly and equitably while being held to high standards of integrity, conduct, and concern for the public interest. High-performing employees should be rewarded and retained, while bad actors and poor performers must be held accountable through the performance management and conduct processes available under applicable law. Further, existing Federal employment commitments – such as those made to our nation's veterans – should continue to hold strong.

While retaining these principles, we have opportunities to strengthen our execution of the Federal employee experience. Today's workforce is increasingly shifting towards a 'gig economy' where employees work shorter time periods in mission-focused jobs. Individuals with coveted expertise are seeking work environments that let them be proactive and at the forefront of new challenges. Employees are more regularly taking a job for a few years, to solve a problem presented to them, and then taking their talents to a new position, location, or employer. Our ability to accommodate this paradigm in Federal employment is constrained by our current rules and a system designed at a time when most workers expected to sign up for a long-term career.

Challenges begin with how long it takes to bring Federal employees on board. Federal jobs can sometimes take more than a year to fill, and job announcements are often perceived by applicants to be confusing and burdensome, creating impediments that can deter applicants from considering Federal employment. Federal hiring managers are often frustrated by what they perceive as layers of rules and cumbersome and inefficient processes, and they desire improved support for their hiring responsibilities. Specific challenges can emerge when the Federal Government needs to provide a targeted hiring strategy to address emerging needs or threats. HR professionals and hiring managers would profit from enhanced methods to quickly identify workplace needs, recruit appropriate candidates, and then assess such candidates in a manner that effectively screens out up front those who lack the knowledge, skills, and abilities to perform the job effectively, and permits effective identification of the candidates who should be highest ranked. These skills and capacity should be supported, including through education, training, and outreach, as well as better leveraging technology in the hiring process.

The current rules create unnecessary barriers and can stymie innovation in additional areas like fostering public-private exchanges between the Federal Government and the private sector. Both the Federal Government and the private sector have much to learn from one another in our

**Statement of Dr. Jeff T.H. Pon**  
**Director**  
**U.S. Office of Personnel Management**  
--  
**May 16, 2018**

processes and operations, and we should take steps towards enabling a more robust flow of talent and knowledge between the two sectors. We should examine our current practices in bringing in students and recent graduates to be confident we're providing the best opportunities to individuals starting new chapters in their careers and who would be a strong fit for Federal service. This means being certain we're also using existing authorities in a way to best attract, develop, and retain tomorrow's leaders. Further, as those entering the workforce begin their careers, we should be mindful of those who prize mobility over stability. We should seek avenues to give talented individuals the opportunity to work in short term jobs that don't require them to commit to the long term in order to realize full benefits. Instead, as individuals move seamlessly from the private sector to the public sector and back again, the benefits they have gained should be portable.

Agencies find themselves at a disadvantage under the current position classification system, which prioritizes consistency in how we assign a value to the duties of a position, instead of valuing the diverse skills and talents individuals may bring to bear in getting tasks done. The mission of most agencies and the increasingly complex and multi-disciplinary skills required to accomplish work have changed significantly since the foundational classification system was put into place. OPM must take a comprehensive look at the classification system and develop new approaches to meet the needs of a 21<sup>st</sup> century world. The same can be said of our compensation systems. The General Schedule was constructed at a time when the Government workforce largely consisted of clerks and other administrative jobs. This doesn't reflect today's workforce. Instead, the Federal Government now has a workforce that lacks the flexibility afforded to their private sector peers and may be wondering why the same flexibilities aren't being afforded to them. By addressing the bureaucratic hurdles weighing down the use of leave benefits and the barriers to competitively compensating Federal employees with high demand skill sets in more market- and contribution-sensitive ways, we can bring better alignment between the Federal Government's practices and those of other employment sectors.

**Digitization to Modernize Information Technology**

As OPM modernizes key elements of the civil service systems, our IT systems will need to be overhauled to keep pace. The world is becoming increasingly paperless; however, this is not adequately reflected in how the Federal Government conducts its HR business. We must revise and reshape the way our IT systems process the personnel experience. The Federal personnel system should be complemented by a seamless end-to-end HR experience. This begins with the pre-application process, and it should continue through retirement.

Today, I can go on my personal phone and I can pull up my bank statement through an application. I can do the same to order dinner, order a car, check my data balance with my

**Statement of Dr. Jeff T.H. Pon**  
**Director**  
**U.S. Office of Personnel Management**  
--  
**May 16, 2018**

cellphone carrier, check my mileage with my airline, or purchase products from a whole variety of vendors. My entire day-to-day experience can be efficiently handled through a single device – except for one major area of my life. When I pull out my work cell phone, I have one application – the OPM Alert. Basically, the only app on my work phone alerts me to decisions I’ve already made in response to inclement weather. If I want to pull up my work personnel file, I need to be at a computer, logged into a specific website. If I want to view my earnings and leave statement, I need to visit a different website. When I retire, my benefits and records will be accessible at yet another database and another website. And the information populating and supporting each of these data sites is mostly provided by paper.

In an increasingly interconnected world, this paper-based system makes no sense. As the private sector has moved to digitization, the Federal Government has lagged behind. As a consequence, the HR lifecycle for most Federal employees is heavily duplicative and siloed in aging IT systems that are unable to interface and exchange data. This approach to HR encumbers our employees by slowing down their ability to be quickly onboarded or to efficiently transfer from one agency to the next, and it has contributed to an inventory in retirement processing at OPM. To address this IT challenge, OPM will create a Government-wide employee digital record that will make Government-wide HR data accessible in a secure cloud-based environment. The employee record will include data from various stages of an employee’s career, which will then be available to the employee for access anytime, anywhere. As we do this, we will identify areas for cost-savings and opportunities for building greater protection of our systems, while retiring existing systems as better ones are available.

**Celebrating the Federal Employee**

As we move forward, our best resource will always be our people – the women and men who serve America every day. The Federal Government should honor high performers and those with mission-critical skills through creative, innovative mechanisms. Making clear distinctions between levels of contribution is critical in celebrating employees who consistently deliver results. Such distinctions are not effectively rewarded through blanket pay raises or essentially automatic movement with often little connection to an employee’s contributions. Instead, the Federal Government needs to embrace new ways of recognizing employee contributions.

One bold initiative to do this is the Administration’s proposed Workforce Fund. This Workforce Fund is proposed as a vehicle to reward high performers and those with mission critical skills across the Government. As an alternative to an across-the-board pay increase, the Workforce Fund would allow agencies to better target pay incentives for recruitment and retention of top performing employees with critical skill sets. The establishment and financing of the Workforce Fund would provide an important new tool to agencies seeking to maintain and enhance their

**Statement of Dr. Jeff T.H. Pon**  
**Director**  
**U.S. Office of Personnel Management**  
--  
**May 16, 2018**

workforce. The Workforce Fund would also help drive managers and supervisors to make appropriate distinctions in evaluating and rewarding employee job performance. Through careful planning and consideration of results presented to each agency through tools like the Federal Employee Viewpoint Survey (FEVS), agencies can assess their successes and address areas where they might be lagging. As the agency that conducts the FEVS, I look forward to continuing our work to drive dissemination of FEVS data to all organizational levels in order to help agencies better understand and act on key drivers of employee engagement and performance. Finally, in my communications role as the Director of OPM, I will make regular celebration of our Federal workers a cornerstone of my job. Our Federal workers need a strong champion, and I am more than proud to fill this duty.

Thank you again for inviting me to testify today, and I am happy to answer any questions you may have.

Chairman GOWDY. Thank you, Mr. Pon.

The gentleman from North Carolina is recognized for his questions, Mr. Meadows.

Mr. MEADOWS. Thank you, Mr. Chairman. Thank you both for your opening testimony.

And so I guess, I ask the obvious question that we continue to come to these hearings, we continue to hear great opening statements. Why is this going to be any different than any other time in the last 40 years?

Ms. Weichert.

Ms. WEICHERT. I think it's a great question, and I think the thing that is different this time is we are really looking at that system-level thinking, so solving problems as complex as the ones that we face in balancing mission, service, and stewardship, and in dealing with actually how we deliver services in the digital age is complex, and it can't be solved in a silo.

And what I mean by that is, solving people issues without looking at data, solving people issues without looking at the technology that those people have to deliver the services that they are there to deliver, is not the leading practice. It's not the leading practice for mission delivery, and it's not the leading practice for serving our citizens the way they need to be served. And obviously, it also is not the most cost-effective way of delivering those services.

So really, what's different is taking this integrated cross-functional view and cross-agency view from an enterprise perspective.

Mr. MEADOWS. Mr. Pon.

Mr. PON. In human resources we always look for two things in candidates: One is, do they do it for a living; and are we lucky to have them?

I do this for a living. I am a human resource professional for over 25 years. I am probably one of the only OPM directors that have had that significant experience, both Federal, and also in the private sector.

I can appreciate a lot of the challenges that we have in the Federal Government; time to hire, background checks, being paper-based. Many of these things can be overcome. It's not a question of technology anymore. We actually have the technology that works on a private phone but not on our government phones. We need to make that transition, we need to make sure that we have projectized-type execution.

We have start and stops for different things, and that's what the President's Management Agenda is doing.

In our 21st Century Workforce Plan, we have subcommittees and sub goals with projectized plans, with milestones. We will be able to share those progress and results each and every quarter with you.

I am actually proud to be a part of the PMA because I was a part of another administration's PMA, and we have a track record of results and successes, and I look forward to seeing those successes on this administration as well.

Mr. MEADOWS. All right. One of the tools that I use is actually a survey that the Partnership for Public Service actually provides to us each and every year. And on there, we have employees who identify that one of the—really, the motivator is the fact that sen-

ior management won't take the appropriate action; whether it is either with merit increases, or whether it is with developmental needs. So how are we going to do that, especially in light—it was interesting, a GAO report showed 99.6 percent of permanent, non Senior Executive Service employees, in 2013, were rated fully successful or above, 99.6. Now, I don't know of any place that is that efficient or that good.

So how do we make sure that our managers are properly recognizing good performance and dealing with those poor performers? How do we do that?

Mr. PON. Well, we have a lot of different programs that are teaching our supervisors and managers.

Mr. MEADOWS. But it's more than just teaching.

Mr. PON. It's a mindset.

Mr. MEADOWS. If you look at the surveys, it's not that they don't know; it's that we have created a system that makes it so laborious to deal with it that they don't deal with it. You know what they do? Is they ship them from here to there and there to there, and so they never get out of the system, they just go to a different agency. So how are we going to deal with that?

Mr. PON. We need to streamline the process for making sure that if there are performance differences, giving the employee a chance to either correct them, but not go from each place, from OIG to LRER to EEO. All of these different places have different processes. We need to come up with a single process for streamlining that type of a performance conversation so that managers and employees can actually get on an even footing and make sure that they can make some tough decisions if they need to.

Mr. MEADOWS. I have 18 seconds. Ms. Weichert.

Ms. WEICHERT. Okay, really quickly, we are actually looking at how do we use some of the authorities that Congress has given to specific agencies like the Veterans Administration, and how we might appropriately apply them across the civilian workforce, and using the President's Management Council and the workforce cap goal under the PMA to do that.

Mr. MEADOWS. Thank you, Mr. Chairman, and I yield back.

Chairman GOWDY. The gentleman from North Carolina yields back. The gentlelady from the District of Columbia is recognized.

Ms. NORTON. Thank you very much, Mr. Chairman, and I thank the witnesses for appearing. I was impressed with your testimony. I, in a prior life, ran a Federal agency, and at the time, the important issue was efficiency, so I endorse your ideas to make the agencies more efficient.

I also think you will agree that you can't have an efficient agency if the workforce isn't right there pulling the oars with you. Can I accept that—do you accept that personnel is key to greater efficiency?

Ms. WEICHERT. Absolutely.

Mr. PON. Absolutely.

Ms. NORTON. Well, you are—the Department of Education—this really goes to Mr. Pon. The Department of Education is currently in negotiations, labor negotiations, and there are very troubling accusations that allege that a toxic work environment exists there. If that is what the newspapers are saying, if that's what the employ-

ees are saying, then I'm trying to understand what it will take to make sure that your management improvements take hold.

So I think what I should ask you, Mr. Pon, is, if you can assure the committee that negotiations that are apparently now underway will proceed in good faith, and that you will meet and negotiate in good faith with the union so that we can proceed accordingly with the management reforms that you have just discussed.

Mr. PON. Delegate Norton, thank you for that question. I am a relationship builder. Even early on, I have only been here 9 weeks, but I have met with labor union presidents, and I will continue to do that. It is very important for me to make sure that we have lines of communication and relationships. We don't want to close the door on those relationships because it's very important to hear their views. We might not always agree on things, but we will at least have the dialog.

Ms. NORTON. In meeting with the head of the union, I take it you said, whatever union it is, were you aware of, and did you discuss pending charges of bad faith, that is, formal charges in the negotiations process?

And Mr. Chairman, may I ask that those charges be made a part of this record?

Mr. PON. We did not in that discussion, and one of the reasons why is that education has a local and OPM does not interfere in local collective bargaining unit agreements. We represent the Federal.

Ms. NORTON. I'm talking about at the Department of Education, Mr. Pon.

Mr. PON. I'm with the U.S. Office of Personnel Management.

Ms. NORTON. I know it, but that's the office that has jurisdiction over personnel management in all the offices. I'm not talking about the D.C. or the Virginia collective bargaining agreement with the teachers union here. I am talking about people or employees now at the Department of Education.

You mean you met with the union and you all didn't even discuss this? And the union didn't raise that they are having a terrible time in collective bargaining, and these notions of a toxic work environment didn't come up? And they said just pleased to meet you, Mr. Pon, glad to have you on board. Is that all you discussed?

In fact, what did you discuss, Mr. Pon?

Mr. PON. We discussed certain issues such as a pay freeze; such as what our intentions were to help train employees and use the workforce funds so that we could better up-skill certain people so that the——

Ms. NORTON. So you didn't mention the negotiations process now underway?

Mr. PON. We did not discuss that.

Ms. NORTON. Are you aware that there is no general counsel who could prosecute unfair labor charges? And if there is nobody there to prosecute them, is there somebody acting so that, in fact, at the Federal Labor Relations Authority, if there are such charges, you are not hindered in moving ahead because nobody is even processing unfair labor charges?

Mr. PON. I am aware that there are certain entities like the FLRA, as well as the MSPB, awaiting certain people to be confirmed so that those functions—

Ms. NORTON. And there is nothing that can be done at the moment then. They are just piling up. There is nobody acting that can begin to move on these, and therefore, move toward the management reforms you are suggesting?

Mr. PON. I believe that those two entities are waiting for confirmed appointees.

Ms. NORTON. I thank you, Mr. Chairman. I do need to know whether anyone can act; and I ask the committee to find out, if there is no general counsel who processes these charges, whether or not there is the possibility, perhaps even the committee can tell us whether it's possible that there could be somebody acting, so that, in fact, the agency, FLRA, can move forward. I appreciate it, Mr. Chairman.

Chairman GOWDY. The gentlelady's unanimous consent request is without objection. The gentlelady yields back.

The gentleman from Alabama, Mr. Palmer.

Mr. PALMER. Thank you, Mr. Chairman. I thank the witnesses for being here this morning.

First of all, I sense an indication that senior leaders, and I think you, Ms. Weichert, mentioned this. Some of the senior leaders in the agencies have reported some frustration over a lack of empowerment and ability to drive the changes that are needed. What are some of the impediments that they're facing? Is it just institutional? I mean, is this something that the culture makes it difficult to pursue change?

Ms. WEICHERT. I think there are a number of factors that affect the ability to create the needed change. I think our President's Management Agenda lays out some of the specific elements that we're focused on, and areas where we're working across agencies to, and both across the political and the career representatives in that conversation; so things like hiring and firing authorities, things like performance-based compensation we're looking at, we're looking at attracting and retaining the best employees.

Mr. PALMER. First of all, the fact that you have got senior leaders within the Federal agencies expressing these concerns seems to indicate that they support these changes and, you know, there are some that might lead you to believe that this is a great affront to Federal employees. And the fact that you also mentioned, specifically, some of these issues about hiring and firing. We've had issues of employee misconduct, now many of those have come before this committee, in which the people who were involved in the misconduct were, frankly, never punished. They were put on paid leave. I mean, we had one had stolen thousands of dollars' worth of equipment that was put on paid leave.

Would that be part of the frustration?

Ms. WEICHERT. Yeah, that's absolutely—and you're exactly right. The Deputy Secretaries who work with actually, you know, motivating and driving change through these agencies, they are concretely involved, and I'll actually mention something super edifying. We launched the President's Management Agenda from Kansas City on purpose because there are workforce members all over

the country doing great work. And we also rolled it out here in D.C. after we rolled it out in the heartland. And every place we've gone, we've actually had workers, both front-line employees, and managers, tell us that they're glad that we're tackling these issues in an integrated way. And we look to collaborate and partner with Congress, with the good government community, and unions, to actually make progress on these issues because, as Congressman Meadows mentioned, we've been looking at these issues for a long time. These are nontrivial issues.

Mr. PALMER. I'm going to lean into this a little bit and maybe step on some toes, and make some people uncomfortable. But Mr. Pon, you mentioned this, about the need for updating the IT systems; and with the improvements in technology which has improved productivity, one of the concerns that I have heard voiced is that you've got a lot of employees that frankly don't have anything to do. They can't be moved to another position. You can't lay them off; and that we're basically paying people that really are not productive. That's a yes or no. Is that a fair assessment, or do we need to dig into that a little bit more?

Mr. PON. No, I don't know if it's a fair assessment because I believe that the Federal workers can be skilled up.

Mr. PALMER. I'm not saying they can't be. I'm saying that you have people who are not necessarily productive and that that—

Mr. PON. We need to manage that.

Mr. PALMER. We need to manage that.

Ms. WEICHERT. And I'll just jump in here and say there are a number of examples where projects that would save the American people money and make service better actually don't get done because we actually can't move the workforce to do something else productive.

Mr. PALMER. Okay. And there's a reason I did this, because I want to connect the dots here. I don't think we're going to really improve productivity at the Federal Government until we improve both the civil service issues and the IT. And we are running into tremendous problems with improper payments, because we have got antiquated IT systems; and part of that is being able to attract top-notch IT personnel.

I know a guy in University of Alabama Birmingham, turned out some of the top students in cybersecurity, who applied at the Federal Government, but they wait months to even hear back, and they are not going to do that. The private sector will snap them up. So any suggestions?

Is this part of what we're trying to do is get our ability to hire the best talent?

Mr. PON. Yeah, we are. In regards to cybersecurity talent, we're having direct hire authority for many different agencies, with cybersecurity in particular. We're taking a look at those vocations. But to your point, you can't do it in silos. That's why the President's Management Agenda has those three gears. It's data, technology, and the workforce working together.

Mr. PALMER. I'm really glad we're having this hearing Mr. Chairman. I'm excited that Mr. Pon is heading up the Office of Personnel Management; and Ms. Weichert, we're very grateful for your work.

With that, Mr. Chairman, I yield back.

Chairman GOWDY. The gentleman from Alabama yields back. The gentleman from Massachusetts, Mr. Lynch, is recognized.

Mr. LYNCH. Thank you, Mr. Chairman.

The previous gentleman from Alabama mentioned nonproductive Federal workers. I'm sitting here in Congress and I can't remember the last time we passed a budget, so we don't have to look far to find some profoundly unproductive Federal workers. We only need to look at ourselves.

Let me ask you, as Ms. Norton raised earlier, there is no counsel at the Federal Labor Relations Authority, and so right now, as we sit, there are charges and complaints before that authority that the Federal Government is refusing to bargain in good faith. But because we have no general counsel there, those charges keep on piling up, so there is no action being taken on them.

If you think about the foundations of our labor law in this country, private employees have the right to strike. If that was happening to private employees—I used to be president of the Iron Workers—I'd take my men and women out on strike until that problem was resolved.

But in its wisdom, Congress has taken away the right to strike from Federal workers. Now, the agreement was we would take away the right of Federal workers to strike because we were going to provide an arbitration and negotiations process through collective bargaining, by which they could address their grievances. Now, by nonfeasance, some would say by malfeasance, we have destroyed that system.

So I am asking you, because we have taken the right of those people to have their issues resolved peacefully, and in a way that keeps the government going, shouldn't we restore the right to strike to Federal employees so they can get some action on their issues?

It's not rhetorical. I'm asking you.

Mr. PON. Sir, I believe that the FLRA and the Office of Special Counsel, and also the Merit System's Accountability Board, they serve a vital function. In 1978—

Mr. LYNCH. They would if they were working.

Mr. PON. Correct.

Mr. LYNCH. Right now, we don't have counsel, so the problem I'm pointing to is that the system has broken down, and so these Federal employees are not having their issues addressed as we promised as a government when we took away their right to strike. And I'm just saying, fair is fair. If we're not going to put a system in place where they can have their rights protected and their grievances addressed, do we not owe them a restoration of their right to strike?

Mr. PON. I believe that those entities need to be working—

Mr. LYNCH. Me too.

Mr. PON. —and be staffed up so that they can serve their function.

Mr. LYNCH. Are we working on that?

Mr. PON. As appropriate.

Ms. WEICHERT. Nominations have been submitted by the President, so we are waiting on them.

Mr. LYNCH. How long has it been? How long have we been without a general counsel over there? It's been a while.

Mr. PON. To the best of my knowledge, I do not know the specific dates, but it has been an extended time.

Mr. LYNCH. Okay. Let me jump to something else. We have got this new policy at the VA. And originally, it was to address some of the substandard care that we have been seeing in some of our VA hospitals. There were a couple of very troubling cases. So we put in a new system to get rid of workers that weren't measuring up.

But the way the system—I have been following the data, and the data indicate that we are firing people who are food service workers, very lower-level housekeepers, custodians, like I say, you know, people that have nothing to do with why the law was passed. And I'm just curious about your own assessment of whether or not the law is being employed as intended?

Mr. PON. Sir, I think that the law was broad in terms of giving VA the authority to implement a performance management system across the whole entire Department and, in that application, all employees were under this system.

Mr. LYNCH. I understand that. But in the debate here in Congress, it was to help with the care of our veterans, to make sure they got the excellent care that they deserve and have earned by their courageous service. Here, we have random employees just being fired right off the bat. We have very little in terms of a grievance procedure for these employees as well. It's not what we talked about, and I'm just curious if there was any sense of refinement of that policy that you saw that might be needed. That's all.

I know that my time has expired and the chairman has been very generous, and I yield back.

Chairman GOWDY. The gentleman yields back. The gentleman from Georgia is recognized.

Mr. HICE. Thank you, Mr. Chairman.

This will go to both of you. Ms. Weichert, I'll begin with you. How would you characterize the relationship between Federal unions and the administration today?

Ms. WEICHERT. So the administration supports the right of the Federal workers to organize, and we would like to have a productive dialogue on the items around the workforce of the 21st century that are critical, both to the workers themselves, but also to the American people.

I think the reality is there's a lot of partisan positioning that has made that difficult; but I would absolutely and genuinely say we believe that we need all of the people who care about good government and helping us deliver good government through the people in our workforce, that we invite those people to the table.

Mr. HICE. Okay. You kind of went around the issue.

Mr. Pon, how would you characterize the relationship between Federal unions and the administration?

Mr. PON. I think they're not so good right now. I'm trying to build a relationship with the union. Since I am new to the position of OPM Director, I'm wanting to meet with them, hear what they have to say about our ideas, make sure that there is open dialogue so that they can help us and we can help them on the things that

we agree on. There's not too much right now that we can agree on, but at least we're having the talks that we can disagree on. I think that's a good first step for us to do, so that we can have some common understanding of what we can mutually work on. I look forward to making sure that we can change the next 40 years with employees groups.

Mr. HICE. I do too. Let me go on with some further questions because, I mean, you're correct. The relationship is not good. The unions are fighting the President on almost every one of the issues right now that we're even discussing here today. So what are the challenges in trying to manage the relationship between unions and Federal managers?

Mr. PON. I think it's really because we have been in a system of government that has operated the ways in which it has for quite some time, layering on different types of bargaining agreements, layering on the different types of rules and regulations for due process. These things need to be taken a look at because it is very cumbersome.

Managers that we visited around the country have said the one thing that you need to do is make sure that you manage bad performers. And I hope everybody can agree, we need to manage out bad performers. But the good performers, the people that have great skills, the people that are the civil service, I want to hold that up and make sure that they are held up in esteem.

Mr. HICE. Yes. And it makes it very difficult to manage.

Mr. PON. Absolutely.

Mr. HICE. One of the things that I've been particularly involved in over the last few years is official time, where union workers don't even do the work that they were hired to do. They're working for the union and doing a host of things.

And all respect to Mr. Lynch a while ago, but the American people have a right to strike too, and it's their money that's paying for many of these people on official time who are not even doing their job. And yet, we don't have any opportunity to respond to that.

Does the administration believe that this is in the taxpayers' best interest, Ms. Weichert?

Ms. WEICHERT. So I think that is something that we would like that all the people focused on government be focused, first and foremost, on mission, service, and stewardship, and that last piece is about how do we use the scarce resources in a fiscally difficult time, to do the work that the American people brought all of us here to do.

Mr. HICE. That'd be a great idea to get back to that.

Mr. Pon, what do you think? Is official time, according to the administration, in the best interest of the taxpayer?

Mr. PON. Taxpayer-funded time needs to be taken a look at. We can't just write a report and say how much time is being used by each and every one of the agencies. We need to actively manage it. We need to shed some light on how it's being used or abused.

Mr. HICE. So the Department of Education came out with—they're making some pretty aggressive steps to try to address this. Is this something that could potentially spread to other agencies?

Ms. WEICHERT. I think, absolutely, that people are looking at the stewardship angle, as you mentioned.

Mr. PON. And a lot of them are frustrated.

Mr. HICE. A lot of us are frustrated too. A lot of people are frustrated. You hate to see your money go down the drain, and this is one of those areas. And I'm not opposed to people using official time, but number one, not on the backs of the taxpayers when they were hired to do something else.

Mr. PON. They need to do their jobs.

Mr. HICE. Absolutely they need to do their job. I appreciate it. I yield back, Mr. Chairman.

Chairman GOWDY. The gentleman from Georgia yields back. The gentleman from Maryland is recognized.

Mr. CUMMINGS. Mr. Pon, do you see official time as a major problem?

Mr. PON. Sir, I believe it needs to be examined.

Mr. CUMMINGS. That's not what I asked you. I said do you see it as a major problem?

Mr. PON. Perhaps in certainly agencies.

Mr. CUMMINGS. And Mr. Pon, you recently submitted to Congress a draconian proposal to cut more than \$143 billion over the next 10 years from the pay and benefits of current Federal workers, retirees, future retirees, and even their surviving spouses and children. Is this really the Trump administration's idea of developing a 21st century workforce?

That's a lot of money.

Mr. PON. These proposals are to make sure that we're making decisions around how we can operate the Federal Government in the 21st century. I do believe that we need to take a look at other vehicles, not just pensions, but actually defined contributions plans so that they become much more portable for people to leave government and come back with portable benefits, versus ones that are based upon tenure and also years of service.

I don't know too many young Federal workers that are joining here are going to be working here for 20 years and then working here till 62.

Mr. CUMMINGS. Let me ask you this: In my office, there are two words that govern my office: effectiveness and efficiency. I assume that that's what you want too, right?

Mr. PON. Absolutely.

Mr. CUMMINGS. And it seems to me you take 143—it's one thing to be aiming at efficiency and effectiveness. It's another thing to take \$143 billion out. Now, I could kind of understand if you were taking that \$143 billion and saying, Okay, we know things are not working here, but now we're going to make sure that we put money into training and things of that nature so that we can get that effectiveness and efficiency.

Are you doing that? Where does that \$143 billion go to?

Mr. PON. So that's what we're intending to do. We're trying to use the working capital or workforce fund for those reasons. It's really targeting the different types of training that we have so we can up-skill our Federal workers and preserve and retain their jobs in the future.

Mr. CUMMINGS. So you're trying to tell me that that \$143 billion—and I haven't even started yet, because you all are taking a lot away from Federal employees. That \$143 billion, you see that

going into training now to lift up other employees so that they can be the very best that they can be, so that they can be most effective and efficient? Is that what you're telling me?

Mr. PON. The workforce fund is actual \$1 billion, and it's at the GSA in the Office of Governmentwide Policy.

Mr. CUMMINGS. Well, what happened to the other \$142 billion? Come on, man.

Mr. PON. We're supporting the President's budget as puts and takes across the whole entire Federal Government.

Mr. CUMMINGS. Okay. I'm just curious as to what happened to the other \$142 billion?

Ms. WEICHERT. Yeah, so if I might interrupt.

Mr. CUMMINGS. Yeah, please.

Ms. WEICHERT. So, in a fiscally-challenging time, the President's budget included a number of proposals, including the proposals that relate to the——

Mr. CUMMINGS. You mean, where we just added \$1.5 trillion to the deficit?

Ms. WEICHERT. That wasn't in the budget.

Mr. CUMMINGS. Yeah, okay. Go ahead.

Ms. WEICHERT. But the recommendations are actually consistent around the workforce in what was in the nonpartisan Congressional Budget Office evaluations on compensation, and also consistent with things that came out in the bipartisan Simpson-Bowles Commission looking at fiscal responsibility. So I think that the most clear answer to the question, it's not a one-for-one moving from one place to another; it's looking in the entirety of government and our delivery model of service.

When we actually look at the data that the employees themselves say about their biggest concerns, actually have to do about resources to get their job done.

Mr. CUMMINGS. I only have a few minutes. I don't have that really.

Your proposal, Mr. Pon, would slash the pay and benefits of men and women who support our military, care for our wounded veterans, protect our homeland from terrorists and other threats, ensure that our air, water, and food are safe. How does that help the 21st century workforce?

Mr. PON. We're taking a look at it on balance, sir.

Mr. CUMMINGS. You don't think that would hurt the workforce?

Mr. PON. On the whole, we're looking at the whole entire way of looking at compensation benefits and total rewards.

Ms. WEICHERT. And actually, the Federal workforce was satisfied with their pay and their satisfaction rate.

Mr. CUMMINGS. Whoa, whoa, whoa, whoa, rewind. Say that again?

Ms. WEICHERT. Sixty-one percent——

Mr. CUMMINGS. They said they like the amount of money that they're making?

Ms. WEICHERT. Sixty-one percent of Federal employees surveyed in the Federal Employee Viewpoint Survey were satisfied. Considering everything, how satisfied are you with your pay? That's actually above levels you would see in the private sector around pay, for example.

Mr. CUMMINGS. What about the COLA? One of your most egregious proposals is to slash \$50 billion worth of cost-of-living-adjustments from current retirees and their survivors. So you want to take from those who can least afford it and give to the richest among us. How is that fair?

Chairman GOWDY. The gentleman's time is expired, but you may answer the question.

Mr. PON. Sir, respectfully, I think our retirement system is a bit out of whack, and the reason why I say that is I don't know of any other retirement system that actually pays for COLAs for annuitants. We're talking about annuitants, not Federal workers. When Federal workers actually get COLAs, it's a part of the factor in their salaries; and when they become annuitants, it is not up to the Federal Government for us to determine where they move in retirement and pay for their—paying for where they live.

Mr. CUMMINGS. Thank you, Mr. Chairman.

Chairman GOWDY. The gentleman yields back. Votes have been called and we're going to try to squeeze the gentleman from Wisconsin in. We've got 10 minutes left in the vote. The gentleman from Wisconsin is recognized.

Mr. GROTHMAN. I'd like to thank you for being here today. I know we recently passed an omnibus bill and our discretionary spending is going up 18 percent this year. And I know there are people who have all sorts of ways to say 18 percent isn't enough, who want to go higher, but I appreciate that you don't feel that way.

I'll start with you, Mr. Pon. Does the current general schedule pay system incentivize high performers to continue achieving at a high level?

Mr. PON. I think we need to take a look at the general schedule. I think it is title 5, it is the law. We're trying to improve title 5, but I think there is a greater need for looking at occupational series and having new pay systems for them that are much more flexible, and then we can manage term appointments much better.

Mr. GROTHMAN. Ms. Weichert, I'll switch to you. There are a lot of Weicherts in Wisconsin, so nice to see that last name.

Could you explain the proposed interagency workforce fund, how it would work?

Ms. WEICHERT. So basically, we requested, in 2018, a \$1 billion workforce fund that would allow us to spread across agencies in consultation with Congress and provide greater incentives around retention, recruitment, in high-skilled areas. We would also operate in a way that if people wanted to challenge and create new training or redeployment-type activities.

Mr. GROTHMAN. Okay. I'll ask you a general question, because I know exactly what I'd do to solve the problem. One of the criticisms of government is that everybody makes the same amount of money, right? They throw the grid out of there, and whether you just sit on your butt for 5 years or are the hard charger, you wind up with the same, right? Isn't that a problem?

Ms. WEICHERT. Right.

Mr. GROTHMAN. Another concern is that if you are given too much flexibility, and we've certainly seen examples of this before this committee, people who point out problems, maybe even illegal-

ities in their agencies, they don't move up at all. The boss doesn't—you know. Do you see any way to square that problem?

On the one hand, you know, we want the better employee to get a bigger raise; but on the other hand, we just don't want the people to get a bigger raise, the ones who are, I don't know what the word I should use is. You know, the people who just try to ingratiate themselves to the boss.

Ms. WEICHERT. Yeah. So I think it's a great question, and it's one of the classic underlying questions in all performance management and performance-based compensation programs. There is plenty of experience in the broader world of compensation, especially in the private sector, around systems that reward both the what, you know, mission, service, stewardship, and the how, how do you work with others.

And so most successful programs are fact-based, they are consistent, they are supported by technology, and they try to really balance this.

And, frankly, I think this is one the most critical issues that doesn't get enough discussion, because 31 percent, only 31 percent of the employees surveyed actually believe that awards in my work unit depend on how well employees perform. So while 61 percent are pleased with their own pay, most people don't think that pay and performance are linked at all.

Mr. GROTHMAN. In other words, they can think of some of their coworkers who are just time-servers who are getting increases?

Ms. WEICHERT. Exactly.

Mr. GROTHMAN. And I take it another problem is, if you are really a go-getter, then maybe you leave the government.

Ms. WEICHERT. Yeah. Yeah.

Mr. PON. We're going to change that.

Mr. GROTHMAN. Okay. Good. Do you feel you can change that? I'm kind of—don't exactly know an answer.

Mr. PON. There are Federal employees that are amazing Federal workers, despite the culture that we have that we cannot manage bad performers out or it's very difficult to do that. It's a disincentive for them to stay.

I want to make sure that there is differential pay, market-based pay, so that we can, as a government, retain the best and brightest for our Federal Government. That's what they deserve and that's what they need.

Ms. WEICHERT. And I think we can actually make a difference today because we want this to be a bipartisan discussion. We want it to be a discussion between Congress and the executive branch.

And so we need this to be an inclusive conversation because this isn't just rhetoric, we really want to make a difference here. Because when I look at it from sort of 30,000 feet, if we don't, we don't have a delivery model for the 21st century.

Mr. GROTHMAN. I appreciate both you folks for coming over. I yield my final second.

Chairman GOWDY. The gentleman yields back. We will now recess subject to the call of the chair and reconvene immediately after votes.

[Recess.]

Chairman GOWDY. The committee will come to order.

The gentleman from Maryland, Mr. Sarbanes, is recognized.

Mr. SARBANES. Thank you, Mr. Chairman.

I want to thank the panel.

I have been struck because your testimony, for the most part what you're saying, the rhetoric of it sounds pretty good, talking about mission and service and stewardship, you're talking about making sure that we support the best within our Federal workforce, et cetera. But managing scarce resources, we understand we live in a world where money doesn't grow on trees.

But then you come with what is what I would say is a scandalously irresponsible budget proposal in terms of this cut of \$143 billion in terms of the salaries, pensions, other kinds of benefits, as you look over time. And there was some discussion back and forth about relationships with the Federal employee unions and so forth and they could be better.

It seems to me it's not a good operating premise to go into the room with the unions—or with the workforce, just the workforce—and say, we're going to take a baseball bat or a meat cleaver to the budget that's supporting your operations. And after we do that, then we want to sit down and have a constructive discussion about all the ways we can find new efficiencies, streamline things, and so forth.

You're not going to get people to stretch, to be creative, to be innovative, to self-reflect, which are admirable goals. And Max Stier will be testifying on the second panel. Partnership for Public Service has come forward with a lot of, I think, constructive suggestions about how the Federal workforce and the leadership within it can adjust themselves for the future.

But to maximize the opportunity that that will happen, you can't at the same time come in and say, we're going to pull billions and billions of dollars of resources away from the operations of these agencies.

So I just philosophically don't agree with the approach because I think that it's counterproductive.

I did want to talk a little bit about how you're going to provide for the 21st century workforce, because most of the statements of consequence that have come from leadership within the Trump administration seem to suggest that the main goal is to just reduce the size of the Federal workforce, without regard to the impact that it may be having on operations.

Director Mulvaney issued a memo last April directing agencies to submit downsizing plans that include long-term workforce reductions. President Trump wanted us to get a long-term plan in place to reduce the size of the Federal Government's workforce through attrition.

So how are you going to recruit the workforce of the future if you're coming with these dramatic cuts? If the stated goal is just to reduce the size, without, it appears, regard for whether you're impacting the efficiency, the effectiveness, as my colleague from Maryland, Congressman Cummings, has spoken to, how are you going to get people to come join up, the best and the brightest, in that kind of an environment?

Ms. WEICHERT. So I think they're all really valid questions, and that's precisely the set of problems we're trying to square. So

square the issues of mission, service, and stewardship in a fiscally challenging environment.

I think that the key thing in all of this is actually looking at what are out-of-the-box ways of doing this, and taking the best learning from players like folks in the private sector who have been there and done this before.

There are many private sector organizations who faced with fiscal challenges have gotten together with unions, have figured out how did they energize the workforce. We are actually going to the workforce itself. It's not rhetoric and it's not showboating to go to Kansas City and meet with nearly a thousand Federal workers and——

Mr. SARBANES. Well, here's what I'm worried about. And I'm sorry to interrupt because I'm going to run out of time. I know that there's many employees in these Federal agencies right now who, just based on the activity, the fiscal constraints, the cuts that have been imposed on them over the last few years, have 50 files in their pile where they used to have 25, where having 15 would be a reasonable workload. And the cuts being proposed are going to put another 50 in that pile and make it 100 folders in that pile.

And at the same time you're raising the stack of files that they have got to deal with at the IRS or Social Security or Veterans Administration or whatever, you're saying, oh, let's now have a conversation about how to streamline and be efficient and be innovative and creative. And that is not a fair burden to put on somebody, if you have those expectations of them.

So I would urge the administration to reconsider these cuts because I think they are counterproductive to some of the stated goals that you have here today.

With that, I'd yield back.

Chairman GOWDY. The gentleman yields back.

The gentlemen from Florida is recognized, Mr. DeSantis.

Mr. DESANTIS. Thank you, Mr. Chairman.

Welcome.

Dr. Pon, we have seen situations where some of the union contracts that are done extend far beyond the life of that particular administration, and some folks, I know, like in the CFPB, there was a contract done in I think late 2016, that has limited the ability of the new Director to make some reforms.

So is that good policy, to tie the hands of future administrations? I mean, if you're going to do these union contracts, I mean, shouldn't there be an opportunity for the new administration to come in and at least renegotiate?

Mr. PON. I think the Director of OPM needs to have that power and needs to have that authority, whether you're on one side or the next. It's actually doing the business of the government, making sure that you can negotiate on behalf of the government and in good faith making sure that you can make deals with it.

Tying the hands of the OPM Director does you no good in managing the government, diffusing the powers of the Director of OPM. I don't know of any corporation or nonprofit organization that doesn't want their head of HR to be responsible for the head of HR. And at times that's difficult because there is such a diffusion of responsibilities.

Mr. DESANTIS. So performance and firing people for poor performance—I think we have a very high quality Federal workforce. But at the same time, I mean, if you look at the number of people who are terminated for poor performance, it's like point-zero-something percent. And there's no business, there's no industry in the country where 99.9-plus percent are doing an adequate job, I mean. And so it's very difficult to hold people accountable.

And one of the most recent examples, tragically, was the FBI handling of Parkland, Florida. You had had people calling into this hotline in 2016—or 2017—complaining about this guy, identifying as a possible shooter. Then 2018, same thing happened. Actually, the lady who called was a phenomenal—I mean, she provided all this information, was worried about the school. The FBI actually matched it in the database, knew it was the same guy, and decided to do absolutely nothing with that.

Now, they have admitted that that falls far below the standard of acceptable performance, and yet there was no firing of anybody, at least to my knowledge. I mean, it certainly wasn't within a month of this. And there was a stress on due process and all this other stuff, and I understand that.

But what about the right of the American people to have some accountability if people drop the ball and don't protect them? Shouldn't there be a way that people are going to be held accountable for that swiftly.

Mr. PON. I agree with that. We need to make sure that we can manage bad performance, and we need to make sure that is stressed. Our President in the State of the Union basically said to every single secretary, award the great performance of the United States, but get rid of the bad performers.

And I intend to make sure that there's enhancements and streamlining effects so that you can have a single process for making sure you can manage performance, manage people out that need to be out.

Mr. DESANTIS. How long would that process take? I mean, you know, some of these folks are on leave forever, and I think that could just move people around. You have a poor performer, you've given them an opportunity to improve, they haven't. What's a reasonable time to say, "Okay, move on with whatever process"? Because I think the process ends up just eating up the accountability where you don't end you having any.

Mr. PON. Yeah. Each agency has collective bargaining unit agreements and sometimes these timeframes can go on for years. That is not reasonable, obviously. In any enterprise, if you have a bad actor in your own organization, you need to basically take care of it in a reasonable amount of time—with due process. But due process is not 2 years, it's more like 3 months to 6 months at the most.

Mr. DESANTIS. How do you ensure the—I mean, the model of the civil service was that it wasn't going to be political. You know, it used to be an administration would come in, they'd put their cronies in, the next one would come in, they'd put—and they're like, yeah, no, we just want professionals and to be apolitical.

But that is kind of good in theory, but that hasn't worked in practice. I mean, the IRS targeting scandal was something that was very problematic. We on this committee did a lot of it. The

Justice Department paid a settlement to all these conservative groups for having been targeted for their political beliefs.

And we see some of it with some of the oversight of, like, the FBI, with some of the agents who were really, really saying some things and appeared to have their actions motivated by political bias.

So how do you deal with that? I mean, you can do great at your job, have all kind of political opinions, but when it starts infecting the actual actions or the work product, like it did when the IRS and like I believe we have seen evidence of with the FBI, you know, how do we—how do you guys do it? Is there anything we can do to just make sure that we're following the administration's directives and we're not acting as individual political agents—

Mr. PON. We need to remind everybody about the law, merit system principles. We need to make sure that there is proper education, training, and enforcement of that.

I know the next panel, my colleague, Bill Valdez, is going to be representing SEA, Senior Executives Association. We're talking with one another to make sure that we can have our senior executives be the career senior executive service without politics.

That's really the mainstay of the Federal Government, the executives that are nonpolitical. We hold them up to a higher standard than making sure that the political agendas get taken care of. They run our government. We entrust them and direct them to do certain things. But if it's in a partisan way, we need to make sure that there's accountability.

OIG has been taking a look at these things in different agencies, but I think that there should be actually a real hard look at some of these quote, unquote, partisan type of activities within our career civil service.

Mr. DESANTIS. Thanks.

Chairman GOWDY. The gentleman from Florida yields back.

The gentlelady from New York is recognized.

Mrs. MALONEY. Thank you, Mr. Chairman.

And I thank the panelists.

President Trump and his administration have been downsizing Federal offices and agencies since the first day he took office. On day one he prohibited agencies from filling vacant positions, and I would say the downsizing began on day one.

Then, on April 12 in 2017, OMB Director Mick Mulvaney issued a memorandum directing agencies to submit downsizing plans by September that include, and I quote, "long-term workforce reductions."

But OMB has kept this reorganization plan secret. When Ranking Member Cummings wrote to OMB asking for copies of the plans that agency produced for OMB, he received this refusal from Mr. Mulvaney. And he wrote, quote, "The deliberative process within the executive branch will continue to play out in an iterative fashion." Meanwhile, OMB continues to work with agencies to begin taking certain administration actions.

So, Mr. Chairman, I ask unanimous consent to put the letter that he sent Mr. Cummings and Mr. Cummings letter into the record.

Chairman GOWDY. Without objection.

Mrs. MALONEY. Okay. Thank you.

And OMB's response is the polite way of saying that we're not going to give you any of the reorganization plans, even though we are reorganizing. So I wonder if Congressman Mulvaney would have tolerated receiving such a response when he was a member of this committee.

So my question, Ms. Weichert, OMB's description of a deliberative privilege to evade congressional oversight is not acceptable. Can you provide a legal opinion justifying citing that privilege at this time?

Ms. WEICHERT. I'm not an attorney, so I'm not going to provide a specific legal opinion.

What I can say is it is not the practice of OMB to share internal deliberative documents prior to the release of an actual report.

And we expect to be releasing the reorganization and reform report in the coming weeks, and that will really start the broader public deliberation process. And I think there will be plenty of opportunity for this body to have conversations about that.

I'd also like to share the fact that in the private sector leading practice around reorganization takes very seriously the disruption to the actual ongoing work of the workforce when reorganization is taking place. And leaking out or dribbling out items that have not yet been determined is actually fairly disruptive and somewhat disrespectful.

So it is our view that by sharing, when we publish this report in a few weeks, a holistic view that includes all of the deliberations, all of the inputs, that include, in addition to the inputs that we got from agencies, it also includes public comment, it includes data from the Federal Employee Viewpoint Survey, and it includes leading practices.

Possibly most importantly, it also includes a lot of data from the General Accountability Office about the High Risk List and areas where workforce is part of that. It also includes a list of duplicative processes and duplicative activities of agencies.

So I'm hopeful and very happy to continue to have this conversation going forward when we are out of the predecisional standpoint.

Mrs. MALONEY. Well, it's already started, the downsizing and the reorganization, without sharing any of this information.

And to give one example, in June the Department of Interior began reassigning dozens of career senior executives and other civil service employees. And we learned this not because of any sharing of information, but because of press reports. And many of these senior executives were totally left in the dark and knew nothing about what was taking place.

The President's 2019 budget proposal states that a department-wide reorganization plan will be implemented utilizing a combination of attrition and separation. So are attrition and separation deliberate tools in use by Secretary Zinke to downsize the Department of Interior, Ms. Weichert?

Ms. WEICHERT. So I can't comment on all the specifics of Secretary Zinke's proposal. I think the items that were able to be done through an individual agency were included in the 2019 budget proposal that you have seen.

But I'd pull up a bit to say, the original language around reform and reorganization was really about good government. And in really digging in and looking at the data on this topic, the focus is not primarily on downsizing. The focus is primarily on mission, service to the American people.

And then where stewardship is problematic we need to align the overall size. But a lot of what we're actually seeing is if you deploy information technology appropriately, you may be able to think differently about the numbers of resources that you have.

Mrs. MALONEY. We haven't seen the plan. All we've seen is press reports and reports from workers of downsizing.

Now, the Founding Fathers loved journalism, protected journalism, but they also wanted a checks and balance between the executive and the legislative branch. And right now all our information is coming from journalism, not from the executive branch or a sharing of responding to the oversight responsibilities of the legislative branch.

I hope that that changes with the report you say you'll be sending out in—

Ms. WEICHERT. Yes.

Mrs. MALONEY. —you said weeks. Do you have a time limit?

Ms. WEICHERT. It's in the clearance process now, so I can't give an exact date, but it's in the coming weeks. And we would like to have it be as holistic and thoughtful as possible.

Mrs. MALONEY. Thank you.

Chairman GOWDY. The gentlelady yields back.

I'll recognize myself, and I'll be the last questioner.

Ms. Weichert, I think it was you in your opening that mentioned a diminution of trust, public trust in the government in general, not just employees, but government in general. Is there any data? And what does it show in terms of what generates that distrust? Because it would be tough to work for an entity that people didn't trust.

Ms. WEICHERT. So the data that I referenced there is referenced in the document, the President's Management Agenda, which I could bring out additional components.

But we actually looked at specific areas, and we highlight in that report what the particular areas of problem that the American people have. And in a lot of cases I think the issues are issues of balance and issues of: Is government focused on the right issues? Are they primarily focused on mission? Are they focused on giving people the services they need when they want them, when they need them?

I think a lot of the distrust actually comes from the hyperpartisan kind of dialogues that they see on the television. And what we see when we've done some of these listening tours, talking to Federal employees, talking to citizens all over the country about what they're looking for, they value the services that our employees deliver. They absolutely appreciate when FEMA is there to rescue them from a flood or a USAID employee is there to help protect their home in a fire, whether they are in California or Wyoming.

But what they don't like is all the blockages to getting things done the right way, and when they have to hang on hold forever,

if they're trying to deal with death benefits, if they're a survivor of a veteran, things of that nature.

Chairman GOWDY. So there is an efficiency component, if I heard you correctly, and then there's just the general political environment that we find ourselves in, and that when you constantly hear how untrustworthy government is, it tends to, shockingly, have an impact on the listener from time to time.

Ms. WEICHERT. Absolutely. And I feel like we've got an opportunity, and I mean this most sincerely. Good government is an area where I absolutely believe we can have bipartisan support. I've actually been completely gratified by the types of dialogues I've had with Members of this body and other folks about these issues. So I really believe we can help change both the outcomes and the process.

Chairman GOWDY. All right. Well, this is what I want you to do for me. I've heard you use the word "bipartisan" a couple of times, I've heard Chairman Meadows use it a couple of times. But I also had a really good opportunity to listen to the ranking member's opening statement, and it was not complimentary on the Trump administration and how they view Federal workers.

Lay aside the fact that I disagreed with most of it and have been a Federal worker for a large part of my life, as have other Members on my side. Take the time I have left and convince, not us, but people who may be watching that this administration and the changes you proposed are rooted and motivated in a respect for Federal workers and a desire to make it better.

Ms. WEICHERT. Absolutely. And I think a lot of this starts with listening. And I heard what the ranking member said, and I think these are very valid concerns. They're not unique concerns to government. These are issues that our fellow citizens, whether they work in government or they work in the private sector face. They face challenges of dislocation. They face concerns about taking care of their families and doing their daily business.

We need to have a fact-based conversation. And, you know, I think it starts in this particular instance with the data around the Federal Employee Viewpoint Survey, and it starts with: How do we address the problems the Federal employees themselves find to be the biggest barriers to serving the American people?

And when I look at those things, there's things around performance-based compensation, there's things around do they have the resources to do their job, it's things around are the right merit system principles in place so that the best people get the best compensation and the worst people aren't there to disrupt the work of everyone else.

I think those are the things that we legitimately are trying to use a fact base to tackle and then use the tools that blend the best of IT modernization, the best of data and analytics, with helping elevate the work that our American workers do to serve the American people.

Chairman GOWDY. I'm out of time. And I'm going to recognize the gentleman from Missouri.

There have been a number of witnesses throughout the time I've been on this committee that have sat at the table where you are, and they have described conduct that is not just poor performance,

it is trending towards criminal. In fact, had it been reported and investigated and prosecuted, it would have been criminal.

So under the general heading of morale, I would think not having to work for someone who is simply moved from position to position after credible allegations of sexual harassment, I would think being able to terminate that kind of conduct, that is not poor performance, that's criminal.

So to the extent that you can address that, it would be the right thing to do and also good for morale.

With that, the gentleman from Missouri.

Mr. CLAY. I thank the chairman.

And thank you all for being here.

March the 20th, 2018, President Trump issued his President's Management Agenda. I read through it, and the PMA estimates that many Federal workforce occupations could be automated, including 5 percent of occupations that could be automated entirely, 60 percent of occupations that could have 30 percent-plus of their activities automated, and 45 percent of total work activities that could be automated.

Let me share with you so you can share it with the administration, no one on the chairman's side would defy this. But what's so important about government service and the service that the government renders to the citizens of this country is the person-to-person interaction.

So, I mean, I'm looking at this and saying, well, you're trying to reduce the workforce, which is going to hamper government's ability to interact with its citizens, it's plain, unless you can tell me otherwise. Isn't that the end result of this?

Ms. WEICHERT. No, actually, I appreciate the question and the concern, but what we're focused on are precisely the kind of things that the gentleman from Maryland mentioned earlier around if the pile of paper on the desk of a Federal employee keeps stacking up because it's paper-based, they actually can't serve our citizens in a face-to-face way.

And a concrete example was after Hurricane Harvey the Small Business Administration designated some zones as special SBA areas. And the Federal workers who were trying to help get people money to start up businesses and restart communities are taking information that was input on a system over here, print it out, and then rekey it over here. Thirty percent of their time was spent on that activity, which isn't directly serving people, and they could have given a faster response.

Mr. CLAY. Okay, I appreciate what you're saying, but you're also talking about cutting down the number of Federal workers. Is that right?

Ms. WEICHERT. So I think that's not the primary goal. When we actually did the empirical analysis about jobs when we were looking at this, there may be 5 percent of jobs that are purely possible to be automated. But we also have more than that number of jobs that we can't fill. And so reskilling and redeploying resources is part of what we're looking at.

Mr. CLAY. I have a limited amount of time. And I'm just saying for the committee's concern, they know better. They know better, because it's about when we interact with our constituents.

And it may be that they need a visa or a passport from the State Department. They may need to get their Federal records of service in our military so they can bury a loved one in a Federal cemetery. Anything. But they need to talk to a live person, not a machine. That's what this is about.

Let me ask both of you. I read through your proposals to slash benefits for Federal workers and retirees, and I was appalled. One of the most breathtaking proposals is the provision to eliminate COLAs for employee death benefit and child annuity.

Let me see if I understand this proposal correctly. You and President Trump want to cut COLAs for widows, widowers, and orphans.

Look, I just read what you sent us. I don't know how else to interpret this proposal other than to see it as a sign that you and President Trump and this administration are attacking widows and orphans who rely on COLAs just to keep up with inflation. And eliminating or reducing COLAs would erode their benefits over time.

This is why you want to do that, to save us money? Is that right?

Mr. PON. Sir, respectfully, thank you for your question. I do think that COLAs serve a very important purpose for having COLAs as a Federal worker. But when you are an annuitant, the government does not control an annuitant's residence, and government is actually paying the annuitant, survivor, widower, child a COLA based upon their choice of where they live versus where they work.

Mr. CLAY. So am I able?

Mr. MEADOWS. [Presiding.] We've got a second panel. So I thank the gentleman for his keen interest on this particular item.

I want to thank the two witnesses for their insightful testimony. I'm hopeful that this is the start of something new after 40 years, and I believe that it will be. I appreciate the commitment from both of you for being here.

And we're going to stand in recess for just a few minutes while we set up for the second panel.

[Recess.]

Mr. MEADOWS. The Subcommittee on Oversight and Government Reform will come to order, and I'm pleased to introduce our second panel.

Obviously, we've been interrupted a number of times today on votes and everything else, but I thank you for your patience and for following this key area. So I'm going to go ahead and introduce you. I think Mr. Connolly is on his way.

Mr. Bill Valdez, president of the Senior Executives Association. Mr. Max Stier, president and CEO of the Partnership for Public Service. And Ms. Jacqueline Simon, policy director for the American Federation of Government Employees.

Welcome to you all. And pursuant to committee rules, we'll ask that you be sworn in. So before you testify, if you'll please stand and raise your right hand. I don't know that this is your first rodeo for any of you.

So do you solemnly swear or affirm that the testimony you're about to give will be the truth, the whole truth, and nothing but the truth, so help you God?

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

And as you know, in order to allow time for the back and forth, if you'll limit your oral testimony to 5 minutes, we would appreciate that. Your entire written statement will be made part of the record. And so you're recognized for 5 minutes.

## **PANEL II**

### **WITNESS STATEMENTS**

#### **STATEMENT OF BILL VALDEZ**

Mr. VALDEZ. Mr. Chairman and members of the committee, I'm honored to represent the views of the Senior Executives Association because we believe the President's Management Agenda provides an opportunity to have a thoughtful and a constructive discussion about modernizing the 1978 Civil Service Reform Act.

The PMA correctly states that the decline in public trust in government can be directly linked to public perceptions about the effectiveness of the Federal workforce. I am convinced that the vast majority of civil servants are effective stewards of taxpayer dollars. I know this because U.S. taxpayers routinely see the results of this dedication through our secure homeland and improvements to our economic productivity.

If this is true, why then have public perceptions of the performance of civil servants declined? I believe the answer lies in structural deficiencies in the CSRA.

The CSRA has served our Nation well, but it was passed over four decades ago. The internet was the stuff of science fiction and the Cold War was in full bloom.

Today, the Internet of Things is transforming our society and international terrorism is our premier national security challenge.

Put simply, the CSRA has not kept pace with these tectonic shifts in our society. Decades of haphazard tinkering has created a Frankenstein monster that hinders the ability of civil servants to deliver optimal value to taxpayers.

Dr. Pon, in his testimony, referenced a number of latent flaws in the CSRA that must be remedied. I agree, and I believe that those flaws fall into four major buckets. In the interest of time, I will address three of these four buckets, but I refer you to my written testimony for a full discussion.

The first is performance accountability systems are antiquated. Prior to the CSRA, the Civil Service Commission was the one-stop shop that ensured that civil service merit principles were upheld. The CSRA, however, created the MSPB, the Office of Special Counsel, the FLRA, and the EEOC.

All of these forms have their purpose, but the unintended consequence of a performance management system that enables poor performers to forum shop and delay the resolution of their cases.

We need to return to basics. There are two reasons why an employee can be dismissed from Federal service, misconduct and poor performance. We must update the CSRA to provide an expedited forum for performance issues and let the other forums be used for their original purposes.

Second, hiring and retention practices have become ossified. When I was looking for work in 1978, I went to the classified pages of my local newspaper, and if I was really on the ball, I would go door-knocking. I was operating in an information void that gave employers all the leverage.

Today, job seekers are much more empowered. They can search the internet for jobs, and LinkedIn lets them know if an employer is worth pursuing. In other words, the leverage has shifted during the past 40 years from the employer to the employee when it comes to hiring and retention.

Yet, as Dr. Pon clearly articulated, we have a hiring and retention system that is mired in 20th century practices. It is not nimble, it is not effective, and we are losing the talent war as a result.

We need to completely rethink the General Schedule, the classification system, and how we incentivize high performance. If we do this, we will create a work environment that is aligned with the needs of the current generation of workers.

And then, third, the CSRA has exacerbated the career-political divide. The CSRA created the Senior Executive Service as a bridge between administrations and to serve as expert advisers to administrations as they pursued their agendas. It also mandated that 90 percent of the SES slots be reserved for career SES and 10 percent for noncareer SES. Today, most of those noncareer positions are filled by political appointees.

This SES framework has had two unintended consequences. First, political SES are increasingly occupying operational positions, such as CFOs and principal deputies, that were previously filled by career SES.

Two problems with this: Politicals rarely come into office with the knowledge needed to manage these programs, and when they leave there is a leadership vacuum that stops government in its tracks.

Second, career SES have indicated in SEA surveys that they believe they are being excluded from decisionmaking. NYU researcher Paul Light analyzed the results of more than 40 failures of government over the past 20 years and he pinpointed faulty leadership decisions as the primary reason for those failures.

SEA strongly believes that if we properly align career and political leadership roles, these failures could be mitigated.

In closing, let me again thank you for this opportunity to discuss these important issues. And I would just note that if the current Frankenstein workforce model that I've described has resulted in so much good for our Nation, imagine what dedicated civil servants could deliver with a modernized Civil Service Act.

[Prepared statement of Mr. Valdez follows:]



*The voice of career Federal executives since 1980*

---

77 K Street N.E., Suite 2600 • Washington, D.C. 20002 • 202.971.3300 • [seniorexecs.org](http://seniorexecs.org)

Statement of  
William J. Valdez, on behalf of  
Senior Executives Association (SEA)  
Before the  
House Committee on Oversight and Government Reform  
Hearing on  
Workforce for the 21<sup>st</sup> Century: Analyzing the President's Management Agenda  
Wednesday, May 16, 2018

Mr. Chairman and Members of the Committee, I am honored to represent the views of the Senior Executives Association (SEA), a nonprofit, nonpartisan professional association representing current and former members of the career Senior Executive Service (SES), their equivalents, and rising career Federal leaders.

SEA is strongly supportive of the President's Management Agenda (PMA) because we believe it provides an opportunity to have a thoughtful and constructive discussion about modernizing the 1978 Civil Service Reform Act to build a 21<sup>st</sup> Century Federal workforce, by recognizing the need to focus on core government management challenges in a systematic fashion over an extended period of time.

This effort will be a marathon that requires constant attention from not only this and future Administrations, but also Congress, the stakeholder community and American taxpayers. As evidenced by the fact we have discussed civil service reform for over 30 years, these efforts are critical and difficult. No less than the Federal government's ability to effectively and efficiently execute upon its most foundational constitutional responsibilities for the public rests in the balance. This is a historic opportunity we must come together to seize.

**Perspective on the President's Management Agenda:**

The PMA, in our view, frames this issue in a compelling way. On the very first page, the PMA correctly states that the decline in public trust in government can be directly linked to public perceptions about the effectiveness of the Federal workforce. After all, the vital goods and services that the Federal government delivers to the American public aren't provided by robots or computers, they are delivered by dedicated civil servants. If those civil servants are not perceived as effective stewards of the taxpayer's dollars, then we can expect that a negative perception of the workforce will result.

The monumental task of Federal workforce modernization cannot be a partisan activity, nor can it be accomplished by assaulting the very civil servants who are meant to execute changes. It will be imperative for the Administration and Congress to thoughtfully address the input of the stakeholder community, including from Federal employee representatives, for this effort to be successful. Likewise, the Federal community must recognize that American taxpayers are clamoring for change in their government and be ready to work towards shared objectives. Ensuring that the American people have a great government and a 21<sup>st</sup> Century Federal workforce should not be a partisan endeavor.

The PMA's workforce Cross-Agency Priority (CAP) Goal cannot be considered in a vacuum. Its interrelation to other CAP Goals, including the other two overarching goals of IT modernization and data, customer experience, shared services, burden reduction, and security clearances all dovetail together. The ability of CAP goal leaders to coordinate effectively across these issues while also driving engagement down into agency career leaders will be important area to keep attention on.

Sharing quality services, another CAP Goal, can only go so far without increased standardization in the human capital space in the Federal government. OPM's HR Line of Business has created the Human Capital Business Reference Model (HCBRM), but has yet to release much of its details publicly. How can agencies or industry drive towards standards if they are not released publicly? How can we debate civil service modernization without the benefit of a complete taxonomic analysis of Title 5 and the Code of Federal Regulations? Once that is in hand, how do we begin to start making sense of the over 100 white collar pay systems in the Federal government, including the many outside Title 5? We need a whole lot

more information to ensure decisions being made around PMA implementation consider system-wide ripple effects.

I am convinced that the vast majority of civil servants are effective stewards of taxpayer dollars. I know this because I worked alongside them for 20 years. I also know this because U.S. taxpayers routinely see the results of their dedication through our secure homeland, the routine delivery of Social Security checks and the mail, and improvements to overall quality of life in terms of advances in economic productivity, health care, and science and technology.

If this is true, why then have public perceptions of the performance of civil servants declined? I believe the answer lies in structural deficiencies in the 1978 Civil Service Reform Act that must be corrected.

Let me be clear. The 1978 CSRA has served our Nation well, but it is long past time to bring the CSRA into the modern era. The CSRA was passed four decades ago when the Internet was the stuff of science fiction, oil embargoes threatened our national security, and the Cold War was in full bloom. Today, the Internet of Things is transforming our society and our economy, oil is plentiful, and international terrorism has replaced the Cold War as our premier national security threat.

Put simply, the CSRA has not kept pace with these tectonic shifts in our society. Decades of haphazard tinkering and ill-conceived patches have created a Frankenstein monster of a workforce regime that hinders the ability of civil servants to deliver optimal value to taxpayers. OPM Director Pon has advocated for the comprehensive systematic modernization to address latent flaws in the CSRA that must be remedied. I completely agree and believe that those flaws fall into four major buckets:

1. Performance Accountability Systems Are Antiquated.

The PMA rightfully identifies the government's current personnel system as a relic of a bygone era, while simultaneously stating that merit system principles should remain at the core of America's nonpartisan professional civil service. These dual statements should remain at the center of debate around civil service modernization.

Prior to the CSRA, the Civil Service Commission was the one-stop-shop that ensured that civil service merit principles were upheld and that civil servants had an avenue of appeal when those principles were violated.

The CSRA, however, created the Merit Systems Protection Board (MSPB), the Office of Special Counsel (OSC), the Federal Labor Relations Authority (FLRA), the Federal sector Equal Employment Opportunity Commission (EEOC) and encouraged collective bargaining agreements that provided union grievance processes. In addition, the 1978 Inspector General Act created yet another avenue of appeal for employees seeking redress. All of these forums have their purpose, but the unintended consequence is a performance management system that enables poor performers to forum shop and delay the adjudication of their cases.

The Federal personnel system is designed more to ensure one does not hire their brother-in-law than it does to ensure an agency has the right person working in the right job at the right time. We must peel back the statutory and regulatory barriers that impede hiring and workforce management that focuses

efforts more on compliance rather than outcomes. We must cultivate and trust our modern civil service professionals, lest we constantly try to reform bureaucrats molded by approaches of yesteryear.

We need to return to basics. There are two reasons why an employee can be dismissed from Federal service: misconduct and poor performance. The multiple forums open to Federal employees encourages forum shopping by poor performers who seek to delay and obfuscate. We need to update the CSRA to provide an expedited forum for performance issues and let the other forums be used for their original purposes. SEA has solutions in mind and we would welcome working with Congress to resolve this issue.

## 2. Hiring and Retention Practices Have Become Ossified.

When I was looking for work in 1978, I went to the classified pages of my local newspaper. I had a paper resume and if I was really on the ball, I would go door knocking at potential places of employment to see if jobs were available. As a result, all of the leverage was on the side of the employer because of an information deficit.

Today, job seekers are much nimbler and empowered. They can research on the Internet for jobs, their social networking through LinkedIn and Facebook lets them know if an employer is worth pursuing, and they are searching for employers who suit their lifestyles. In other words, the leverage has shifted during the past 40 years from the employer to the employee when it comes to hiring and retention.

We have a hiring and retention system that is mired in 20<sup>th</sup> Century practices. It is not nimble, it is not effective and we are losing the talent war as a result. We need to completely rethink the General Schedule, classification system, how we incentive high performance, and create a work environment that is aligned with the needs of this current generation of workers.

## 3. Training and Development Programs Are Ineffective.

Training and development programs were an afterthought when the CSRA was created. There is little mention of training in the CSRA and employee development was a revolutionary concept being debated in the human resources community. During the 40 years since the CSRA was passed, the private sector has realized that employee engagement and retention are directly linked to training and development programs, but the Federal government has not yet caught up, in part because of the absence of legislation requiring effective training and development programs and concurrent budgetary authority to support those programs.

Why is legislation needed? Two reasons.

First, it is a tired, but true, axiom that when budgets get tight, the first things that go are training and development programs. Unless training and development are mandated by legislation, agencies and OMB are under no pressure to do the right thing and provide the developmental programs that will keep civil servants at the cutting edge of new requirements.

Second, the lines have been blurred between training and development. The few training dollars available to agencies are used for mandatory training such as ethics or safety training, which is important, but not

sufficient for our 21<sup>st</sup> Century workforce. Development programs focused on creating the next generation of future leaders do not have necessary funding.

SEA strongly advocates for improved methods by which Federal agencies make decisions around employee advancement that puts a stronger emphasis on leadership as opposed to technical acumen. Research SEA published with Deloitte in 2017 found that only one third of Federal executives feel leadership capability is a core consideration for advancement decisions.<sup>1</sup> This directly bears on employee engagement and productivity. Recent MSPB research offers fantastic recommendations on ways to enhance the merit system principles within the Federal environment, including a focus on leader selection and ongoing training and development.<sup>2</sup>

The 1978 Inspector General Act, as amended, could provide a template for Congress to remedy this problem. The IG Act requires agencies to submit a training budget for IGs that is managed by the Council of Inspectors General on Integrity and Effectiveness, known as CIGIE. As a result, the IG community has a vibrant and progressive training and development program that could serve as a model for the rest of government.

#### 4. The CSRA Has Exacerbated the Career/Political Divide.

The CSRA created the Senior Executive Service and intended for the SES to be the bridge between Administrations and to serve as expert advisors as Administrations pursued their agendas. The CSRA also mandated that 90% of SES slots be reserved for career SES and 10% for limited-term non-career SES positions. Today, most of those non-career positions are filled by political appointees.

This framework for the SES has had two unintended consequences.

First, political SES increasingly are occupying operational positions in government that were previously filled by career SES. These positions include CFOs, CHCOs, and principal deputies. As a result of this approach, political rarely come into office with the knowledge required to manage these highly technical programs and when they leave there is a leadership vacuum that stops government in its tracks.

Second, career SES have indicated in surveys we have conducted that they believe they are being increasingly excluded from decision making. This has been a 20-year trend that transcends Administrations and what it means is that political leadership doesn't take advantage of the institutional knowledge of career SES. Paul Light, a NYU professor, analyzed the results of more than 40 failures of government and he pinpointed faulty leadership decisions as the key reason for those failures.<sup>3</sup>

<sup>1</sup> Senior Executives Association and Deloitte. (2017). State of Federal Career Senior Leadership. <https://seniorexecs.org/989-survey-of-federal-government-executives>.

<sup>2</sup> Merit Systems Protection Board. (2016). The Merit System Principles: Guiding the Fair and Effective Management of the Federal Workforce. Washington, DC. <https://www.mspb.gov/mspbsearch/viewdocs.aspx?docnumber=1340293&version=1345596&application=ACROBAT>.

<sup>3</sup> Paul C. Light. (2014). A Cascade of Failures: Why Government Fails, and How to Stop It. Washington, DC. <https://www.brookings.edu/research/a-cascade-of-failures-why-government-fails-and-how-to-stop-it/>.

SEA strongly believes that if we properly align career and political leadership roles, those failures could be mitigated.

We've learned from past PMA efforts that a handful of officials at OMB, OPM, and GSA can only do so much. That the Administration has tapped both political CAP goal leads as well as career officials as implementation leads reflects improvements over past PMA efforts, because the inclusion of career accountable officials ensures meaningful modernization can continue moving forward over time regardless of changes in political leadership.

To this end, Congress should consider addressing the current situation in which political appointees increasingly hold CXO management roles that can be difficult to best execute absent firm knowledge of government's nuances. President Trump himself has complained that too many appointee roles exist in government and the bureaucracy is too heavily layered.

Director Pon recently issued a memo to agency heads ensuring they appointed CHCOs consistent with its authorizing law. Yet that law was written in 2002, and is showing some age. Specifically, much like Clinger-Cohen created the CIO, CHCOs do not have the requisite authority over all agency personnel policy, systems and decisions. The CHCO Act should be strengthened with FITARA-like legislation, empowering the CHCO with the ability to drive personnel management efficiencies through standardized approaches and practices.<sup>4</sup>

CHCOs should be empowered as leaders who ensure agency strategic human capital plans are aligned to agency strategic plans and Administration priorities. OPM should be a central policy setting office that provides expert analysis and advice to agencies. Training and development programs supported by protected budgets can ensure an agency's workforce constantly learns and is able to stay current with best practices and knowledge.

### **Moving Toward Civil Service Modernization**

For any solutions pursued by or for Federal leaders to be most effective, Congress will need to play a role in fostering an environment that is conducive to good management. Two areas in particular call for attention. The first is chronic budget uncertainty. The second is the treatment and respect afforded to Federal public servants.

According to the Congressional Research Service (CRS), in only four years since 1977 has Congress passed all appropriations bills on time.<sup>5</sup> The resulting reliance on continuing resolutions (CRs), is relevant to a discussion regarding the efficiency and effectiveness of the Federal workforce because, according to a GAO analysis,<sup>6</sup> budget uncertainty negatively effects agency operations, hinders planning and investment, and results in suboptimal allocations of resources.

At a time of ballooning national deficit when Congress is attempting to curtail wasteful government spending, a goal SEA lauds, the act of relying on CRs in-and-of-itself is creating waste. Because of the

<sup>4</sup> Neal, Jeff. (2018, April 26). What is a CHCO and Why Do We Have Them? *ChiefHRO*. <https://chiefhro.com/2018/04/26/what-is-a-chco-and-why-do-we-have-them/>

<sup>5</sup> Congressional Research Service, (2012). *Continuing Resolutions: Overview of Components and Recent Practices*, R42647. Washington, DC: James Saturno and Jessica Tollestrup. <https://www.fas.org/spp/crs/misc/R42647.pdf>.

<sup>6</sup> Government Accountability Office. (2013). *Effects of Budget Uncertainty from Continuing Resolutions on Agency Operations*, GAO-13-464T. Washington, DC. <http://www.gao.gov/products/GAO-13-464T>.

uncertainty, agency staff must dedicate inordinate amounts of time to budgeting and re-budgeting for multiple scenarios and contingencies. These resources could be better utilized implementing the laws and programs which Congress has authorized, and developing the agency workforce to meet current and future requirements.<sup>7</sup> Ongoing discussions in Congress about modernizing the current budget process are welcomed. SEA supports efforts to bring this conversation to thoughtful conclusion and action in the near term.

As the board of directors for the Federal government, it is important that Congress fulfill its fiduciary responsibilities to timely provide agencies with budgets. Not only does this uncertainty directly impact vital mission functions, it adversely impacts the process of strategic human capital planning and talent management. GAO's research<sup>8</sup> has "consistently shown the direct link between effective strategic human capital management and successful organizational performance." Not being sure whether your organization will be fully funded from year to year compounds the incapacity to build a strategic workforce plan with defined talent management processes, because agencies are unsure they will be able to strategically fill vacancies. It would be helpful to agencies if Congress could provide general targets for future year budgets to aid workforce planning.

As an employer, the inability of the government to provide predictable employment opportunities and to expeditiously fill vacancies also challenges the ability of agencies to meet their mission. Compounding this challenge is the uncertainty around the viability and nobility of Federal employment and public service careers. SEA believes it is critical that Congress not engage in a race to the bottom in terms of compensation and benefits the government would be able to offer prospective employees. Promises made to current employees and annuitants should be kept. It is also important to point out that over a third of new hires in recent years are veterans who have honorably served our nation and want to continue their service to the nation in Federal employment.<sup>9</sup>

The predominant focus by Congress in recent years on negative and punitive legislative proposals relating to the Federal workforce – scaling back or eliminating due process protections that guard against politically motivated personnel actions, setting higher contributions from employees for their pensions and health benefits absent increases in benefits, clawing back earned pay and benefits, discussing eliminating public service loan forgiveness programs, reducing the number of agency employees absent a business case for doing so, proposing across-the-board attrition-based restrictions on hiring, to name a few – coupled with negative congressional rhetoric about the workforce has created an environment in which many talented recent graduates and other citizens are not considering the Federal government for employment. In 2014, only 7 percent of new hires to the Federal government were under the age of 25, compared to 23 percent in the private sector, according to the Partnership for Public Service.<sup>10</sup>

Beyond harming recruitment and retention, negative rhetoric about the workforce also has a direct cost through decreased employee engagement. Gallup research estimated a cost to the government of \$18 billion in 2014 due to employee disengagement.<sup>11</sup> That cost could be eliminated if we respect and invest

<sup>7</sup> Samuelsohn, Darren. (2015, October 21). Welcome to CR Hell. *POLITICO*.

<http://www.politico.com/agenda/story/2015/10/congress-Federal-budget-continuing-resolution-000270>.

<sup>8</sup> Government Accountability Office. (2015). *Update on Strategic Management Challenges for the 21st Century*, GAO-15-619T. Washington, DC. <http://www.gao.gov/products/GAO-15-619T>.

<sup>9</sup> Office of Personnel Management. (2016). *Employment of Veterans in the Federal Executive Branch, Fiscal Year 2015*. Washington, DC. <https://www.fedshirevets.gov/hire/hrp/reports/EmploymentOfVets-FY15.pdf>.

<sup>10</sup> Partnership for Public Service. (2014). *Fed Figures*. Washington, DC.

<http://ourpublicservice.org/publications/download.php?id=350>

<sup>11</sup> Ander, Steve & Swift, Art. (2014, December 16). U.S. Federal Employees Less Engaged Than the Rest. *Gallup*. <http://www.gallup.com/poll/180206/Federal-employees-less-engaged-rest.aspx>.

in the Federal workforce and we encourage and empower employees from the front lines to the C-suite to work together to identify inefficiencies and collaboratively improve agency operations. This occurred at the Portsmouth Naval Shipyard, where management and labor came together to craft a “Declaration of Excellence,” that has aligned all employees behind a common vision and which has increased morale, productivity and efficiency.<sup>12</sup>

An environment must be created in which serving the public in Federal service is seen as a realistic and attractive career option, even if not for a lifetime career. SEA strives to restore the notion of honor and pride around public service that President Kennedy harkened to in his 1961 inaugural address when he said citizens should “ask not what your country can do for you — ask what you can do for your country,” but we need help from Members of Congress.

### **Examining Potential Solutions to Issues Affecting Each Stage of the Employee Lifecycle**

#### **Recruitment**

The government is failing to compete in the global war for talent. Agencies need better tools and processes to recruit and hire. Few agencies have a defined talent acquisition and talent management process for all employees at all levels. According to a 2015 Vanderbilt University survey, 42% of senior executives said they could not recruit top job candidates.<sup>13</sup> Agencies and managers need better recruiting tools, and improved recruiting resources, beyond the posting of jobs on USAJobs.

Agencies need more direct hiring authority and the ability to offer competitive compensation to recent graduates, particularly those with mission critical skills. For example, DHS recently was able to hire 370 new cyber security and technology professionals with on-the-spot job offers during a two-day summer job fair. Recent authorities granted by Congress for hiring individuals with cybersecurity expertise at DOD and DHS can serve as a model for government-wide hiring modernization, and SEA supports expansion of those authorities consistent with OPM’s legislative proposals for the 2019 NDAA currently under consideration. Authorities to allow individuals to more easily come into and out of government service should also be pursued. The best employees and those with in-demand skills are not waiting 80-100 days for a job offer from the government.

Agencies also need to do more to cultivate and develop their HR talent, and to transform those professionals and their role within organizations from transactional and process oriented to being strategic partners for management. Jeff Neal, a former Department of Homeland Security (DHS) Chief Human Capital Officer (CHCO), has written extensively on the need to retool Federal HR for the 21<sup>st</sup> century.<sup>14,15</sup>

<sup>12</sup> McDermott, Deborah. (2014, April 20). Revolution in the works at shipyard. *SeaCoastOnline.com*. <http://www.seacoastonline.com/article/20140420/NEWS/404200344>.

<sup>13</sup> Patterson, Jim. (2015, July 16). Vanderbilt researcher: It's time for civil service reform. *Research News at Vanderbilt*. Vanderbilt University. <https://news.vanderbilt.edu/2015/07/16/vanderbilt-researcher-it%E2%80%99s-time-for-civil-service-reform/>.

<sup>14</sup> Neal, Jeff. (2016, September 1). Federal HR is Mission Critical. Is It Mission Capable? *ChiefHRO*. <https://chiefhro.com/2016/04/28/can-we-fix-hr/>.

<sup>15</sup> Neal, Jeff. (2016, April 28). Fixing Federal HR Begins with Staffing. *ChiefHRO*. <https://chiefhro.com/2016/09/01/fixing-Federal-hr-begins-with-staffing/>.

## **Hiring**

A 2015 report by the Merit Systems Protection Board (MSPB) found that the principle of fair and open competition for Federal jobs is being challenged by a proliferation of hiring authorities, overuse of restrictive hiring authorities and practices, potential abuse of hiring authorities by some managers, and some HR staff prioritizing internal processes over providing efficient customer service to job applicants.<sup>16</sup> While agencies are unique, the sprawling morass of numerous authorities causes confusion for hiring managers and HR specialists and inhibits effective oversight.<sup>17</sup> Congress can make it easier for both applicants and agencies alike to understand and better be able to navigate the hiring process. To understand lessons learned, Congress may also consider an evaluation of the effectiveness of OPM's recent Hiring Excellence campaign which sought to better educate managers and HR professionals about the hiring tools agencies already have available and how to best use them.

Congress should explore the role of competitive examining in Federal hiring, and which authorities need to be streamlined and consolidated legislatively versus which can be accomplished administratively by OPM and agencies. When it comes to hiring authorities and flexibilities, Congress needs to answer whether departments and agencies should be considered as constituting a single Federal enterprise or as many separate entities.

One tool that managers will benefit from is implementation of the Competitive Service Act (P.L. 114-137). Hiring managers will greatly benefit from the ability to review vetted job candidates who have clearly expressed an interest in Federal employment for similar positions. Congress should encourage agencies to operationalize this new authority in a common sense way that adds value. Managers should not have to wait for multiple years for guiding regulation, as they did following the passage of phased retirement authority.

Congress should continue examining current Federal recruitment and hiring practices. Concerns have been raised in recent years by many about the USAJobs platform, the state of the Presidential Management Fellows (PMF) program<sup>18</sup>, the Pathways Program that eliminated old internship and recent graduate programs<sup>19</sup>, and the time it takes between applying for a job and receiving a decision, to name a few. The varied ways agencies handle security and suitability adjudication also can slow down the hiring process, and is good news that opportunities to have common forms or processes for security and suitability is a Cross Agency Priority goal. All of these areas are ripe for improvement.

## **Onboarding New Employees**

Agency processes for onboarding and orienting new employees to the organization need to be strengthened. Usually the selected employee gets an orientation/onboarding of a few days to a few weeks and that mostly focuses on process not on how to succeed in the agency's culture. New employees often need someone with institutional knowledge to help guide their career decisions. Managers can play a key

<sup>16</sup> Merit Systems Protection Board. (2015). The Impact of Recruitment Strategy on Fair and Open Competition for Federal Jobs. Washington, DC. <http://www.mspb.gov/netsearch/viewdocs.aspx?docnumber=1118751&version=1123213>.

<sup>17</sup> Government Accountability Office. (2016). Federal Hiring: OPM Needs to Improve Management and Oversight of Hiring Authorities. Washington, DC. <http://www.gao.gov/products/GAO-16-521>.

<sup>18</sup> Fox, Tom. (2014, November 17). Critiques of the Presidential Management Fellows Program. *The Washington Post*. <http://www.washingtonpost.com/blogs/on-leadership/wp/2014/11/17/critiques-of-the-presidential-management-fellows-program/>.

<sup>19</sup> FEDmanager. (2015, March 11). SSA Managers Group Suggests Improvements for Pathways Program. *FEDmanager*. <http://www.fedmanager.com/news/2079-ssa-improvements-for-pathways-program>.

role by developing coaching and mentor/protégé relationships with subordinates and superiors. Such relationships are commonly required in successful private sector organizations, as they facilitate and encourage personal growth and continuous professional improvement. Some agencies already have successful mentoring programs in place. In 2016 OPM rolled out an improved model for SES onboarding that could serve as a model to improve government employee onboarding in general.<sup>20</sup> Unfortunately, OPM's 2017 SES Onboarding Report found that agencies are generally doing an abysmal job for SES onboarding<sup>21</sup>. If agencies are paying such little attention to effective executive onboarding, what are they doing for new employees to ensure they can be successful?

### **Probationary Period**

Across the government, most employees are subject to a one-year probationary period upon starting their jobs. During this time they are in an "at-will" status and can be released by the government from employment. SEA supports legislation extending the probationary period for positions that require extensive training.

For example, air traffic controllers and some positions with the Social Security Administration (SSA) and Internal Revenue Service (IRS) have extended training periods, significant portions of which occur outside of the employee's home office, before achieving journeyman status. Since managers often do not work extensively with those employees during the first year and cannot fully assess their on the job performance, it is reasonable and most fair to both the employee and the manager to extend the probationary period or begin it upon completion of training. Furthermore, managers should have to proactively certify that an employee has cleared the probationary period.

To the extent that it is not being fully utilized, and research by the MSPB demonstrates that the probationary period is not being used to its full potential<sup>22</sup> – for both new hires as well as new managers and executives – that is an issue of training and understanding how to use the probationary period.<sup>23</sup> Managers must be held accountable for properly using the tools they have at their disposal.

### **Employee Training and Development**

No successful major employer neglects developing its workforce. Yet the reality in government, especially in nearly every non-defense civilian agency, resources for training and travel are often the first to be slashed when budgets are tight, denying members of the workforce critical opportunities to refresh skills and keep them current.

<sup>20</sup> Office of Personnel Management. (2014). SES Onboarding Enhanced Framework. Washington, DC. [https://www.opm.gov/wiki/uploads/docs/Wiki/OPM/training/SES%20Onboarding%20Pilot/SES%20Onboarding%20Enhanced%20Framework\\_webv1.pdf](https://www.opm.gov/wiki/uploads/docs/Wiki/OPM/training/SES%20Onboarding%20Pilot/SES%20Onboarding%20Enhanced%20Framework_webv1.pdf).

<sup>21</sup> Office of Personnel Management. (2018). 2017 SES Onboarding Report. Washington, DC. [https://chcoc.gov/sites/default/files/SES%20Onboarding%20Report\\_0.pdf](https://chcoc.gov/sites/default/files/SES%20Onboarding%20Report_0.pdf).

<sup>22</sup> Merit Systems Protection Board. (2015). Adverse Actions: The Rules and the Reality. Washington, DC: Office of Policy and Evaluation <http://www.mspb.gov/MSPBSEARCH/viewdocs.aspx?docnumber=1205509&version=1210224&application=ACROBAT>.

<sup>23</sup> Merit Systems Protection Board. (2005). The Probationary Period: A Critical Assessment Opportunity. Washington, DC. <http://www.mspb.gov/MSPBSEARCH/viewdocs.aspx?docnumber=224555&version=224774&application=ACROBAT>.

To be successful in the long term, agency budgets must dedicate training and professional development funds that cannot be transferred. Because they often cannot accomplish all the mission requirements and provide adequate training within their budgets, agencies are unable to cultivate a workforce with necessary skills and expeditiously close skills gaps. This can have dramatic future impacts as the learning deficit only gets deeper. Development should also include experiential learning such as details which help employees grow and improve, especially in the area of leadership. It is imperative that the prevailing perspective be that investment in Federal civilian employees be seen as not purely a cost, but rather as an investment, such as the development of members of the armed services is understood to be. It is heartening that the PMA contains a learning agenda along with its workforce agenda.

### **Talent Management**

As missions of Federal agencies evolve and technology involved in performing functions changes, there is a critical need to equip organizations within the government with meaningful data (demographic, attrition, skills inventories, retirement trends, training needs assessments, etc.), effective methods (succession management plans, critical skills forecasts, workforce planning assessments, etc.) and to develop training for agency officials on how to routinely and successfully utilize such data and methods to manage their workforces just as they do their budgets and other resources.

This is an area where OPM and OMB need to exert leadership, and in consultation with professional associations (such as SEA), good government groups and agency CHCOs, CFOs, etc. develop tools, templates and best practices to aid agencies in what is likely to be an era of tight resources and competing national priorities. Once the tools are developed agencies could use the tools to produce workforce management plans that are tied to budget requests and are set up on a scorecard type basis (a potential model is the spotlight Management Scorecard used by the President George W. Bush's administration) and given broad visibility and use in allocating Federal resources and in developing recruitment, hiring, assignment, training, succession and mobility plans within agencies. This is a function performed by manpower offices in the armed services, covering both active duty and civilians, yet no comparable analog exists in most civilian Federal agencies. Absent statutory directive and authorization, it is unlikely all agencies will invest resources in establishing robust talent management systems, although some agencies do have such systems. GAO has listed human capital management as a high risk issue since 2001.

The general lack of robust capability in this area across Federal agencies may make it difficult for OPM and OMB to achieve the PMA's workforce CAP goal. It simply presumes capabilities that exist inconsistently across government.

GAO's duplication report may provide a useful proxy for OPM, OMB, and agencies in identifying smart areas to apply attrition and consolidation across the Federal enterprise. GAO's research found that government-wide hiring freezes proved ineffective in managing Federal employment<sup>24</sup> so we will need more than peanut butter approaches.

Compounding these issues is the uncertainty around the viability and nobility of Federal employment and public service careers. Rhetoric from Members that Federal employees "become where they are career

<sup>24</sup> Government Accountability Office. (1982). Recent Government-Wide Hiring Freezes Prove Ineffective in Managing Federal Employment, FPCD-82-21. Washington, DC. <http://www.gao.gov/products/FPCD-82-21>.

bureaucrats who soak of the lifeblood of the American people,” will not help the government’s recruitment or retention efforts.<sup>25</sup>

#### **Supervisor Selection, Training, and Development**

Supervisors are the critical link between management and employees. For this reason, the supervisor’s proficiency in both technical and leadership skills is important for agency success. Effective supervisors increase employee motivation, communicate expectations, and ultimately increase organizational performance. The MSPB highlighted the importance of first-level supervisors in a 2010 report.<sup>26</sup>

The manner in which the government selects which employees to take on supervisory roles is in dire need of an update. The government does not mandate a baseline of training and development for supervisors and managers.<sup>27</sup> Under the General Schedule, an employee often must take on supervisory duties in order to ascend the ranks. Yet there is no assessment of whether that employee, who may be an excellent technician or subject matter expert (SME), has the capacity to serve as a supervisor and leader. Federal employees require career ladders that let them chose whether they prefer to remain a SME or whether they want to manage, and both options should present opportunities for career advancement and growth. This also applies to determining whether a senior employee should be SES, SL/ST, or equivalent.

Research published by Gallup<sup>28</sup> highlights the importance of selecting the correct employee for supervisory and managerial duties in the first place. One in ten employees have the unique combination of skills and perspective to be a manager, while an additional two in ten can be taught to be a great manager. That means seven out of ten employees, who may be great SMEs, are likely not cut out for supervising employees. Ensuring the government develops and selects the appropriate individuals for supervisory roles will produce an improved management talent pipeline, with the most adept of those leaders eventually rising to the SES ranks.

Meanwhile, more must be done to ensure that supervisors, managers, and executives are provided the training and development necessary to oversee the workforce. A 2015 MSPB report highlighted the importance and benefits of investing in executive leaders.<sup>29</sup> Despite directives from OPM and laws passed by Congress (i.e. P.L. 108-411) mandating agencies provide initial and ongoing supervisor training and have succession management plans, it is clear that there is more that could be done.

SEA has long advocated for mandatory supervisor training. For manager training to be most effective, five criteria should be met: 1) Every new supervisor and manager in the Federal government must receive mandatory supervisory training within one year of their initial appointment; 2) Supervisors and managers should receive updated training every three years after the initial training; 3) Training of managers must

<sup>25</sup> Katz, Eric. (2017, February 2). Congressman: Career Feds ‘Soak Off the Lifeblood of the American People. *Government Executive*. <http://www.govexec.com/Federal-news/fedblog/2017/02/congressman-career-feds-soak-lifeblood-american-people/135115/>.

<sup>26</sup> “Merit Systems Protection Board. (2010). A Call to Action: Improving First-Level Supervision of Federal Employees. Washington, DC. <http://www.mspb.gov/netsearch/viewdocs.aspx?docnumber=516534&version=517986&application=ACROBAT>.

<sup>27</sup> Office of Personnel Management. (2015). Federal Supervisory and Managerial Frameworks and Guidance. Washington, DC. <https://www.opm.gov/wiki/uploads/docs/Wiki/OPM/training/Complete%20508-%20Frameworks,%20Fact%20Sheet,%20learning%20objectives,%20and%20additional%20resources.pdf>.

<sup>28</sup> Beck, Randall & Harter, Jim. (2014, March 25). Why Great Managers Are So Rare. *Gallup*. <http://www.gallup.com/businessjournal/167975/why-great-managers-rare.aspx>.

<sup>29</sup> Merit Systems Protection Board. (2015). Training and Development for the Senior Executive Service: A Necessary Investment. Washington, DC. <https://www.mspb.gov/netsearch/viewdocs.aspx?docnumber=1253299&version=1258322&application=ACROBAT>

become a priority within in each Federal agency and department; 4) A specific authorization of Federal funds would need to be made to underwrite the cost of training that is in addition to money currently allocated to each agency and department for personnel costs; and, 5) Managers should be afforded participation in processes that arise from constructive feedback and evaluations required of them. History has demonstrated that the ability of managers to effectively implement change, for example, implementing new performance management and appraisal systems, is dependent on effective training.

### **Leadership**

SEA believes a focus on the quality of leadership is a key missing ingredient in civilian government. Regardless of what level an employee is on an organizational chart, they have the potential to be a leader. The government must embrace and cultivate leadership at all levels, as does the military. Agencies and the Federal enterprise need to invest in comprehensive talent development, using assessment and evaluation to select and promote leaders. Too frequently, the misapplication of the merit principles causes agencies to be overly cautious when cultivating future leaders, when agency managers and executives should be deeply involved in the selection and cultivation of future leaders.

Research produced by SEA and Deloitte in 2017 found that government executives are concerned about the leadership pipeline and the study found that only 35% of executives are selected on their ability to inspire teams.<sup>30</sup> The government needs to purposefully cultivate 21<sup>st</sup> century leaders, and a recent report “Preparing Tomorrow’s Public Service” by the Volcker Alliance offers helpful suggestions on core competencies.<sup>31</sup>

At the SES level, strengthened Executive Resources Boards (ERBs) can help ensure the stewardship of an agency executive cadre that reflects the core values and leadership principles that inspire engaged, productive, and accountable employees. Talent management and succession planning needs to be a stronger area of emphasis and responsibility at all levels of the organization, including across the C-Suite functions. SEA recently sent a letter to Dr. Pon requesting a special CHCO Council working group be formed to explore how more robust ERBs can drive improvements in executive talent management.<sup>32</sup>

### **Modernize the Federal Pay System**

The General Schedule (GS) system is byzantine and broken. It is marginally if at all effective in recruiting, motivating and rewarding good employees. Time and seniority based pay progression is a vestige of a bygone era. Managers need flexibility to reward and promote employees who prove they are able to perform higher level work without waiting for time-in-grade restrictions. SEA supports a common sense approach that would bring more flexibility (e.g., pay banding, skills based pay, variable pay, market driven pay, dual track pay progression (managerial vs. technical tracks), etc.) to the Federal pay system. The system needs to become widely available and established to promote fairness, accountability, and a better “bang for the buck” for employees and taxpayers alike.

While not perfect, more aspects of the SES pay for performance compensation approach could be embedded into GS type managerial/supervisory jobs wherein bonuses and special pay awards play a

<sup>30</sup> Senior Executives Association and Deloitte. (2017). State of Federal Career Senior Leadership. <https://seniorexecs.org/989-survey-of-federal-government-executives>.

<sup>31</sup> Volcker Alliance. (2018). Preparing Tomorrow’s Public Service. New York. <https://www.volckeralliance.org/sites/default/files/attachments/Preparing%20Tomorrow%27s%20Public%20Service.pdf>

<sup>32</sup> Senior Executives Association. (2018, May 3). Letter to OPM Director Pon on Executive Resources Boards. Washington, DC. <https://seniorexecs.org/images/PDFs/SEA-Letter-to-Jeff-Pon-w-ERB-Proposals.pdf>

larger role in total compensation. OPM and OMB need to exert leadership with help from public and private sector groups and experts. Changes in pay systems must be complemented by changes in performance management systems and practices so as to reinforce and maximize the effectiveness of pay reform, and training on those new systems and changes. Clear communication with employees and employee representatives will also be a crucial factor to the success of pay and performance management reforms.

### **Performance Management**

Training is a key to successful performance management efforts. Supervisors and employees alike need to understand their agency's performance management system and their roles and obligations within that system. A lack of understanding or poor implementation of performance management systems breeds distrust between supervisors and employees, which can generate disengagement, lowered productivity and performance levels, grievances and legal actions.

Current frameworks for managing performance and risk need to be recalibrated. The GPRAMA process does call for agencies to undertake planning and strategic goal setting. GAO has found agency implementation of GPRAMA to be uneven<sup>33</sup> and agencies need to fully identify and report major management challenges and actions to resolve them in agency performance plans.<sup>34</sup> However, GPRAMA-induced planning is often done at the expense of an enterprise assessment of risk management, which SEA posits is more important to focusing management attention on risk to key agency operations and restoring public trust in government. OMB's revision of Circular A-123 was an important first step, and the release of an enterprise risk management (ERM) playbook<sup>35</sup> by the CFO Council and Performance Improvement Council (PIC) provided a useful tool for leaders across government.

Data from the Federal Employee Viewpoint Survey (FEVS) demonstrate that government performance management practices can be improved. Analysis of FEVS data by the Partnership for Public Service and Deloitte found that only 60.1 percent of government employees received constructive feedback through the performance process, compared to 75 percent in the private sector.<sup>36</sup> Management gurus and leading organizations have been discussing how to reinvent performance management<sup>37</sup> for several years, as have some public sector organizations, and the government should learn from how large organizations are applying these changes<sup>38</sup> and explore applying them to government.

The government needs a credible performance management system in place before it can embark on pay for performance.

<sup>33</sup> Government Accountability Office. (2015). Implementation of GPRA Modernization Act Has Yielded Mixed Progress in Addressing Governance Challenges. Washington, DC. <http://www.gao.gov/products/GAO-15-819>.

<sup>34</sup> Government Accountability Office. (2016). Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans. Washington, DC. <http://www.gao.gov/products/GAO-16-510>.

<sup>35</sup> CFO Council. (2016). Enterprise Risk Management (ERM) Playbook Released. Washington, DC. <https://cfo.gov/2016/07/28/enterprise-risk-management-erm-playbook-released/>.

<sup>36</sup> Best Places to Work in the Federal Government. (2016). Government-Wide Analysis. Washington, DC. <http://bestplacetowork.org/BPTW/analysis/>.

<sup>37</sup> Buckingham, Marcus & Goodall, Ashley. (2015). Reinventing Performance Management. *Harvard Business Review*. <https://hbr.org/2015/04/reinventing-performance-management>.

<sup>38</sup> Capelli, Peter & Tavis, Anna. (2016). The Performance Management Revolution. *Harvard Business Review*. <https://hbr.org/2016/10/the-performance-management-revolution>.

### **Employee Accountability**

MSPB research has demonstrated that agency culture has by far the greatest bearing on the ability of managers to hold employees accountable for misconduct or poor performance.<sup>39</sup> The second and third next closest barriers were the support given by superiors, followed by the quality of service provided by HR. Unfortunately, it is often culturally easier for a manager to ignore a problem employee or detail them than to deal with the issue. Managers often are reluctant to take action against an employee, particularly if they do not receive appropriate support from superiors, agency political leaders, HR, agency counsel, and others, and consequently feel vulnerability to grievances or other employee complaints.

Increased emphasis on accountability through statutes such as the No FEAR Act (P.L. 107-174) makes managers even more reluctant to act against poor performers out of fear of an EEO or IG complaint, which can take up a substantial amount of their time and threatens to label them unfairly. While there are legitimate EEO, IG, and whistleblower claims, some employees who use these processes are merely attempting to paralyze their managers. These charges clog the system and delay attention to justified complaints. Currently, employees who make complaints are provided no disincentive from alleging problematic behavior by a manager, even if none had occurred. While it is important that employees always be provided outlets for reporting wrongdoing, a better balance than currently exists should be explored that disincentives frivolous complaints.

SEA and the Government Managers Coalition (GMC) have long supported a Federal Managers Fairness Act that would allow managers to participate during the EEO process, have the right to be consulted before a settlement, have the right to know when a case is filed and when it is finished, and be considered for lost benefits resulting from EEO complaints found to be without merit. The Federal Managers Fairness Act would allow managers to be assured that they will receive fair treatment during the complaint process. It will also provide managers with one more tool to ensure that they effectively deal with employees and are not unfairly burdened by a system they do not fully understand.

Given the complexity of Federal personnel law, SEA encourages Congress to explore the creation of a unified Federal dispute resolution forum that would serve as a singular point of resolution for all employee complaints, including EEO and labor arbitration. Creation of such a forum would end the process of “forum shopping,” in which employees can file complaints to various entities (i.e. MSPB, EEOC, FLRA, OSC), in the hope of delaying the process or reaching a settlement. A unified forum would also address the problem of conflicting precedents in EEO cases by various circuit courts.

Recently, Congress has (for the VA) and has debated reducing the employment protections of Federal employees, for example those in the SES as well as those at specific agencies (i.e. IRS, EPA). Some proposals call for making members of the SES or the workforce in general “at-will” employees with no or very limited protections. SEA is deeply concerned about this discussion and the implications such changes would have for the American public if not fully and properly debated.

Guarding the government workforce from politically motivated or capricious personnel actions is not about protecting the jobs of government employees. Due process protections serve to protect for the public the integrity of the delivery and execution of governmental activity by keeping it free from partisan political influence. Due process protections for government employees are the mechanism by which the apolitical, merit-based civil service is protected.

<sup>39</sup> Merit Systems Protection Board. (2016). Addressing Misconduct in the Federal Civil Service: Management Perspectives. Washington, DC: Office of Policy and Evaluation.  
<https://www.mspb.gov/mspbsearch/viewdocs.aspx?docnumber=1363799&version=1369157&application=ACROBAT>.

### **Bring Career Leaders to the Table**

Despite career senior executives being envisioned in the CSRA as the “keystone” that serves to professionally bridge short-term political appointees with the career Federal workforce, career senior leaders are often not included at the highest levels of agency decision making. Consequently, policy decisions are sometimes made by political leadership without consideration the ability of the agency to deliver upon that decision. Research by Professor Paul C. Light found that the growing cascade of government breakdowns can be often be attributed to a failure of linking policy vision with execution, including overseeing faithful execution of the intended policy vision.<sup>40</sup>

Too frequently senior career leaders are treated more like senior managers, as opposed to true senior executives with decision making authority. Professor Light and others have studied the thickening of senior management roles – both political and career – and the negative results of diffused decision making and authority. Short term political appointees should not be assigned to key agency administrative roles such as Chief Operating Officer, Chief Human Capital Officer, etc. SEA supports restricting such positions to career-reserved.

### **Reduce Fragmentation, Overlap, and Duplication**

It is almost impossible to imagine a top to bottom review of the Federal government’s agency/mission/organizational structure (a la the Defense Department Base Realignment and Closure process) even though this is vitally needed. Previously introduced legislative proposals, such as the Government Transformation Act (S. 2269 in the 114<sup>th</sup> Congress) offer one potential mechanism to achieve this goal.

If this can’t occur then proactive, ongoing steps and reforms need to be established to vastly improve intra and interagency coordination (including information sharing, managerial cooperation, resources reallocation, etc.) in key mission areas such as public health, national, cyber and homeland security, energy and the environment, etc. While previous administrations have attempted this, for example through the President’s Management Council, pursuit of category management for procurement, and establishment of organizations like the Unified Shared Services Management (USSM), more effort is needed – absent statutory changes it will be very difficult to move the needle. Antiquated authorization and appropriation methods may also need to be improved to provide the most effective enterprise-level management and coordination possible.

GAO’s research into opportunities to reduce fragmentation, overlap, and duplication provides a handy government-wide view into addressing challenges in this area.<sup>41</sup> Agencies and Congress need to continue to work together to reduce overlap, duplication, and dysfunctional redundancy and lack of ownership by forcing consolidation and improved coordination among similar organizations, functions, missions, and managers within and across agencies.

<sup>40</sup> Paul C. Light. (2015). Vision + Action = Faithful Execution. The Volcker Alliance. New York. <https://www.volckeralliance.org/sites/default/files/attachments/Vision%20%2B%20Action%20-%20The%20Volcker%20Alliance.pdf>.

<sup>41</sup> Government Accountability Office. (2016). Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits, GAO-16-375SP. Washington, DC. <http://www.gao.gov/products/GAO-16-375SP>.

It's time to start thinking of the Federal government and its organizations and workforce as an entire enterprise and not just a collection of ornaments hung on a sagging tree that never gets trimmed, reshaped, or cross-bred.<sup>42</sup>

### **Conclusion and Next Steps for Modernization**

The language employed in this debate will be critical to its overall success. There is a significant difference between reform and modernization.

Reform connotes that something is broken and needs to be fixed. Civil servants did not themselves create the current Federal personnel system, but they are frequently blamed for its shortcomings. This is not a fair thing to do to dedicated public servants, telling them they need to be reformed. According to the Federal Employee Viewpoint Survey, the vast majority of Federal employees come to work every day trying to do the best job they possibly can.

Modernization connotes being brought up to current standards, not that something is fundamentally broken. The Federal workforce knows the current system is imperfect, and many wish to see it streamlined so they can focus more on mission delivery than compliance. Engaging the Federal workforce in a comprehensive modernization effort will yield better chances for success than battling against it in a reform effort.

Moreover, attacking the earned pay and benefits of current Federal employees and annuitants is not the way to build support for the Administration's workforce efforts. SEA does not support the recent OPM proposals conveyed to the Speaker targeting retirement benefits of current Federal employees and annuity payments for retirees on fixed incomes. Federal employees planned their careers and retirements around a clearly communicated set of benefits. Making changes in the total compensation package for Federal workers prospectively is entirely appropriate.

This isn't the first time Washington has had a debate about civil service modernization. The Administration's depiction in the PMA of Cross Agency Priority Goals stitching together into an integrated fabric is a good image to convey the interrelation of CAP Goals and areas of focus for the Administration. Past PMAs were more of a series of disparate policy focus areas, as opposed to a comprehensive approach to improving capacity for great management and leadership of the Federal government.

Leadership and culture are the two key issues permeating the PMA. The government's bureaucratic culture is driven in large part due to its adherence to compliance to rules and regulations. Following the rules is often more important than the end destination itself. We need to remove unnecessary and outdated rules and regulations to let Federal employees act and make decisions in the best interests of taxpayers. Research conducted by SEA and Deloitte in 2017 found that only 61% of executives felt they had the ability to drive meaningful change in their organizations. They also said leaders were not selected for their ability to inspire teams nor were they confident about the leadership talent pipeline.

Let's focus really hard on how we select, cultivate, and develop Federal supervisors, managers, and executives over the next few years. Let's support them and clear the path so they and their fellow Federal workers can work for the American people. It's a meaningful investment that can ensure a better lead and managed Federal government.

---

<sup>42</sup> Rosenbloom, David, Malone, Patrick & Valdez, Bill. (Eds.). (2016). *The Handbook of Federal Government Leadership and Administration: Transforming, Performing, and Innovating in a Complex World*. London: ASPA Series in Public Administration and Public Policy.

In closing, let me again thank you for this opportunity to discuss these important issues. The President's Management Agenda points the way to modernize the Federal workforce and create a Federal government that our Nation can take pride in. If the current Frankenstein model has resulted in so much good for our Nation, imagine what your dedicated civil servants could achieve with a modernized Civil Service Act.

Mr. MEADOWS. Thank you, Mr. Valdez.  
Mr. Stier, you're recognized for 5 minutes.

#### STATEMENT OF MAX STIER

Mr. STIER. Thank you, Mr. Chairman, Congressman Raskin. It's a pleasure being here and it's terrific that you're having this hearing. You're going to hear a build-on to some of the things that Bill just said, and that's all to the good, because I think there is some real common ground here.

The starting point is we do have a legacy government that is not keeping up with the world around it. How could it? It is a 40-year-old system. No other organization is operating under the same rules as it did 40 years ago, and some of the stuff even predates that. I'm not going to belabor that. I'm going to give you five statistics that help set the stage here.

Number one, only 6 percent of the Federal workforce is under the age of 30. That is number is closer to 23, 24, 25 percent in the private sector.

When you look at a specific segment there, number two, there five times as many people over the age of 60 as under the age of 30 in the IT profession inside the Federal Government. The Federal Government spends \$80 billion to \$90 billion in IT. Almost 70 percent of that goes to operation and maintenance. That is a big challenge.

Number three, fewer than half of Feds believe that their good work is recognized. That number is more than two-thirds in the private sector. No organization gets better if all you do is kick it, and that's what we have right now.

Number four, barely over 60 percent believe that they can raise a violation of law or ethics without fear of retaliation. So Chairman Gowdy raised a very important point. You can't operate in an organization, especially a large one, if that information doesn't get to leadership. If that information won't get there, the people inside don't feel that they can trust their leaders. Come back to that later.

And then last, almost half of employee attrition occurs in the first 2 years.

So kudos to this administration for their PMA. I think it's strong. One of the things that's really important to focus on is that it's actually a continuation of what the Bush administration did and the Obama administration did. That kind of continuity is absolutely vital.

So, quickly, 10 things you can do about it that are very concrete.

Number one, you have to hold the top leaders accountable. The most significant difference between government and any other organization is that top leaders aren't held accountable. They don't own the organizations they run. They don't believe that they're responsible for making them better. They're rewarded for crisis management and policy development.

And that has to change. You can do that by requiring transparent performance plans, by having oversight hearings around management issues, and having a scorecard on some of the issues that I just identified in the data.

Number two, we need to fix that hiring process. On average, it takes the Federal Government more than 100 days to hire some-

one. That number is more than double what you'd see in the private sector. I just saw a study today that said only 12 percent of job applicants would wait more than 30 days for a job. That's a giant problem.

How do you deal with that? We ought to have direct hire for recent grads. That's really important if we're going to get young people into government. You need to change the standard for direct hires so that it's around a shortage of highly qualified individuals rather than minimally qualified individuals. And we need to use student interns, something that almost never happens in the government that ought to happen.

Number three, you need a market-based pay system. The pay system was created not 40 years ago, but over 70 years ago, and it was for a world in which most of the workforce was clerical.

Today it's all profession. The nature of work has changed. You have a medical center director for the VA that can't be paid more than the SES cap, and they're competing with people that are being paid more than a million dollars. Ain't happening, and it has big impacts. You need that market-sensitive pay system.

Four, we need to develop better career leaders. Improved management is the way you're going to make the whole organization work better. You need to look at the military as a model. We need to be more investment in training new supervisors. And creating a dual track so people who are subject matter experts who need to be promoted can be promoted to subject matter experts and don't have to go into management to get promoted. That would make a huge difference.

Five, we do need to deal with the accountability issue. That's what the survey shows. Firing Feds faster isn't going to get you there. Better management will.

One idea there is to use the probationary period, right? Change the presumption. If you aren't actually affirmatively determined to deserve Federal service, then you don't stay, rather than the reverse, which is what happens now.

Six, we need more mobility. We need a workforce that actually is getting best practice from the private sector and having good people here spend time in the private sector. That means more public-private talent exchange.

We need this pass forward notion where people who are in the Fed go out into the private sector, develop skills. They have to be hired at the same level that they're now qualified to come in rather than the level that they left in, which makes no sense.

Mr. STIER. Number seven, customer service. That's an area of huge opportunity here. There's legislation on the floor now where that is in the House. One of the big barriers right now is that the Paperwork Reduction Act doesn't allow government agencies to collect the data they need voluntarily. That's an easy fix, and would allow agencies to do what they want to do, which is to get feedback and use it to make their activities better.

Eight, we need to create a culture of recognition. Something you are highly aware of we added a Sammie's finalist to the testimony, and you're doing great stuff in terms of visiting agencies.

Nine, we need to use data better, like the Federal Employee's Viewpoint Survey.

And lastly, we need to address the lack of political leadership, and that includes, bluntly, having fewer political appointees and fewer that require Senate confirmation.

[Prepared statement of Mr. Stier follows:]



**PARTNERSHIP FOR PUBLIC SERVICE**

**Statement of Max Stier  
President and CEO  
Partnership for Public Service**

Written statement prepared for

**The House Committee on Oversight and Government Reform**

Hearing entitled,

**“Workforce for the 21<sup>st</sup> Century: Analyzing the President’s  
Management Agenda”**

May 16, 2018

## I. Introduction

Chairman Gowdy, Ranking Member Cummings and members of the Committee, 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 that works to revitalize our federal government by inspiring a new generation to serve and by transforming the way government works.

The Partnership works to inspire and educate mission-critical talent on the importance and rewards of public service. We work with government leaders to prepare them to build strong teams, drive innovation, and work across organizational boundaries to deliver results for America. Our work includes all aspects of how the federal government manages people – attracting them to government, leading and engaging them, supporting their development, managing performance – all the essential ingredients for creating, developing and maintaining a world-class workforce. We provide information and resources through our Center for Presidential Transition to help new administrations get off to a strong start. We also honor the important contributions that federal employees make every day to help strengthen and protect our country through our annual recognition of excellence in the civil service with the *Samuel J. Heyman Service to America Medals* program. Profiles of the 2018 medal finalists are at the end of my testimony so you can learn more about the impressive accomplishments of these innovative and accomplished public servants.

We appreciate this opportunity to share the Partnership's views on the President's Management Agenda (PMA), the administration's blueprint for improving the way that our government operates at both an agency and enterprise level. The president's management agenda is not a new phenomenon; it was born out of the efforts of prior administrations to improve government operations, increase efficiency, improve citizen services and spend less money, and has been a fixture of the last three administrations. When it comes to government management, continuity and continuous learning are essential. Improving government is hard work, and defies easy fixes. It may take years to achieve desired results, and the path to get there will rarely be in a straight line. Learning from, and building on, the hits and misses of prior administrations is the only way to make steady progress and allow a new administration to, as one official said, "make *original* mistakes."

The President's Management Agenda also stems from Congress, which established the Deputy Director for Management position at the Office of Management and Budget, created C-suite executive positions across federal agencies, and enacted legislation like the Government Performance and Results Act, the Digital Accountability and Transparency (DATA) Act, the Federal Information Technology Reform Act (FITARA), the Modernizing Government Technology (MGT) Act, the Program Management Accountability and Improvement Act (PMIAA), and many other laws meant to make the government more accountable and capable. The Oversight and Government Reform Committee has a rich legacy of bipartisan legislation and oversight around government management, and we are encouraged that you continue this tradition with today's hearing.

Management agendas, executive actions and laws are only meaningful, however, when they are implemented effectively. I am pleased that in Margaret Weichert and Jeff Pon, the government has leaders who are committed to working collaboratively with each other, with federal agencies and with federal employees to identify and address the implementation challenges of the PMA. They also bring relevant experience, which has not always been the case. Dr. Pon brings more federal human resources experience than any recent Office of Personnel Management Director, and Deputy Director Weichert has vast private sector management expertise that applies directly to the challenges that face our government every single day. They also believe in the value of merit-based public service and respect the nonpartisan expertise of the career professionals who serve our nation as public servants. This spirit of cooperation and collaboration will be essential to ensuring that the president's management agenda makes a positive difference.

Our government must function in ways that serve the 21st century needs of the American public. The president's management agenda will be critical to the success of this administration given the mounting and complex challenges facing our government, the speed with which change is taking place and the need to govern effectively. We applaud the PMA's emphasis on the federal workforce, IT modernization, and data and transparency as the three drivers to transform how our government operates.

Implementation of the president's management agenda will require collaboration and cooperation from both ends of Pennsylvania Avenue. Congress has not holistically updated federal personnel rules in 40 years, and the government's pay structure is almost 70 years old. Federal management and compensation systems are largely outdated, which stifles innovation and discourages top talent from joining the government. To address these challenges, the Partnership is collaborating with the Volcker Alliance, also a nonprofit dedicated to promoting excellence in government management, to identify specific, actionable steps to modernize the civil service framework. The joint recommendations of our organizations for addressing the challenges facing the civil service are appended to the end of my statement. We believe there is ample ground for bipartisan cooperation in addressing the archaic civil service statutes, rules and processes that have become obstacles to a well-functioning government. Many of the president's proposals provide a good starting point.

One common feature of the president's management agenda across administrations is the desire to bring the best practices of the private sector to government. This approach has increased efficiency and modernized operations in many ways, and will continue to do so. But let us remember that federal agencies are not private sector organizations. For one thing, they have you -- 535 Members of Congress and a collection of committees, caucuses and outside auditors like the Government Accountability Office who can examine every aspect of agency operations and affect everything from size and mission to whether an agency will continue to exist. They also operate in a political environment with unique risks, foremost of which is the potential politicization of the government workforce. The protection of a merit-based civil service is not necessary in private sector organizations, but it is essential in government and must remain a priority for Congress.

## II. The Need for Civil Service Modernization

Much of the current civilian personnel system dates back to the 1940s. It was designed at a time when most government jobs were clerical. It sets pay and grade level based on an arcane and arbitrary formula, bearing little relationship to private sector compensation. Simply put, it is disconnected from today's larger talent market for knowledge-based professional jobs.

Americans who want to serve our country and enter public service confront a slow, disjointed, unresponsive hiring process that is difficult to understand, frustrating to navigate and fails to meet the needs of agencies or applicants alike.

In response to these frustrations, some agencies have convinced Congress and OPM, over the years, to authorize agency-specific systems and flexibilities. These numerous special authorities have had the negative, unintentional government-wide effect of balkanizing the civil service. To get great talent, agencies have to compete not only with the private sector but with other federal agencies.

Layered on to these fundamental structural challenges is the reality that senior leaders in government are usually preoccupied with policy and often lack experience in the effective management practices that characterize healthy organizations. In government, the importance of people to an organization's mission is almost an afterthought, whereas in the private sector leaders know that people are their greatest asset, and that they own responsibility for talent. In the private sector – and in the military – leaders treat people as an asset. In the civilian government sector, they treat people as a cost. This has been a fundamental failure of leadership in government for a long time.

Former Secretary of Defense Robert Gates noted in his memoir, *A Passion for Leadership*, that this broken system, when combined with attacks on public service more broadly, “discourage young citizens with desirable and needed talents from entering public service.”<sup>1</sup> There is a rich body of thought leadership backing up Secretary Gates' concerns and showing a broad consensus that modernization of the civil service framework is long overdue, starting with a 1989 National Commission on Public Service raising alarm about the government's ability to attract talent, and the concurrent erosion of the public's trust in government.<sup>2</sup>

Strategic human capital management has been on the “High Risk” list of the Government Accountability Office since 2001. In 2003, a new National Commission on the Public Service was blunt in its assessment, saying, “The need to improve performance is urgent and compelling...A government that has not evolved to meet the demands of the early 21st century risks being overwhelmed by the even greater demands that lie ahead.” The Partnership's broad review of the civil service in its 2014 report, *Building the Enterprise: A New Civil Service Framework*,<sup>3</sup> also found that while the nation has some of the brightest, most dedicated

<sup>1</sup> ABC News. “Book excerpt: Robert Gates' 'A Passion for Leadership'” *ABC News*. ABC News Network, 29 Jan. 2017. Web. 20 Mar. 2017.

<sup>2</sup> *Leadership for America: Rebuilding the Public Service*. Report of the National Commission on Public Service, 1989.

<sup>3</sup> *Building the Enterprise: A New Civil Service Framework*. Rep. Washington, D.C.: Partnership for Public Service,

professionals among its ranks, they often succeed in spite of the current civil service system, not because of it. And just last year, the National Academy for Public Administration issued a comprehensive report again showing the need for developing a human capital system that is responsive to today's needs.<sup>4</sup>

There is a recurring theme to all these reports – current systems are outdated, make it hard for employees and agencies alike to perform at their best, and erode the public's trust in our government. But rest assured, one need not read a whole library of reports to know there is a problem; one need only to consult a few key data points:

- Only 6 percent of federal employees are under age 30, while that age demographic represents 24 percent of the of the total U.S. labor force. The government has 5 times as many full-time information technology workers over 60 as in their 20's.
- One-quarter of the federal workforce is already eligible to retire, and this number will grow given that almost 29 percent of federal employees are age 55 or older.
- On average, the federal government takes 106 days to hire an employee. This compares to the 42-days average in the private sector identified by the Society for Human Resource Management.
- Under 41 percent of federal employees agree that their work unit can attract the talent it needs.
- Only 28.2 percent of federal employees agree that their work unit takes steps to deal with poor performers who cannot or will not improve.
- Almost half of the people who quit working for the federal government in 2017 had been there less than two years.
- Just under 41 percent of federal employees agree that awards in their work unit depend on how well employees perform in their jobs – over 23 percent lower than the response in the private sector.
- Only 47.1 percent of federal employees think they have the needed resources (people, budgets, materials) to get their job done – a whopping 23.9 percent lower than the response in the private sector.
- In 1950, roughly 62 percent of the federal workforce performed clerical tasks. Today, just 5 percent of employees are engaged in clerical work. Yet we have a pay and job classification system designed for the 1950 workforce.<sup>5</sup>

We have ample evidence of the problems. It is time to turn to solutions.

### III. Recommendations

True reform will require a thoughtful framework, strong leadership, employee buy-in, investment in agency human resources offices and a continuing commitment to the principles and practices enshrined in the 1978 act that help make America's civil servants among the most admired in the

<sup>4</sup> *No Time to Wait: Building a Public Service for the 21<sup>st</sup> Century*. Report by the National Academy of Public Administration, July 1, 2017.

<sup>5</sup> "GovCloud: The Future of Government Work." *Deloitte United States*, [www2.deloitte.com/insights/us/en/industry/public-sector/the-future-of-the-federal-workforce.html](http://www2.deloitte.com/insights/us/en/industry/public-sector/the-future-of-the-federal-workforce.html).

world. The Partnership offered just such a blueprint in our 2014 report, *Building the Enterprise: A New Civil Service Framework*. In that report, we proposed a comprehensive, fundamental overhaul which offered ideas on how to speed hiring, modernize compensation, simplify job classification, strengthen employee accountability and develop effective leaders. Our overarching goal was to create a unified federal enterprise that balances merit principles and common policies across government with agency flexibility to tailor personnel systems to their unique missions. Agencies ultimately know best how to hire, support and engage the people they need, and the civil service system should help them do so rather than stand in their way.

Here are ten ways that Congress, executive branch leaders and employees themselves can begin to transform the federal civil service:

#### **Hold leaders accountable**

Cabinet secretaries, senior political appointees and senior career leaders are all responsible for talent. The cross-agency priority goals for the workforce are an important tool to hold senior leaders accountable for building the workforce for today and planning for the workforce of tomorrow. Human capital planning must also be a central part of any agency's strategic plan.

We also suggest that political appointees have performance plans and be held accountable for their performance and contributions like every other employee. Performance plans should address each appointee's responsibility for recruiting, hiring and retaining highly-qualified talent; training and developing future leaders; engaging employees; upholding the principle of merit; creating a culture of recognition; and, holding subordinate managers accountable for addressing employee performance issues. Each of these criteria plays a role in building a high-performing workforce and will drive leadership attention to the pressing workforce and management issues within agencies and across government. Cascading accountability from the top of the organization in this way would be an important step towards improving performance management and employee engagement.

Congress has an incredibly important role to play here too. Each and every committee of jurisdiction in Congress should hold agency leaders accountable for talent management. This would include developing a working knowledge of the agencies they oversee and conducting routine oversight of their organizational health – ideally before solvable management problems become catastrophic management failures. The House Committee on Oversight and Government Reform and the Senate Committee on Homeland Security and Governmental Affairs have a special role in ensuring government-wide stewardship of human resources. Congress needs to give OPM and federal agencies the tools they need to be successful, but it also must act when agency leaders misuse the authority Congress has provided. Rank-and-file federal employees will never embrace transformational change if they believe leaders will use their authorities in their own self-interest.

### **Fill critical vacancies**

Political appointees play a crucial role by providing leadership and setting priorities for cross-government initiatives and individual agencies and programs. Vacancies in key presidential appointments, including Senate-confirmed positions, often leave agencies in a holding pattern where officials serving in an “acting” capacity are not empowered to make key decisions and new agency heads are left without a politically appointed leadership team to work with career executives and employees.

The Partnership and the Washington Post have been tracking the status of nominations and confirmations for 658 key positions requiring Senate confirmation.<sup>6</sup> For these positions, as of May 15, 2018, 315 nominees have been confirmed, 130 have been nominated but not yet confirmed, and 4 have been announced but not formally nominated. There are no announced nominees for the other 209 positions. The administration and Congress should work together to ensure that important political appointments are filled with qualified individuals, and consider eliminating positions that add layers without adding value. Congress should also consider whether some political appointments, particularly those requiring management expertise, should be converted to career positions with performance contracts. There are currently around 4,000 political positions in the U.S. government, including 1,200 positions requiring Senate confirmation, which far exceeds the number in other major democracies.

### **Fix the hiring process**

Over the years, the rules governing how federal agencies hire talent have become overlaid with regulations and processes. On average, it takes the federal government 106 days to hire a new employee. We need to maintain the longstanding merit principles and grant veterans a well-deserved preference in hiring while enabling a new, nimble hiring process that lets agencies get the right talent at the right time. With only a paltry 6 percent of federal employees under age 30, we owe particular attention to recruiting young people, starting with greater use of the Pathways Internship Program and passage of S.1887, sponsored by Senator James Lankford, which would authorize “direct” (i.e., streamlined) hiring authorities for students and recent graduates.

There are additional short-term changes to the hiring process that, while not a fix for a broken system, would help make it better. For example, government could make it easier for agencies to fill mission-critical roles by adjusting the standard for use of direct hire authority, or authority to streamline and shorten the hiring process to recruit candidates with needed skills or expertise. Currently, agencies must demonstrate that there exists a shortage of “minimally-qualified” candidates for hard-to-fill jobs—a standard that is extremely difficult for agencies to meet. Yet, our government should not be seeking “minimally-qualified” talent but instead candidates that are highly qualified. We believe this is the appropriate standard for OPM to use in authorizing direct hiring. Further, to show a lack of minimally qualified candidates, an agency must go through the full hiring process *before* applying to OPM for such authority, adding a minimum of

<sup>6</sup> “Trump Nominations Tracker.” *The Washington Post*, WP Company, [www.washingtonpost.com/graphics/politics/trump-administration-appointee-tracker/database/?utm\\_term=290435e23dfa](http://www.washingtonpost.com/graphics/politics/trump-administration-appointee-tracker/database/?utm_term=290435e23dfa)

six months to the process. Therefore, we propose that Congress change the standard that an agency must meet to use direct hire authority for any position to a demonstration of a shortage of *highly-qualified* talent. We were encouraged to see that this provision was included in the Flexible Hire Act, legislation introduced by Senator Heidi Heitkamp last year.<sup>7</sup>

We also recommend additional autonomy for federal agencies in hiring. Agency heads should have the authority to grant direct hire authority to components or for positions where it is needed, with proper OPM oversight. Agencies know best what their talent needs are and where the roadblocks to reaching that talent lie, and should be empowered to address those situations.

The federal government also needs to get better at branding itself. Public service in the federal government offers experiences that often are not available anywhere else, all with the opportunity to feel proud every day about helping to make our country stronger. However, according to a 2017 Universum survey of more than 81,102 college students, only 14 percent said their preferred industry was the public sector and government agencies. Agencies need to do a better job of promoting their missions and the exciting career opportunities that they offer. The federal government should make sure that colleges, universities, and other educational organizations have full awareness of the skills needed in government so that they can develop curriculum around those needs and help drive recruitment.

#### **Overhaul the pay and classification system**

The government's 1949 pay and classification system was designed for clerical workers, not for the highly professional, specialized skills that are needed in today's civil service. The OPM *Handbook of Occupational Groups and Families* contains 407 separate job series.<sup>8</sup> The sophisticated cyber, IT, data science and STEM skills that the government so badly needs were barely envisioned when the system was created. We need broader pay-banding that allows agencies the flexibilities to set more market-based, occupational-specific salaries. Unique pay systems like that created under the authority of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 are an acknowledgement that a rigid pay system does not work. While the federal government will never be able to match private-sector salaries for many positions, broader pay bands would enable agencies the flexibility to attract the most critically-needed talent.

The Partnership's report, *Building the Enterprise: A New Civil Service Framework*, laid out a new pay-setting process for the federal workforce. The modernized pay system would establish broad pay bands for employees rather than rigid grades, better align salaries and benefits on an occupation-by-occupation basis, set salaries based on those comparisons and give agencies the flexibility to bring talent in at the appropriate salary level. While this is a long-term effort, allowing market-based pay for specific mission-critical occupations in the near term is a place to start and would help attract and retain needed talent.

<sup>7</sup> Flexible HIRE Act, S. 3180, 114<sup>th</sup> Cong. (2016).

<sup>8</sup> Neal, Jeff. "Replacing the General Schedule: Meeting the Needs of the 21st Century Federal Workforce." *ChiefHRO.com*, 1 Apr. 2014.

### **Develop great career leaders**

The civilian side of government needs to take cues from the military and great companies, which cultivate leaders rather than just hoping they emerge.

Appropriate training should be a prerequisite for manager and supervisory positions. Studies by the Office of Personnel Management, the Merit Systems Protection Board and others, however, show that many supervisors, while bringing strong technical abilities to their jobs, are often not provided with the “soft skills” needed to successfully manage people.<sup>9 10</sup> In many cases, this is because the only way for capable technical experts to advance is to take on supervisory or management roles, though they may not have the skill or desire to do so. While agencies are required to provide training to new supervisors, most meet only the minimum training requirements established in 5 CFR Part 412 and many supervisors do not feel as though they receive sufficient training on critical interpersonal and leadership skills until well after they have begun leading people. Agencies should be required to provide more robust leadership training to new supervisors and managers at the beginning of their tenures—ideally within the first 90 days. Training should focus on hiring great talent, managing performance, working with whistleblowers, motivating and engaging employees, improving communication, recognizing high performers and holding poor performers accountable. For those employees who are technical experts and do not want to pursue supervisory roles, Congress should create a separate promotional track.

Also, Congress and the executive branch should work together to make the Senior Executive Service what it was intended to be—a class of first-rate managers who can work across government to solve the most pressing problems. Career executives are the most senior non-political leaders in federal agencies and an important interface between appointees and the career workforce. A strong executive corps is critical to the effective and efficient operation of federal programs and agencies. Strengthening this cadre will require streamlining the hiring process to make it more attractive to external candidates, improving professional development for internal candidates and current executives, and strengthening performance plans. The administration, working with Congress, should also reward outstanding performance by providing additional performance pay to top performers through the Presidential Rank Awards and other means, and consider non-monetary prizes to recognize individuals who are leading innovative change in government.

### **Address accountability**

Federal employees are, as a whole, highly capable and deeply committed to the work of their agencies and to serving the American people. The stories of the finalists for the Partnership’s *Service to America Medals*, announced last week, demonstrate just some of the incredible work that our public servants do every day. However, in cases where an employee has unambiguously failed to uphold their oath, agencies can and should be able to take timely action to sanction that

<sup>9</sup> U.S. Office of Personnel Management, *Supervisors in the Federal Government: A Wake-Up Call*. January 2001

<sup>10</sup> U.S. Merit Systems Protection Board, *A Call to Action: Improving First-Level Supervision of Federal Employees*. May 2010

conduct, in accordance with merit system principles. The federal government's performance management and accountability system is complex and cumbersome for employees and managers alike. Federal employees consistently express dissatisfaction with the way their agencies deal with poor performance in the Federal Employee Viewpoint Survey (FEVS). The PMA rightly makes addressing government's performance management a priority. To support these reforms, Congress should take steps to require that supervisors make an affirmative decision to keep an employee beyond the end of their probationary period and simplify the appeals process to ensure timely resolution of adverse actions and other grievances.

#### **Make it easier to move in and out of the federal workforce**

While the public benefits from individuals who want to spend their whole career in public service, the system disfavors those who are willing to lend their talents for shorter tenures. Congress should pass S. 1886, sponsored by Senator James Lankford, which would allow agencies to more easily bring in temporary and term-appointed talent. We also need to find ways to enable talent exchanges between the public and private sector, which would promote learning, understanding and problem-solving between the different sectors. Congress should also change the counterproductive provision that allows agencies to rehire a former federal employee noncompetitively only at the same (or lower) grade level that they held when they left government service, even if the individual may qualify for a more senior position due to valuable higher-level experience outside the government. The current framework unnecessarily discourages talented former federal employees with valuable non-government experience from returning to government service.

#### **Enable great customer service**

Customer service is at the heart of much of what government does. Federal employees provide a broad range of services to citizens, from veterans receiving care at a VA medical facility to travelers applying for passports and students filling out FAFSA applications. Providing high quality service is not just about ensuring happy customers—it is essential to mission success. If the federal government is going to provide the caliber of service that citizens have come to expect from the private sector, agencies must be empowered with the tools, resources and expectations to provide that service. The customer service CAP goal in the PMA is an important step in this direction. The committee took an important step earlier this year when it reported the *Federal Agency Customer Experience Act of 2017* (H.R.2846), which creates a limited exemption to the Paperwork Reduction Act for the collection of voluntary feedback from citizens and requires federal agencies to publicly report customer satisfaction data. We urge Congress to pass legislation exempting voluntary customer feedback from the Paperwork Reduction Act so it is easier for agencies to hear the voice of the citizens they serve.

#### **Get to know federal employees**

Civil servants themselves can be an excellent source of ideas for modernizing the federal workforce. Members of Congress should get out to visit agencies and their employees and hear from those of the front lines, as some members of this Committee have done. Visiting federal employees where they work, whether at headquarters or in the field, is one of the best ways to

understand both the deep challenges facing the federal workforce and the incredible work that the federal government does on behalf of the American people every day. Better yet, the vast majority of federal employees are located outside of Washington, in every state and congressional district – so they are also your constituents.

Engaging with federal employees and learning about their successes and challenges is a valuable way to create direct lines of communication between Congress and the executive branch and build relationships that will help Members of Congress make more effective and informed policy decisions. In the Partnership's experience, the best policy outcomes happen when the Congress works with agencies and their employees in a spirit of collaboration and honest dialogue about what is working, what is not and how to fix it. There will always be tension between the branches, but agencies and Congress can accomplish important things when they build a level of trust and work toward the shared goal of serving the American people. Congress and the federal workforce are on the same side.

We urge the Committee to work constructively with federal agencies to address challenges facing the workforce and to recognize the vast majority of federal employees who are hard-working, patriotic public servants who have dedicated their professional lives to serving America at home and abroad. The public image of the government workforce as a non-partisan source of expertise that supports political decision-making and execution, which Congress has a hand in shaping, plays as important a role in supporting recruitment and retention as any single initiative or hiring tool.

Last week was Public Service Recognition Week. I hope each one of you made a point to meet a public servant working in federal service to find out more about what they do, what their challenges are and how you as a Member of Congress can help.

#### **Use data**

The government has access to a tremendous amount of data that it should be using to build the workforce of the 21<sup>st</sup> century. I have already mentioned the Federal Employee Viewpoint Survey (FEVS), administered by OPM, which is a gold mine of information that points to areas in need of improvement. I want to applaud OPM for conducting this year's survey as a government-wide census, not just a sample. This year's survey will be the first employee viewpoint survey of all federal employees since 2012.

The Partnership releases the annual *Best Places to Work in the Federal Government*<sup>®</sup> rankings of federal agencies based largely on the results from FEVS. We rank agencies by size and function, and we also analyze the key drivers of employee engagement – in other words, the factors that have the biggest impact on how employees view the agencies in which they work.

Employee engagement 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 engagement 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 insight into how federal employees view their agencies.

The government should also use benchmark data from both within and outside the government to show how individual agencies are performing compared to other agencies and outside organizations. Data should be driving decisions on where and how the government recruits, how to address current talent gaps and anticipate future gaps, how to retain high performers and how to structure a market-sensitive, occupation-based pay system. And, as discussed above, data should drive efforts to improve the customer experience.

#### IV. Conclusion

Chairman Gowdy, Ranking Member Cummings, and members of the Committee, thank you again for the opportunity to share the Partnership's views on the president's management agenda, the need to modernize the civil service framework, and our recommendations on the path forward. We look forward to being of assistance to you as we all work together to build the workforce of the 21<sup>st</sup> century.

Mr. MEADOWS. That's the best use of 5 minutes that I've heard in 6 years. Thank you very much for the action items.

Ms. Simon, you're recognized for 5 minutes.

#### STATEMENT OF JACQUELINE SIMON

Ms. SIMON. On behalf of the 700,000 Federal and D.C. government workers represented by AFGF, I thank you for the opportunity to testify today on the President's Management Agenda, the PMA.

Its soothing words and colorful photographs try to convey a sense that the document is a thoughtful and modern approach to the management of the Federal workforce and the agencies that employ them. Unfortunately, those pretty pictures mask a dark intent, which is to sabotage the operation of Federal agencies by degrading the Federal workforce.

If the PMA were implemented, it would sabotage the civil service and agency missions incompatible with this administration's political priorities. Paradoxically, the PMA would shrink the Federal workforce, while simultaneously increasing cost to taxpayers by shifting work from public employees to more expensive contractors.

That's right. While proposing to lower the cost of the Federal workforce by cutting compensation, it also proposes to replace that workforce with the more costly and less accountable contractor workforce. Federal employee pay, benefits, job security, and due process rights are clearly in the cross-hairs of this administration.

Despite the language about seeking to attract the best people to government, the document clearly contemplates making Federal employment less desirable by cutting pay and benefits and weakening job security.

Having more government work performed by contractors puts agency missions at risk. Increased contracting out undermines management control, as well as the public service ethos. By law, contractors' first loyalty must be to their private profits, not the public interest. But duty and loyalty to the American public should come first for those doing our government's work.

The PMA would politicize government functions and operations. Besides the erosion of due process rights, Federal employment, even for those putatively still in the civil service, would become an elongated probationary period, consisting of temporary and term appointments. Federal employment would devolve to a modified at-will employment, with employees beholden to political or commercial interests that would determine their future livelihood.

The administration's proposals to cut Federal retirement benefits by \$143 billion over 10 years should be categorically rejected. Federal employee compensation has already been cut by \$246 billion over 10 years, about \$123,000 per employee over the period.

The retirement system cuts that simultaneously charge employees more and deliver less are not motivated by any concern about the system's financial solvency. The Federal Employees Retirement System is fully funded as is. No cuts are necessary.

No, the motivation is something much darker. Likewise, the proposed cuts to paid leave and Federal employee health insurance benefits are entirely unnecessary and seem to be driven by nothing

more than a desire to reduce the living standards of Federal employees.

Please do not think of Federal employees as nameless, faceless bureaucrats who do nothing but impose unnecessary red tape on heroic entrepreneurs. They are our brave border patrol agents who protect us from criminals engaged in human and narcotic smuggling. They are our Social Security claims reps, helping your grandmother navigate her benefit eligibility.

They are our nurses at the VA Medical Center holding the hand of a dying veteran. They are mothers and fathers and church choir leaders and PTA presidents. They should not be the objects of hatred and disdain. They are middle class Americans trying to get by and raise their families, and they should not be losing paid leave, having their health insurance made more expensive, or their pensions reduced.

It is a noxious myth that today's workers, or tomorrow's workers, don't want or need job security. Just because the gig economy has made employment for so many Americans unstable and insecure doesn't mean the Federal Government should follow suit.

Indeed, contingent workers, like adjunct professors and Uber drivers are doing whatever they can to organize so that they can obtain stable career employment.

The administration's apparent goal of making the Federal Government an employer of poorly compensated contingent workers is not, I repeat, is not what the workforce wants; not older workers, not mid-career workers, not younger workers. No Federal worker wants his compensation cut or her job security taken away.

For all the reasons described above, we think the best way to describe the President's Management Agenda and the administration's personnel management agenda is a set of worst practices. The PMA is a worst practices document that would sabotage government agencies.

This concludes my testimony. I would be happy to answer any questions you may have.

[Prepared statement of Ms. Simon follows:]



# CONGRESSIONAL TESTIMONY

STATEMENT BY

JACQUELINE SIMON  
POLICY DIRECTOR  
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO

BEFORE

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

ON

WORKFORCE FOR THE 21<sup>ST</sup> CENTURY—ANALYZING THE PRESIDENT'S  
MANAGEMENT AGENDA

May 16, 2018

AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO  
80 F Street, N.W., Washington, D.C. 20001 (202) 737-8700 [www.afge.org](http://www.afge.org)

Thank you for the opportunity to appear today. I am Jacqueline Simon, Director of Public Policy of the American Federation of Government Employees (AFGE), AFL-CIO. AFGE is the largest federal employee union representing over 700,000 federal and District of Columbia employees across the nation and around the world.

#### **BACKGROUND**

I have been asked to provide AFGE's views on the President's Management Agenda (PMA), and specifically those items that affect the federal workforce. The title of this statement ought to be "Worst Practices: The Administration's Attempt to Sabotage the Federal Government through Retrograde Personnel Policies." The administration's PMA is indeed a blueprint for the sabotage of the apolitical, professional civil service and the agency missions. It is nothing less than a plan to degrade federal employment, and turn large portions of federal agencies and functions over to the private sector, or to abandon them completely.

#### **PMA GOAL – SABOTAGING THE CIVIL SERVICE**

The most disturbing element of the President's Management Agenda appears in the section titled "Developing a Workforce for the 21<sup>st</sup> Century". It is short on specifics but contains informative jargon-filled headings such as: "Realigning the workforce to the mission"; "Aligning total compensation with competitive labor market practice"; and "Federal managers are reluctant to remove a (poor performing) employees and may receive inadequate support from their agency in attempting to do so".

Not surprisingly, these statements are simply communicated *ex cathedra* with no supporting citations or references. To put some substance to the PMA's vague statements about the workforce, we have the Administration's May 4, 2018 legislative proposal transmitted to Speaker Ryan that presumably attempts to effectuate the PMA.

This proposal would:

1. Eliminate annuity supplements for retirees and surviving spouses;
2. Lower annuities by using a "high-5" rather than a "high-3" model;
3. Require a 6.45 % salary reduction for the vast majority of employees;
4. Eliminate modest COLAs for FERS participants and reduce COLAs for CSRS annuitants; and
5. Cut basic death benefit and surviving child annuities.

It was rumored that the Administration's proposal was issued late on Friday, May 4, 2018 in an attempt to shoehorn it into the National Defense Authorization Act (NDAA) mark-up scheduled to begin the week of May 7, 2018. This was nothing short of an attempt at a stealth raid on federal employee benefits. AFGE commends the House Armed Services Committee for its bipartisan decision not to consider this noxious proposal as a part of its mark-up of the FY 2019 NDAA.

This legislative proposal literally takes aim at widows, orphans, and the elderly. It also reduces the pay and benefits of middle and working class federal employees who serve the American people across the nation and around the world providing support to the military and veterans, keeping our air and water and food supply safe, and making sure that senior citizens and the disabled receive the Social Security benefits to which they are entitled.

In addition to the Administration's legislative proposal, the Director of the Office of Personnel Management (OPM), speaking at public event on May 9, 2018, said that the Administration planned to freeze the pay of all civilian federal employees during 2019 because it needed to "collect data" on compensation and the opportunity to "right-size" pay for different occupations.

Reportedly, the Administration's plan to "right-size" federal pay will involve a significant legislative proposal during the Fall of 2018. It appears that the plan is to reallocate payroll from lower-graded positions up to higher-graded positions, an approach that is quite at odds with the Administration's pretense of advocacy for the middle class. Although rhetorically the Administration claims to advocate a pay-for-performance scheme modeled on the failed National Security Personnel System (NSPS), in reality the plan seems to be higher pay for some at the expense of others. At the same May 9<sup>th</sup> event, the OPM Director, when discussing plans to revise federal pay systems stated "This is a chance to ask, 'Hey, are we overpaying some occupations and underpaying others?' Then we can try to right-size the underpaid jobs, and then the overpaid ones will take care of themselves through attrition." While the Director's breezy tone seems to be an attempt to present a deeply regressive and controversial approach as if it were simple and just a matter of finding the right fit, the meaning is clear: He aims to cut salaries for lower-graded employees and use the money to raise salaries for their bosses.

#### **The Administration's Proposed Cuts to Federal Retirement Benefits**

The May 4<sup>th</sup> proposal to Speaker Ryan echoes proposals that have been included in both the President's FY 2019 Budget Proposals and numerous Budget Resolutions that have passed the House in recent years. The specifics of these proposals are as follows:

1. **Cutting the FERS supplemental annuity:** The FERS supplemental annuity provides a bridge to Social Security benefits for those who retire prior to the age of Social Security eligibility. This supplement is available only to those who have met all the requirements for regular retirement, even though they are not yet 62. It would mostly affect federal law enforcement officers such as Border Patrol agents, ICE agents, Correctional Officers in the Bureau of Prisons and others who are **required** to retire by age 57. If enacted, this would be the first time that a federal retirement benefit has been completely abolished for current employees, all of whom were hired with the promise of this feature of FERS, established in 1987.

AFGE does not support either elimination or reduction in this element of the FERS. Likewise, AFGE does not support prospective reduction or elimination of this benefit that would protect it solely for current employees. Its inclusion when FERS was established to bring federal employees into the Social Security system was central to the effort to make FERS comparable in value to the Civil Service Retirement System it replaced. Because CSRS included a de facto Social Security equivalent, FERS needed this supplement as a bridge to Social Security eligibility. To reduce or eliminate for anyone in FERS, present or future, is to undermine the entire structure of the federal retirement benefit.

2. **Reduce Federal Annuities:** The Administration's proposal overtly lowers all FERS and CSRS annuities by calculating the benefit based on the average of the highest five years of salary instead of the average of the highest three years of salary. Unless the assumption behind this is frozen salaries in perpetuity, this proposal will lower annuities. Since the proposal is offered as a means of reducing the government's costs, it is clear that it is meant to effect a cut in the size of the annuity. Note that the Trust Fund from which FERS annuities are paid is fully-funded at the current annuity formula. This proposal would cut annuities not because of inadequate funding to cover their cost at the current formula, but just to impoverish federal employees when they retire.

AFGE opposes this proposal. Not only is there no funding rationale for this change in formula for calculating annuities, it is also an exercise in abject cruelty to a vulnerable population. The proposal brings shame upon anyone who would endorse it.

3. **Shifting Costs to Employee:** The Administration's proposal shifts the burden of funding the FERS annuity from the agency to the employee by taking an additional 1% of salary per year from the worker until she or he pays a full 50% of the cost of the annuity. The full cost is currently calculated at 14.5% of salary so the employee would pay 7.25% of salary. The majority of employees pay 0.8% of salary today. Thus, the proposal cuts salaries by 6.45 percentage points for these employees. FERS employees hired in 2013 pay 3.1% of salary; those hired after 2014 pay 4.4% of salary for their FERS annuity. The cost-shifting for those hired in 2013 was to pay for long-term unemployment benefits in 2012 and the second hit was, in political terms, as an offset in the 2013 Murray-Ryan budget deal. The high unemployment and big deficit were both temporary but the retirement cuts were made permanent. The Congress should be repealing these entirely unjustified cuts, not considering worsening them.

Note that according to the Bureau of Labor Statistics, among private sector employees who receive a traditional pension from their employers, 96% pay

nothing toward this benefit. Thus, this change does not bring federal employees "more in line with the private sector" as its advocates claim.

At the May 9 event, in response to a question about these increased employee annuity contributions resulting in pay reductions, the OPM Director stated, "Those are annuities, not compensation". This was a very strange answer to a straightforward question. What was the Director trying to say? Perhaps the Committee could inquire as to what Mr. Pon meant by this odd statement. Is the Administration suggesting that federal annuity benefits are not a part of compensation?

In any case, AFGE strongly opposes this cost-shifting proposal that amounts to a 6.45% cut in wages and salaries for all federal employees. It serves no purpose other than impoverishment of the federal workforce and should not be considered. And for the record, it does constitute a cut in federal employee compensation, no matter how confused or confusing the Administration hopes the matter will be.

4. **Eliminate modest COLAs for FERS participants and reduce COLAs for CSRS:** The Administration's proposal eliminates the Federal Employees Retirement System (FERS) cost of living adjustment (COLA) altogether and reduces it by half a percent per year for Civil Service Retirement System (CSRS) employees.

The FERS annuity, in addition to being quite small in itself, is already only eligible for COLAs that are often lower than Social Security's. If the increase is three percent or more, FERS annuitants receive the CPI-W minus one percent. If the Social Security increase is between two and three percent, the FERS annuitant gets just two percent. Only if the CPI-W is two percent or lower does the FERS annuitant get the full amount under current law. Further, except for federal law enforcement, survivors, and those on disability retirement; FERS retirees do not receive any COLA on their annuities until they reach age 62.

AFGE strongly opposes this proposal. Although COLAs are currently small, too small to maintain their full-purchasing power, elimination or reduction is an entirely unjustified cut. Again, it must be noted that the provision of COLAs is included in the calculation of the cost of the program. Since the program is fully-funded, there is no budget or policy justification for this or any other proposed cut.

5. **Cut basic death benefit and surviving child annuities:** The Administration's proposal cuts both the CSRS and FERS Employee Death Benefit and child annuity due to the reduction of the former's COLA and the elimination of the latter's COLA. This is the cruelest cut, even though it is not the largest.

AFGE opposes this cut as well. The death benefit and surviving child annuity benefit are meant to provide for widows and orphans of federal employees. To make this unconscionable cut would impose tremendous financial hardship on a small group and save a very small amount of money. Its purpose thus appears to be simple cruelty.

It is important to recall that FERS was created in 1987 as a result of the decision to bring federal employees into the Social Security System. Its designers meant for FERS to be equivalent in benefits and employee cost to the CSRS system it replaced. This package would undermine that standard by reducing the value of the FERS benefit to employees by something close to \$143 billion. It would not, as the administration says, bring federal retirement benefits "more in line with the private sector." While it is true that many private employers have joined the proverbial "race to the bottom" by eliminating retirement benefits, large private firms that employ workers in occupations similar to those in the federal workforce, still provide comprehensive retirement benefits. The notion that the federal government will meet the "market" by cutting federal retirement benefits by \$143.5 billion over ten years is false.

Since 2010, federal employees have already experienced compensation cuts of more than \$240 billion in the name of budget austerity. These cuts include pay freezes, reduced pay adjustments, and retirement cuts. No group has been hurt by budget austerity as much as federal employees. There is no justification for any further cuts, and indeed, as the economy has fully recovered from the crisis that was exploited to justify the cuts, the Congress should be acting to rescind the retirement cuts already made and working to restore the purchasing power of federal pay.

The President's February 2018 Budget proposed not only retirement cuts, but cuts in federal employee health insurance and paid leave as well. Although vague on details, the budget recommends changes to the formula used to determine the government's contribution to the Federal Employees Health Benefits Program (FEHBP). At a recent meeting at OPM headquarters of the FEHBP advisory committee, OPM presented a rather obtuse briefing on the proposed formula changes. The goal of shifting costs from agencies onto federal employees was the only clearly stated element.

The plan seems to be to develop a new FEHBP funding formula that would base the government's contribution rate on an FEHBP plan's "score" from the program's plan performance assessment on nineteen different health care outcome, quality and efficiency standards. When AFGE asked OPM for access to the data from assessments that would be used in creating the new formula, OPM refused. We were told that it is "proprietary information". We then asked for a relative ranking of the different FEHBP plans using the "scoring" system. We have not heard back from OPM.

Note that federal employees pay at least 25% of premiums and as much as 55% of premiums, yet OPM continues to deem employees unworthy of access to information about how these premiums are calculated. And now that they are contemplating

seeking a statutory change in the way the government's contribution would be calculated, which would involve even higher contributions from employees, OPM has refused to share information with employee representatives.

We expect OPM to ask for a change in the law so that the weighted average premium share paid by the government will be somewhere in the 65 – 70 percent range. OPM will also propose a cap of 80% for certain "high performing" FEHBP plans, but acknowledged that even with this higher cap, the plans affected were likely to have lower overall premiums, and thus the government's actual contribution would be lower than under the current 75% cap.

While it is possible that federal employees with very low health care costs might benefit from a higher FEHBP premium percentage contribution made by the government, the vast majority will be much worse off, in many cases, absorbing a far higher share of the overall premium. This will be due not only to the change in the funding formula, but also to a worsening of risk segmentation. If the healthiest enrollees are incentivized to congregate in the least comprehensive-coverage plans, and those with greater need for covered services congregate in more comprehensive coverage plans, the premiums in the latter will be higher than they would be if the enrollee population were more heterogeneous. This is bad healthcare policy as it makes the overall cost of the program higher than it should be, but it is consistent with the Administration's overall approach to benefiting a few at the expense of the many.

The President's budget proposes to "align" federal employee sick and annual leave benefits more closely with the private sector. "Align" is their euphemism for reduce. The 2019 budget proposal would combine all leave into a single "paid time off" category. The proposal even acknowledges that the goal is to reduce total leave days employees may accumulate and use. At present, most employees receive 13 sick days per year, 13 - 26 days of annual leave (depending on length of service), and 10 federal holidays. Like most Administration proposals, this one has no specifics, so one cannot tell exactly what the proposal is offering, but as usual, we know it's less than what employees currently earn. Again, this is merely an attempt to degrade federal employment and emulate the worst practices of corporate employers.

#### **PMA UNSTATED GOAL – SAVAGING FEDERAL EMPLOYEE UNIONS**

Although the PMA does not state it explicitly, it appears that a significant personnel policy goal of the Administration is to undermine federal employee unions' ability to represent their members. In March, the Department of Education unilaterally imposed a new "contract" that, among other things:

1. Repealed virtually all use of official representational time, including for **legally required** representation of employees;
2. Required union officials representing employees to do so in a new, unprecedented and unlawful "leave without pay" for union business;

3. Required union officials to obtain supervisory approval before going into an unpaid leave status even for **mandatory representational** activities;
4. Closed all union offices located at Department of Education facilities, offering to "rent" very limited space to the union at "market rates";
5. Turned off all union information technology and communications portals in the union's offices that were connected to the agency's systems, which essentially terminates all computer access since the union cannot simply bring in alternative Internet Service Providers at government facilities;
6. Automatically terminates employee union dues deduction each year, requiring the represented worker to re-join each year. In addition to potentially depriving the worker of union membership benefits, this deprives the union of the revenue needed to operate; and
7. Rescinded dozens of contract provisions, including those relating to telework; child and elder care; guidelines for promotions, step increases and bonuses; and protections for employees with disabilities.

The goals of the Department of Education are clear: To terminate all collective bargaining; to mandate that the union provide legally required representation but simultaneously thwart the ability of union representatives to do so; and to starve the union of the resources necessary to carry out our legally required activities.

These anti-union policies for a "21<sup>st</sup> Century Workforce" are not directly identified in the PMA. There may be some question as to whether they consider it advantageous to publicize the Department's union-busting attempt and whether they intend to replicate it at other agencies. But undermining federal unions' ability to carry out our representational duties seems to be a core "worst practice" being pursued by the Administration.

#### **PMA UNSTATED GOAL – SABOTAGING AGENCIES THAT PROTECT FEDERAL EMPLOYEE RIGHTS**

Another "worst practice" being pursued by the Administration that is not explicit in the PMA seems to be the neglect of agencies that protect the rights of federal employees – specifically the Merit Systems Protection Board (MSPB) and the Federal Labor Relations Authority (FLRA).

The MSPB has been without a quorum since the beginning of the Administration. This means that while federal employees may appeal adverse actions against them to MSPB administrative judges (AJs), agencies simply appeal AJ decisions not to their liking to the full Board. Since there is no Board quorum, the employee is left in limbo and cannot return to work because there are not enough MSPB Members to hear the appeal. The Administration has nominated two individuals to fill the vacancies at the MSPB. Both nominations are pending in Committee. In the meantime, a record period of time for MSPB vacancies has elapsed, and a record case backlog has developed at the Board.

The situation at the FLRA is somewhat different. While there is a full complement of three FLRA Members in place, there is no Presidentially appointed General Counsel. The result? The FLRA claims it cannot consider unfair labor practice (ULP) complaints until a General Counsel is appointed. To quote the FLRA's website: "ULP complaints may only be issued when the FLRA has a General Counsel." Since there is neither an Acting General Counsel designated nor a nominee for the position of General Counsel, it is not a stretch to say that the FLRA is not performing one of its core functions because of an apparent decision by the Administration to ignore or neglect the agency.

In addition, the FLRA has proposed to close its Dallas and Boston regional offices. This restructuring has the potential to reduce the agency's ability to carry out its mission, as it is likely that many of the staff who are eligible to move in order to retain their jobs will instead accept offers of early retirement or a payment for voluntary separation and will not be replaced.

#### **PMA UNSTATED GOAL – ABOLISHING DUE PROCESS RIGHTS FOR FEDERAL EMPLOYEES**

On January 30, 2018, The Hill newspaper ran the following headline: "Trump: Congress should give agencies power to fire federal employees". The notion that it is too hard to fire a federal employee for misconduct or poor performance is repeated endlessly by those whose real goal is to destroy job tenure for federal employees. In response to this endless whining by management representatives, Congress periodically revisits this issue. Why should something so important be so hard? Making it easier to fire federal workers means further weakening already tenuous due process and collective bargaining rights. The PMA does not explicitly address collective bargaining or due process rights, but all indications strongly suggest that the Administration would like nothing better than to make federal employees "at will" or at least subject to much more "flexible" removal provisions.

Before this Committee accepts the false narrative that federal employees cannot be removed, it is worthwhile to examine the facts.

Agency career employees are accountable to supervisors who are ultimately accountable to politically-appointed officials. These appointees, and supervisors who serve under them, may not take actions against post-probationary career employees for misconduct or poor performance without providing at least some evidence to back up the allegations. There must be some level of due process provided to the employee, including third-party review by neutral decision-makers.

The Civil Service Reform Act (CSRA) of 1978 provides the basis for both selection of most career civil servants, and their protection from unwarranted personnel actions, including removals (unwarranted = motivated by politics, bias, etc.). This law protects the public from having their tax dollars used for hiring political partisans for non-

political jobs, and helps ensure the efficient and effective provision of services to citizens.

The CSRA provides that employees may be removed for either misconduct or poor performance. The employee merely needs to be informed of his or her alleged deficiency and the reason that management proposes to take an action against him or her (removal, demotion, suspension, etc.).

Unlike prior law, the CSRA provided **more bases** than previously existed for managers to take action against federal employees. Under the CSRA, employees may be removed for either misconduct or poor performance if:

1. The employee has been informed of the problem and the reason that management proposes to take an adverse action (e.g., removal, demotion, or suspension) against him or her; and
2. The employee has been given a reasonable opportunity to respond, both in writing and orally, if requested; and
3. The agency's final decision is adverse to the employee, (e.g., removal, demotion, suspension for more than 14 days).

An employee is subject to a final adverse action by an agency 30 days after receiving an adverse proposal. An employee may file an appeal of an adverse action to the Merit System Protection Board (MSPB), a third-party agency that hears and adjudicates civil service appeals. MSPB administrative judges (AJs) hear the matter in an adversarial setting and decide the case in accordance with established legal precedents. If dissatisfied with the AJ's decision, either the agency or the employee may appeal the decision to the full three Member MSPB.

The CSRA does not give unfair advantages to federal employees. Agencies generally prevail in 80% - 90% of all cases at the AJ level, and only about 18% of all AJ decisions are appealed to the full Board. AJs are upheld by the full MSPB in about 90% of all appealed cases.

It is very important to note that following an agency's adverse decision against an employee, the agency's decision is automatically put into effect (e.g., the employee is removed from the agency's rolls the day of issuance of the decision or within several days following the decision). An employee removed by an agency receives **no pay** during the appeal process.

The MSPB appeal process is highly efficient and expeditious. Most AJ decisions are rendered within 70 days of the filing of an appeal. An appeal to the full MSPB from an AJ decision takes about 210 days. Meanwhile, the agency's decision remains in effect during the entire appeals process.

The importance of maintaining a nonpartisan, apolitical civil service in an increasingly partisan environment cannot be overstated. First, most federal jobs require

technical skills that agencies simply would not obtain through non-merit based appointment. Second, career employees must be free to perform their work in accordance with objective professional standards. Those standards must remain the only basis for evaluating employee performance or misconduct.

Calls to make it easier to fire a federal employee by decreasing due process rights are "dog whistles" for making the career service subject to the partisan or personal whims of a few supervisors or political appointees. Whatever lack of public confidence in government exists today (usually because of political partisanship) will be magnified a hundredfold if all civil servants become *de facto* political appointees, serving at the whim of supervisors.

It may be politically unpopular to admit this, but federal managers are already fully empowered under existing law to take appropriate action when employees are underperforming or engaged in misconduct. There is no group of people who object more to the continuing presence in the workplace of those who are not performing well or who may engage in misconduct than fellow federal employees. When someone doesn't perform up to speed, it simply means more work for the rest of the people who do perform well. Similarly, an individual's misconduct hurts all employees in the workplace, and it is usually fellow employees who are the first to shine light on misconduct, as they did at the Phoenix VA Medical Center in 2014. Without the protection of civil service laws, I can guarantee you that no employee will be foolish enough to come forward with evidence of mismanagement. Although whistleblower laws offer some protection from retaliation for those who reveal certain types of mismanagement, the kind of routine mismanagement that was revealed by AFGE members at the Phoenix VA would not have occurred if the front line employees were "at will."

Whistleblowers typically have to hire lawyers at great expense and litigate over extended periods of time during the course of which managers can retaliate. It took seven years for a civilian in the Marine Corps to successfully litigate his whistleblower complaint based on his internal report that showed how the Corps could have saved hundreds of lives by fulfilling a 2005 request for Mine Resistant Ambush Protected vehicles in Iraq. The idea that simply invoking whistleblower laws will somehow protect or encourage whistleblowing when an "at will" employment relationship exists is a fiction given the immense litigation hurdles, and financial and emotional stresses that whistleblowers have to incur.

I have yet to encounter a federal employee who supports those who do not pull their weight, performs poorly, or otherwise engages in misconduct.

Despite the protestations of some managers and think tanks, the Government Accountability Office (GAO), the Merit Systems Protection Board (MSPB) and the Office of Personnel Management (OPM) have all issued reports and analyses that have come to pretty much the same conclusion: When poor performers are not dealt with it is never because the civil service laws or procedures are too difficult to navigate, but

rather because some managers (or their managers) either do not want to take the time and effort to properly document poor performance and remove or demote poor performers, or because they lack the knowledge, skills, and ability to do this.

AFGE is aware that the campaign to reduce civil service protections is promoted through the suggestion that civil service due process procedures are just too difficult for some managers to follow. The goal seems to be to remove the employee immediately, and deal with due process in the future, if ever. This is a dangerous precedent if we want to maintain an apolitical and highly qualified civil service, especially in the current political environment. Indeed, if a manager finds these procedures too difficult, the real answer is to demote the manager to an easier job, not take away rights from all federal employees.

The premise that the procedural hurdles for removing poorly performing employees are too high is simply not borne out by the facts. When an employee invokes his/her rights to a formal adjudicatory hearing before the MSPB, the agency almost always prevails. For example, in 2013, only 3% of employees appealing to the MSPB prevailed on the merits. In contrast, agencies were favored at a rate five times that of employees when formal appeals were pursued. The notion that the MSPB makes it impossible to fire a federal employee is simply not true. Perhaps we should call it an "alternative fact."

There are well-established and fully adequate processes and procedures for removing problem federal employees. This is true for performance or conduct reasons. In fact, the standards for removing underperformers were specifically developed so that poorly performing employees may be more easily dismissed than employees committing conduct-related offenses. Even more important, the burden of proof is lower for removing a poor performer -- it is only the "substantial evidence" test, so that reasonable supervisors are given leeway to determine what constitutes unacceptable or poor performance.

**PMA UNSTATED GOAL – CONTRACT OUT AS MUCH OF THE FEDERAL WORKFORCE AS POSSIBLE AND REDUCE CIVIL SERVICE PROTECTIONS AS MUCH AS POSSIBLE**

The recent mark-up by the House Armed Services Committee of the FY 2019 NDAA contains an example of back-door attempts to make federal employees effectively "at will". Section 1109 of the bill extends authority for civilian federal agencies to make temporary and term appointments to positions in the civil service. It is unclear why a defense bill is being used to allow civilian federal agencies to make more temporary appointments. The Department of Defense (DoD) already has this authority, so it is not to assist DoD in its mission. The purpose of this section was to permit civilian agencies to make longer temporary and term appointments -- up to six years -- in order to avoid giving employees full civil service protection from arbitrary removals or even discriminatory agency action.

Lengthening the period during which employees can be in temporary or term status is the very definition of degrading the federal service. They effectively extend the probationary period for the full length of employment. Term employment is now for a minimum period of one year, but the direction in the private sector is to place no floor on the length of employment. Contingent employment has no place in the federal government beyond exceptional situations where the agency's need is finite and temporary. For ongoing needs, the federal government should hire employees into full, career service positions. The American people deserve a federal workforce that is fully protected from political interference through robust civil service and collective bargaining rights. Anything else risks politicization and corruption.

### CONCLUSION

The PMA's soothing words and phrases and colorful photographs attempt to convey a sense that the document is a thoughtful and modern approach to the management of federal agencies. However, these pretty pictures mask a dark intent to sabotage the operation of federal agencies by degrading the federal workforce.

If the PMA were to be implemented through either legislative or administrative action it would sabotage the civil service and agency missions not considered to be compatible with this Administration's political priorities. And paradoxically, the PMA would shrink the size of the federal workforce while simultaneously increasing costs to taxpayers by vastly shifting work from public employees to more expensive contractors.

Federal employee pay, benefits, job security, and due process rights are clearly in the cross hairs of the drafters of the PMA. Despite the language portraying the PMA as seeking to attract the best people to government, the document clearly contemplates making federal employment less desirable by cutting pay and benefits and weakening job security for the vast majority of employees.

The ability of agencies to carry out their missions would be adversely affected as more functions would be subject to contractor performance, putting at risk not only management control, but even concepts of duty and loyalty by the people responsible for accomplishing the work. The PMA and other Administration initiatives would establish a civilian equivalent of hiring and empowering mercenaries to carry out agency functions.

The PMA would increase politicization of government functions and operations. Rather than place most operational responsibilities in the hands of a professional apolitical civil service, the concepts embodied the PMA would make the federal workforce a less stable, more partisan entity. Besides the erosion of due process rights, federal employment, even for those putatively in the civil service, would become an elongated probationary period, consisting of temporary and term appointments. Federal employment would devolve to a new form of "at will" employment, with employees beholden to political or commercial interests that could determine their future livelihood.

For these reasons, it is best to consider the PMA a "worst practices" document that would sabotage government agencies. This concludes my testimony. I would be happy to answer any questions you may have.

Mr. MEADOWS. Thank you, Ms. Simon. Thank each of you for your testimony.

I'm going to recognize myself for a series of questions. So Mr. Stier, let me come to you. The Federal Employment Viewpoint Survey that I talked about earlier with the first panel, do you believe that that's a critical tool for helping us understand the viewpoint of Federal workers?

Mr. STIER. Absolutely. I think it's incredibly useful data. It's useful as an aggregate, but it's even more powerful when you look at smaller components of government and compare and contrast what you see, because there is huge variation across agencies and within agencies, and there's a lot to be learned from that.

Mr. MEADOWS. So if we're looking across agencies like that, as we have had in a previous hearing, OPM was looking at changing the questions, obviously is running a pilot. Is this something that you would support?

Mr. STIER. I think you always have to look at how to improve things. There's a lot of value in having the benchmark data available to you. So I think changes, you have to be careful about what you do change so that you can be able to compare over time. I do think there are some things this year they're doing a full census rather than a sample, and I think that makes for much, much better data as well.

So I think there are places that you can have improvement. The biggest improvement would be turning around the data faster.

Mr. MEADOWS. So, I believe earlier this year that the Department of Veterans Affairs made a decision to cease offering the Federal Employee Viewpoint Survey. So at first, if you don't succeed, change the matrix in terms of what you measure that success. I say that, obviously, tongue-in-cheek.

I would assume that that's not something that you support?

Mr. STIER. So interestingly, in this instance, I think the important thing, again, is to have comparable data.

Mr. MEADOWS. So are they going to compare the data?

Mr. STIER. Yes. And my understanding is that they're also planning on doing quarterly poll surveys.

Mr. MEADOWS. So what you're saying is they're going to take the model and actually improve on it?

Mr. STIER. Yes. So, as long as it's comparable. One of the challenges in the government is that it's often not looked at an integrated enterprise.

Mr. MEADOWS. So what are they doing to make sure it's comparable?

Mr. STIER. Well, one, they're talking to OPM is my understanding, and they're talking to us as well. And to my mind, the biggest positive is the idea that if they want to make it management useful, having it more regularly available, i.e., on a quarterly basis, is very powerful. So you're not waiting more than a year to get back information about whether what you're doing is working. So I think that is actually a best practice that more agencies should be doing. You don't have to ask the full 80-plus questions, but to target smaller groups of questions and have them taken more often is actually really good.

So, again, I think there are some real positive there. Your basic point is the right one, which is, no agency should be going off and doing it on its own in a way that doesn't enable the transparency.

Mr. MEADOWS. Yeah, I guess what I want to do is make sure that I've got a benchmark so that I'm not comparing an apple to an orange. So what you're saying is that you believe that we can accomplish that?

Mr. STIER. I believe so, and I think, in fact, we might get more or a nicer apple too.

Mr. MEADOWS. All right. So Ms. Simon, let me come to you. From your opening testimony, obviously you're not a fan. So how do we fix some of the problems that we have? Or is it your testimony that we don't have any problems?

Ms. SIMON. Well, obviously, there are problems in the Federal Government.

Mr. MEADOWS. So how do we fix them, because we've got a 40-year old system, and so, you know, tactically, the plan that's been laid out, I guess you said it had a dark component to it. So how do we make it, in your mind, a great way to make sure Federal workers get properly recognized, compensated, evaluated, the ability to hire and fire; knowing that that is like nails on a chalkboard maybe to your union-covered employees. But how do we make sure we do that?

Ms. SIMON. Well, the idea of hiring and firing and properly rewarding employees is anything but nails on a chalkboard. The short answer is through the collective bargaining process.

Mr. MEADOWS. So you're saying everything can be solved if we just had good negotiators and collective bargaining. I mean, history does not—you've had collective bargaining for the last 40 years, so if we've got a problem and we've had collective bargaining, how is that going to solve it?

Ms. SIMON. I'm not sure that you and I would agree on what the big problems are.

Mr. MEADOWS. That's why I'm asking the question. I truly want to know if this is not the right approach, what's the right approach?

Ms. SIMON. Okay. I think that one of the big problems currently, you know, very currently, is an effort to politicize the work of Federal agencies. We see that in the Environmental Protection Agency, for example, where—

Mr. MEADOWS. You mean with more political appointees, or just political appointees you don't like?

Ms. SIMON. It's not the political appointees that I like or don't like, it's their attempt to thwart the work of scientists in the agency to—

Mr. MEADOWS. So how does collective bargaining fix that?

Ms. SIMON. I think that you have protections where scientific integrity can be written into a collective bargaining agreement that can protect the ability of Federal employees to carry out the mission of the agency without fear of retaliation from political appointees.

Mr. MEADOWS. So you're saying a collective bargaining agreement would be paramount to any administration directive? Is that what you're saying?

Ms. SIMON. I do think that there is a tremendous risk right now in this highly politicized environment that——

Mr. MEADOWS. But this is not the first time. I mean, it's not just this administration.

Ms. SIMON. This is the first time in my experience and I've been doing this for over 30 years.

Mr. MEADOWS. So this is the first time that there's been a political environment in the Federal workforce. That's a bold statement.

Ms. SIMON. It's substantially worse than it's ever been.

Mr. MEADOWS. And what matrix do you have that? I mean, you've got a matrix for that?

Ms. SIMON. Yea.

Mr. MEADOWS. What matrix?

Ms. SIMON. There was a short period of time during the George W. Bush administration where claims representatives at the Social Security Administration were required to inform claims applicants that——

Mr. MEADOWS. That's anecdotal. So what matrix do you have, Ms. Simon?

Ms. SIMON. I'm not sure what you mean by matrix.

Mr. MEADOWS. You're saying it's worse than it's ever been. What quantitative matrix do you have to support your——

Ms. SIMON. Reports from our members in almost every agency.

Mr. MEADOWS. So you can get those reports to this committee?

Ms. SIMON. They aren't necessary always written reports.

Mr. MEADOWS. Well, that's not quantitative.

Ms. SIMON. I can certainly give you information that demonstrates that Federal employees in several executive branch agencies feel as though there are political pressures on them.

Mr. MEADOWS. So that's not a matrix, Ms. Simon.

Ms. SIMON. I don't know what you mean by matrix.

Mr. MEADOWS. Well, I'm a math guy, so let me just tell you. Just like with his surveys, you can look at the matrix and say this many employees said this, that, and another. That's a matrix, and that's what I was asking you for, and apparently you don't have that.

Ms. SIMON. I can put something together for you but it wouldn't be very scientific.

Mr. MEADOWS. Okay. I recognize—Mr. Raskin has been here, and so a very generous 6 or 7 minutes.

Mr. RASKIN. Thank you, Chairman Meadows. What a pleasure to have you sitting in that seat today.

Thank you all for your testimony.

I wanted to start by asking Ms. Simon something, following up on a point she made about the President's proposal to lower the cost of benefits for present and future retirees by \$143 billion billion over the next decade. One of those proposed cuts is for retirement annuities that qualifying Federal employees earn, and I've got tens of thousands of those who live in my district in Maryland. And this retirement annuity provides a fraction of the income that they earned while they worked.

It's called FERS, and they paid for the annuity over the course of their working lives. The proposal is to increase the amount that they pay for it, but not to increase the amount that they get back

from it. So I just want to be clear, does this proposal really translate into a pay cut?

Ms. SIMON. Well, there's two answers to that question. First answer, yes, it does. The proposal is to shift cost for the provision of that benefit from the government to the employee. Right now, that would mean for most Federal employees, most Federal employees who are under FERS pay 0.8 percent of their salary for their FERS annuity. Under this proposal, eventually they'd pay about 7-1/4 percent of their salaries for the annuity.

The annuity itself would also be lower. So they would simultaneously pay more and receive less.

Mr. RASKIN. And get less. Okay.

Ms. SIMON. It would not—the trust fund that finances the benefit is fully funded under the current benefit formula. This is not about financial solvency of the retirement plan.

Mr. RASKIN. Okay. Mr. Valdez, so will this effective pay cut, the change in the retirement annuity package, affect supervisor and managers and senior executives under the proposal?

Mr. VALDEZ. Sure. Yeah. It affects all Federal employees.

Mr. RASKIN. Okay. And so, and this question may be I will come to you, Mr. Stier. I enjoyed very much your testimony because you had some concrete positive ideas about how we might move forward. But, of course, what we're getting instead is a proposal just to cut, cut, cut.

What's the effect of that on the workforce? I mean, intuitively, it would seem like that's demoralizing, but give me your sense as an expert in the field?

Mr. STIER. Well, look, we have data, and what it shows is that the Federal workforce is below a reasonable private sector norm in terms of their engagement, and substantially so. So what's most striking about the data is that when it comes to mission commitment, that's the one place the Federal workforce far exceeds that private sector norm. People who are in the government are there because they want to serve the public and they want to fulfill whatever mission is associated with the agency that they are employed at.

Where they are being held back from achieving that mission is mostly through their leaders, and so that's the place where you will have biggest bang for the buck is improving the overall leadership, and that's from the top down. And there are a lot of very, again, positive things to do to address that.

Mr. RASKIN. Got you. What do you think needs to be done in order for us to be having the right conversation about remoralizing the workforce, uplifting everyone, and making it more efficient and effective?

Mr. STIER. In a minute.

Mr. RASKIN. No, less than a minute because I've got two more questions.

Mr. STIER. Okay. So sorry. I would say that we have done a report on the broader civil service reform. If you force me to focus on one point, that would be really on that leadership-ownership point. One thing I did not say, which I should have said, is that it's the executive branch leaders but it's, bluntly, you and all of Congress, too. Congress is a steward of the executive branch and could do

better in oversight, in the underlying legislation, on providing real longer-term budgets, and obviously, in confirmation, which is not your piece.

Mr. RASKIN. Right. There was some discussion earlier about this whole controversy about so-called official time, which is the idea that representatives at the workforce can do representation of people in the workforce on their official time, on their official duties, without losing their progress toward retirement and so on.

And I made a visit the other day to the PASS office in my district, which is under the FAA, but it's—they do work like air traffic controllers and develop all the maps and so on. And what I heard from both the managers there and the workers there is that the official time process has been critical to absorbing the shock of a lot of cuts that have come forward because the official time enables representatives of the employees to sit down with management to transition to new projects.

And I'm just wondering whether you think this attack on official time is, in fact, warranted and justified, or whether it's something that is very much part of the culture of the Federal workplace today?

I don't know, Mr. Valdez, perhaps you've got some thoughts on that.

Mr. VALDEZ. Yeah, I think the discussion about official time actually relates to your question, Mr. Meadows, about the matrix. We don't know enough to be smart on this issue. There hasn't been a good set of data developed to show what is being done at different agencies in terms of official time and what those practices are, so I think a lot of this rhetoric is—

Mr. RASKIN. Well, the ones that I spoke to, again, the Professional Aviation Safety Specialists, the PASS office they thought it was just critical in order to do their jobs to have all the employees represented at the table when they are actually developing new work regimes.

Mr. VALDEZ. There's no question, you know, from our perspective at the Senior Executive Association, that there should be official time. But, you know, I think there are questions about whether or not it has been an effectively utilized resource in the Federal Government.

Mr. RASKIN. Okay. I think I've taxed the patience of the chair. Thank you very much, Mr. Meadows.

Mr. MEADOWS. Thank you for your insightful questions. The chair recognizes the gentleman from Virginia, Mr. Connolly, for 5 minutes.

Mr. CONNOLLY. Thank you, Mr. Chairman. And welcome to our panel. Mr. Valdez, I was intrigued by your last observation. We don't really have enough data to give Mr. Meadows the matrix he's seeking on official time. You would agree?

Mr. VALDEZ. Yes.

Mr. CONNOLLY. I find that remarkable, given the fact that this committee has actually had hearings condemning official time, characterizing it as, you know, something that ought to be restrained, constrained, curtailed. How can we do that if we don't have the data you say we don't have?

Mr. VALDEZ. I don't have a response to that question.

Mr. CONNOLLY. Uh-huh. Okay. Just thought I'd make the point. It works both ways when we want matrices. Data is data.

Mr. MEADOWS. If the gentleman will yield.

Mr. CONNOLLY. Of course.

Mr. MEADOWS. My matrix had nothing to do with the official time.

Mr. CONNOLLY. Oh, I know. I thought I'd just throw that in. But your matrix had something to do with, I think collective bargaining and the union?

Mr. MEADOWS. With regards to performance. How do we know where we are, and that is why Mr. Stier has always seen a warm welcome in a bipartisan way.

Mr. CONNOLLY. So, Ms. Simon, some things were characterized as anecdotal, but the fact that there was a 3-year Federal pay freeze, and there's another one in the President's budget this year, that's not anecdotal. That's a fact; is it not?

Ms. SIMON. That's correct.

Mr. CONNOLLY. The fact that benefits were curtailed, the money actually taken out of Federal employees pockets to the tune of about \$190 million, all in the name of debt reduction, that's a fact, not anecdotal; is that correct?

Ms. SIMON. Yes.

Mr. CONNOLLY. And the fact that, for example, this committee passed a 2-year probationary time period for future employees of the Federal workforce, again, that's not anecdotal. We actually did that; is that correct?

Ms. SIMON. Yes.

Mr. CONNOLLY. Now, I'm just spitballing here, but could collectively, those kinds of actions, to say nothing of verbal disparagements of the Federal workforce which, by the way, was not anecdotal. The first significant negative comment with respect to the last 8 years actually came from the person who became Speaker of the House, John Boehner, when he gave a speech in the fall of 2010 in Cincinnati, in which he explicitly disparaged the workforce, being overpaid, incompetent, too many, all that kind of thing.

By the way, from somebody who said the Federal Government ought to be run like a business; I don't know a CEO of a business who would hold his or her job doing that to the workforce; but that's neither here nor there.

But that actually happened. Does this have an impact on morale and productivity?

Ms. SIMON. Of course it does. And I've been listening to people talk about the Federal Employee Viewpoint Survey as if it were some kind of oracle. You know, people are fed a particular list of questions that are, certainly, a good portion of them are leading questions, and they are designed to provide data to make a certain kind of case.

They also sort of bypass the union as the representative of the workforce. And trust me when I tell you, we hear a lot of complaints, and people, throughout the Federal Government, many of whom are military veterans, certainly in the Department of Defense and the Department of Veterans Affairs, large percentages, up to a third of the civilian workforce in the Department of Defense

and in the Department of Veterans Affairs are veterans themselves.

And the rhetoric that surrounded the accountability law that was passed last year was so harsh and so demoralizing and defamatory to that workforce, as if they don't care about the welfare of veterans.

Mr. CONNOLLY. I'm going to run out of time, but I do want to say, the chairman of this session is not one of those people. I mean, to my friend, Mr. Meadows' credit, he has gone into Federal agencies and actually had work sessions with employees to hear their perspective to learn more. I wish all of our colleagues took the time to do that, because there is such a sense of angst created by this kind of rhetoric and this kind of behavior.

I'm going to run out of time, so if you don't mind, Ms. Simon, I'm going to ask Mr. Stier and Mr. Valdez one last question.

Impact on recruitment. We're going to lose—I mean a huge percentage of the current workforce is eligible for retirement. How do we find the replacement, especially at the higher end skill set, with this kind of context, with this kind of negative or hostile context with respect to the Federal workforce and attitudes toward the Federal employee coming out of this body, current administration, and previous administrations, as my friend, Mr. Meadows, points out. How do we do that?

And then I'll, of course, yield back my time.

Mr. VALDEZ. I think, and it's an excellent question, and I think back to the 1970s when the military was under such attack, you know, following the Vietnam War and the, you know, morale in the military was so low. It's sort of analogous to what's happening today.

What I think is important that we restore a sense of purpose to the Federal Government worker, and a sense of the nobility of public service; and that is a bipartisan effort that needs to be done, and it needs to be done in conjunction with Congress. You know, the American people deserve a good government, but they are not going to get it with the kind of rhetoric that we are hearing in the press and elsewhere.

Mr. STIER. So look, I think this is a very real problem, and we heard the question earlier from the other chairman about trusting government, and I think it's a fundamental issue because we need—our government's our only tool for collective action to address our most critical problems that has the imprimatur the public and the taxpayer resources behind it. It's a critical element of our democracy, and we have a set of problems, and what you're describing is a real one.

But it's a little bit like the house with the leaky roof that's also on fire, and you've got to deal with the fire first. The fire first is that we don't have leaders, either on the executive branch, or here in Congress, that truly own the organization that they're responsible for. They are rewarded for crisis management, policy development but not for making their organizations better.

I would posit that if you required some sort of score card on the data points we've talked about already and developed better ones, had real transparency around whether the leaders are performing in a way to drive that number up when you ask how many people

can raise a violation of law or ethics without fear of retaliation, that would have a bigger impact.

If you require those leaders to take responsibility for recruiting great talent in, that's not something that happens today and it does happen in every other good organization.

Mr. CONNOLLY. Thank you. Mr. Chairman, thank you for your patience. I ask unanimous consent to enter into the Record testimony of Anthony Reardon, president of the National Treasury Employees Union.

Mr. MEADOWS. Without objection.

Mr. CONNOLLY. I thank the chair.

Mr. MEADOWS. I thank the gentleman for his kind words, and right before I recognize the delegate from the District of Columbia, Ms. Simon, I want to point out one thing because I'll forget it if I don't do it now.

In your testimony, you talked about displacing Federal workers with subcontracted or the like contracts. Just know that the gentleman from Virginia and myself agree on this point, that displacing Federal workers with subcontracted services is not a good plan in my mind, unless it truly does make us more efficient, and you will find someone who actually supports that position really vigorously, because I think at times, we act like we are saving money by just subcontracting a service out, and so I wanted to point that out.

So I recognize the gentlelady from the District of Columbia for 6 minutes.

Ms. NORTON. Thank you, Mr. Chairman. Thank you for pointing that out. That would be a matrix that we would have to measure as well if we subcontract.

I'd like to ask the three of you, is my recollection of statistics correct that the Federal workforce is the most highly educated workforce in the country?

Ms. SIMON. As a group, the answer is yes. On average, and in terms of its median educational attainment, yes.

Ms. NORTON. That's what I would be going by, speaking of matrices. Yes.

Mr. Valdez, Mr. Stier?

Mr. VALDEZ. I actually am not familiar with that statistic, so I'll rely upon my colleague to the left.

Ms. NORTON. Mr. Stier?

Mr. STIER. I think you're entirely correct that it's a workforce that has a very high level of educational attainment and expertise, and that's one of the reasons why we need to see a different system because 40 years ago, it looked very different, and what we've seen overall—

Ms. NORTON. 40 years ago, it was—

Mr. STIER. It's a workforce that has been moving from much more in the way of clerical activity to much more professional—

Ms. NORTON. And that's really the point I'm getting to. If we're going to have these, have the best workforce in the country because of the nature of the work, Federal work, are we recruiting people at the same level that the private sector is, when you consider technology and at the same level so that we would end up with the same, with a parity workforce today?

Are we keeping up, in other words, with the competition that we're facing from abroad and from every place else as we try to make sure we maintain these standards?

Mr. STIER. My answer would be no, I don't think we are.

Ms. SIMON. I would say that people still want to work for the Federal Government because the work is so important. But there are certainly concerns about the relentless attacks on the compensation package, with threats to reduce the number of days of paid leave, threats to shift costs for health insurance and retirement benefits, and turn everybody into either a term or a temp employee, with no any kind of career tenure. It makes the Federal Government a much less attractive proposition than it was even a few years ago.

Mr. VALDEZ. I spent my time at the Department of Energy, which is a highly technical organization, and we didn't have trouble attracting the kind of high talent, high level talent that we needed. But I would agree that there has been, you know, in recent years a reluctance, particularly among young people, to enter Federal service when they have options in the private sector.

Ms. NORTON. I really did have in mind that generation of millennials who, ultimately, are going to have to replace—they seem to be very opportunistic in how they look for work.

I'd like to follow up on this official time notion because we have had hearings on that, and I believe that, in the course of collective bargaining, the Department of Education may have actually dispensed with official time?

Ms. SIMON. For all practical purposes this faux contract, and it's certainly not a contract, because a contract requires two parties, right? This was implemented unilaterally. Official time has been eliminated for all representational work.

Ms. NORTON. So I don't understand how a collective bargaining contract can work at all if there's no official time in order to attend to—so somebody needs somebody to handle their particular grievance. That's what official time is largely for. How is that done?

Ms. SIMON. Well, under this what we call it an edict, sometimes, faux contract because, again it was not collectively bargained, it was imposed unilaterally. The union representative has to ask his or her supervisor for permission to take some time off of work and—

Ms. NORTON. Are you saying the person has to take leave?

Ms. SIMON. Leave without pay, yes. And it has to, they have to gain permission from the supervisor. It might be the same supervisor against whom a grievance has been filed. And then that representation has to occur either outside—it's impossible. There's no representation.

Ms. NORTON. Well, has the union done, your union or other Federal unions, done any work to document how that is happening? In other words, are people willing to ask for that?

I mean, I'm sure some people want to do it as good union people, but we need some evidence of what the effect is. I think that's the only agency that's done that.

Ms. SIMON. Thank God, so far. It's been about 6 weeks. We're really put in a corner because, as you know, we have a legal obligation to represent members of our bargaining unit.

Ms. NORTON. Is anybody suing? You actually have a legal obligation. Under the law, is there a lawsuit about being deprived of official time which would enable carrying out that legal obligation?

Ms. SIMON. Well, we've filed an unfair labor practice complaint with the FLRA, but without a—the FLRA can't rule on it right now.

Ms. NORTON. Because they don't have—we went through that in the first panel.

Ms. SIMON. Yes. And I'm not an attorney, so I can't really talk about our legal strategy.

Ms. NORTON. Well, I am one, and I ask you to ask your own general counsel to look into what I see as—I don't care what the FLRA, if they get counsel or not, unless they correct this, it does seem to me to be a violation of the ability to bargain at all. So, I don't want to predict the outcome, but it's a lawsuit just waiting to be filed.

Thank you, Mr. Chairman.

Mr. MEADOWS. I thank the gentlewoman for her questions. I thank each of you for your testimony, and here's what I would like to ask each of you to do. Actually, Mr. Stier, put a 10-point plan out there. So Mr. Valdez, if you're willing to look at that 10 points, and if you need a copy of it, we'll get it, but I'm sure you already have it. If you'll look at how, from your perspective, some of the concerns you have with it, and some of the ways that you could implement it, and report back to this committee within 60 days. Can you do that?

Mr. VALDEZ. Absolutely.

Mr. MEADOWS. All right. Ms. Simon, if you would do the same thing. And I hate to use Mr. Stier's 10 points as kind of the—but in your testimony, here's—you suggested that there was some concerns that you had in terms of some of the areas, so I'd like you to look at his 10 points and, from your perspective, say these are areas that we have real concerns with. These are some areas that we think that we could support. And that way it doesn't come in one bucket. We can take this as the benchmark and all look to that, because what I'd like to do is, from both of your perspectives, be able to take the 10 points that he's recommending, which really comes from really the Federal employees.

I mean, those recommendations come directly from input, and I know that you were not positive about the way that they get that input because it bypasses the unions. But at this point, it's really the only data that we have as I go down looking at the data in terms of what Federal employees are saying.

And so if you could do that, Ms. Simon, and report back in 60 days, same timeframe.

Ms. SIMON. I'd be happy to do that. However, I would also, with your indulgence, like to share with you maybe a couple of collective bargaining agreements because they really show what the priorities of Federal employees are.

Mr. MEADOWS. Certainly, if you want to get that along with that submission, but 60 days, is that enough time, Ms. Simon?

Ms. SIMON. Yes.

Mr. MEADOWS. Okay. And Mr. Stier, here's what I would like to ask of you. As you look at this, if you could look at it from your

perspective of the two different opinions we may have, from our senior executive, and then from our covered employees, if you could look at it and say, from an oversight standpoint, here's some of the areas that you have to be really concerned about. If you could get that back in the same 60 days, if that would be appropriate.

So, again, thank you to all of you for your testimony and your graciousness for being here so late.

And if there is no further business before the committee, thankfully, we will go ahead and adjourn.

[Whereupon, at 4:45 p.m., the committee was adjourned.]

## **APPENDIX**

---

MATERIAL SUBMITTED FOR THE HEARING RECORD

THE Y. GOWDY, SOUTH CAROLINA  
CHAIRMAN

ONE HUNDRED FIFTEENTH CONGRESS

ELIJAH E. CUMMINGS, MARYLAND  
RANKING MEMBER

## Congress of the United States

### House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (205) 225-5074  
MINORITY (205) 225-5051  
<http://oversight.house.gov>

December 19, 2017

The Honorable Mick Mulvaney  
Director  
Office of Management and Budget  
725 17th Street, NW  
Washington, DC 20503

Dear Director Mulvaney:

I am writing to request copies of the final downsizing plans that the Trump Administration directed each agency to submit to the Office of Management and Budget (OMB) by the end of September.

As you know, the Committee on Oversight and Government Reform has jurisdiction over both the federal workforce and proposed agency reorganizations, and the Trump Administration is now in the midst of one of the largest reorganizations in decades with virtually no oversight by Congress. As Members of this Committee, we believe it is our job to analyze the Administration's plans to determine if, and to what extent, these massive reductions in staffing will impact the services the American people rely on every single day—particularly when the President and Republicans in Congress have been promoting a tax cut that will primarily benefit the rich while increasing the federal deficit by more than \$1 trillion.

On January 23, 2017, President Trump issued a Presidential Memorandum that put in place a government-wide hiring freeze:

I hereby order a freeze on the hiring of Federal civilian employees to be applied across the board in the executive branch. As part of this freeze, no vacant positions existing at noon on January 22, 2017, may be filled and no new positions may be created, except in limited circumstances. This order does not include or apply to military personnel.<sup>1</sup>

---

<sup>1</sup> Memorandum from President Donald J. Trump to the Heads of Executive Departments and Agencies, *Hiring Freeze* (Jan. 23, 2017) (online at [www.whitehouse.gov/the-press-office/2017/01/23/presidential-memorandum-regarding-hiring-freeze](http://www.whitehouse.gov/the-press-office/2017/01/23/presidential-memorandum-regarding-hiring-freeze)).

The Honorable Mick Mulvaney  
Page 2

The President also directed you, in consultation with the Director of the Office of Personnel Management, to “recommend a long-term plan to reduce the size of the Federal Government’s workforce through attrition.”<sup>2</sup>

On April 12, 2017, you issued a *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce*, stating that “the government-wide hiring freeze is lifted upon issuance of this guidance.”<sup>3</sup>

However, this plan directed agencies to take “immediate actions to achieve near-term workforce reductions and cost savings.” It also directed them to submit Reorganization Plans by the end of September 2017 as part of their fiscal year 2019 budget submissions to OMB that include “long-term workforce reductions.”<sup>4</sup>

The degradation of the federal workforce—particularly among those who dedicate their lives to protecting our national security, our environmental safety, and our health and wellness—should not occur in darkness.

For these reasons, we request that OMB produce copies of each agency’s reorganization proposal by January 3, 2018. Thank you for your consideration of this request.

Sincerely,




---

Elijah E. Cummings  
Ranking Member

cc: The Honorable Trey Gowdy, Chairman

---

<sup>2</sup> *Id.*

<sup>3</sup> Memorandum from Director Mick Mulvaney, Office of Management and Budget, to Heads of Executive Departments and Agencies, *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce* (Apr. 12, 2017) (online at [www.whitehouse.gov/sites/whitehouse.gov/files/omb/memoranda/2017/M-17-22.pdf](http://www.whitehouse.gov/sites/whitehouse.gov/files/omb/memoranda/2017/M-17-22.pdf)).

<sup>4</sup> *Id.*



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

February 16, 2018

The Honorable Elijah Cummings  
Ranking Member  
Committee on Oversight and Government Reform  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Representative Cummings:

Thank you for your letter regarding the comprehensive plan to reorganize Executive Branch departments and agencies and specifically, the requirement that agencies submit an agency reform plan to OMB in September 2017 as part of the agency's FY 2019 Budget submission. I appreciate the time you took to share your views and your commitment to government oversight.

As you know, OMB was directed under the President's Executive Order on a Comprehensive Plan for Reorganizing the Executive Branch to submit a comprehensive government-wide reorganization plan. To fulfill this requirement, OMB issued Memorandum M-17-22, providing guidance to agencies on reorganization and requiring them to submit an Agency Reform Plan as part of the agency's Fiscal Year (FY) 2019 Budget submission to OMB. These agency plans will be relied upon, together with other input, to formulate the government-wide plan called for by the President. OMB Memorandum M-17-22 aligned the reorganization process with the FY 2019 Budget process so the projected budgetary impact of proposals could be taken into account.

Although OMB Memorandum M-17-22 required agency reorganization proposals to be submitted to OMB in September, those agency submissions are not end products of the process called for by the President and detailed in the OMB Memorandum. The deliberative process within the Executive Branch will continue to play out in an iterative fashion. Meanwhile, OMB continues to work with agencies to begin taking certain administrative actions to promote efficiency and effectiveness in advance of the release of the FY 2019 Budget. These actions must be taken within existing authorities and resources, such as internal management reforms and innovations, and with appropriate notification with the Congress.

I look forward to working with you throughout the Budget and reorganization process.  
Thank you again for your letter. If you or your staff have any questions, please contact the Office  
of Legislative Affairs at [LegislativeAffairs@omb.eop.gov](mailto:LegislativeAffairs@omb.eop.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "Mick Mulvaney", with a stylized flourish at the end.

Mick Mulvaney  
Director

cc: The Honorable Trey Gowdy, Chairman  
Committee on Oversight and Government Reform



Testimony of

**Anthony M. Reardon**  
**National President**

**National Treasury Employees Union**

**House Committee on Oversight and Government Reform**

**“Workforce for the 21st Century:  
Analyzing the President’s Management Agenda”**

**May 16, 2018**

Chairman Gowdy, Ranking Member Cummings and members of the Committee, thank you for allowing NTEU to share its thoughts on the President's Management Agenda (PMA). As National President of NTEU, I represent federal employees across 32 agencies and I appreciate the opportunity to discuss this important issue.

In March, the Administration released the PMA, which was previewed in the President's Fiscal Year (FY) 2019 Budget Request and lays out specific steps the Administration plans to take, a timeline for doing so, and the official or agency responsible. While the PMA's stated goal is to effectively and efficiently achieve agency missions and improve service to America through enhanced alignment and strategic management of the federal workforce, the proposals to accomplish this goal are, in reality, an all-out assault on the pay, benefits, and rights of federal workers.

### **PAY AND PERFORMANCE MANAGEMENT**

The Administration claims that the federal personnel system is broken and proposes to align total compensation with competitive labor market practice. Their first step is to implement a pay freeze for all federal workers in 2019, and to slow the frequency of within grade step increases. Next, the Administration proposes a \$1 billion interagency workforce fund, \$700 million for the Department of Defense and \$300 million for the remainder of the federal workforce, to provide targeted pay incentives to reward and retain high performers and those with the most essential skills. This would be the first step in the Administration's stated goal to reform the pay system and move to a more performance-based pay system.

Unfortunately, the Administration is relying on flawed outside studies that fail to compare the complexity of federal jobs with the private sector, such as the federal government's own study from the Bureau of Labor Statistics (BLS) which uses data from the National Compensation Survey (NCS) to estimate how salaries vary by level of work from the occupational average, as well as data from the Occupational Employment Statistics (OES) to estimate average salaries by occupation in each locality pay area. This study compares actual job duties, not just job titles, which is important given the incredibly complex work federal employees are required to do. BLS then provides that information to the President's Pay Agent, who lists pay gaps in certain locality areas as well as a national average gap. Over the years, the Pay Agent has consistently reported gaps showing lower pay for federal employees, with the average pay disparity as of March 2017 at 31.86 percent. Instead, this Administration is relying on studies that only look at a comparison of education levels to determine that most federal workers are overpaid. As the BLS surveys and Pay Agent Reports show, this is inaccurate and by relying instead on these outside studies, the Administration is moving to reduce the pay and benefits provided to federal workers and will make the federal government less competitive with the private sector.

Meanwhile, the Administration will be denying federal workers who are performing their work on behalf of the American people a pay increase that is based on successful performance of their job duties, and by implementing a pay freeze will ensure that the federal government falls further behind the private sector. It is important to recognize that federal workers have already contributed over \$200 billion to deficit reduction through a three-year pay freeze, five years of

below-market pay increases (that were below what the current pay laws call for), unpaid furlough days, and increases (take-home pay reductions) to retirement benefits.

Furthermore, by solely targeting employees with the “most essential skills” for pay increases, NTEU fears that the federal government will focus on high demand skill sets—such as cybersecurity and technology jobs, but ignore critical jobs needed to make agencies work—such as budget analysts, human resources professionals, lawyers, law enforcement, and administrative staff, to name a few—risking an increase in the number of career federal employees who leave the government and take their institutional knowledge with them. A pay system that limits compensation to randomly-selected occupations will prohibit agencies from executing a whole-of-government approach to operations, will threaten agency performance, and will risk disparate treatment of its workforce.

## **BENEFITS**

### **Retirement**

For the second year in a row, the President is calling for a cut in federal employee retirement benefits by: (1) significantly increasing Federal Employee Retirement System (FERS) employee contributions by about 1 percentage point each year until they equal the agency contribution rate, translating to a take-home pay cut of approximately 6 and a half percent for most employees, (2) basing future Civil Service Retirement System (CSRS) and FERS benefits on the average of the high five years of salary instead of the current high three, (3) eliminating the FERS supplement which approximates the value of Social Security benefits for those who retire before age 62, (4) eliminating the annual cost of living adjustments (COLA) for the pensions of current and future FERS retirees, and (5) significantly reducing the COLA for the pensions of current CSRS retirees, and future CSRS retirees, by about 0.5 percent annually. In addition, this year the President added an additional change to his overall retirement proposal—reducing the G Fund interest rate under the Thrift Savings Plan (TSP), thereby lowering and essentially negating the value of this TSP option, and leaving near-retirement employees with no safe-harbor options.

The Administration claims that such changes are needed to compete with the private sector and provide portability as today’s workers switch jobs more often than those in the past. However, when looking at data from the most recent Office of Personnel Management’s (OPM) Federal Employee Benefits Survey, the availability of a retirement annuity has the largest self-reported impact on recruitment and retention. The highest scores were seen when participants were asked to rate the extent to which the availability of a retirement annuity through FERS or CSRS had influenced their decision to take a job with the Federal Government. The same was true when asked about the extent to which the benefit influences their decision to remain in a Federal job. As such, it is unclear how cutting federal retirement benefits will help the federal government compete with the private sector in recruiting and retaining talented employees. Further, the FERS system, was purposely designed to bring so-called full portability to the federal employee retirement system by providing federal workers with Social Security benefits, and a defined contribution pension (TSP), easing the ability for individuals to transfer back-and-forth between federal agencies and the private-sector.

To be clear, the overall goal of these changes is to make federal workers pay more for their retirement benefits while getting less, further contributing to the retirement insecurity of the nation. Studies show that 62% of working households age 55-64 have retirement savings less than one times their annual income, which is far below what they will need in retirement. And federal jobs are middle class jobs. It is important to not overlook that the average FERS monthly annuity is \$1,100. These middle-class workers can ill afford a six to seven percent pay cut or a retirement benefit that fails to keep up with inflation, and ultimately these changes will require them to work longer at agencies into their senior years.

### **Health Care**

In another effort to save money under the guise of improving the government's ability to recruit and retain skilled workers, the Administration is seeking to change the Federal Employees Health Benefits Program (FEHBP) by significantly modifying the government contribution rate by tying it to each health plan's individual performance rating. For many FEHBP enrollees, this will mean that the government's overall contribution rate will be lower than it is now, requiring enrollees to pay significantly higher premiums. If an individual chooses a health plan that is determined to be lower-performing by the Program Plan Performance Assessment overseen by OPM (19 selected metrics), they would be forced to pay significantly more out-of-pocket, with the government reducing its contribution by seven to ten percent.

The FEHBP is the federal government's employer sponsored healthcare program administered by OPM that covers close to 9 million federal employees, retirees, and their families. Enrollees can choose among many different types of plans, including HMOs, fee for service plans, and high deductible catastrophic plans. Under current law, enrollees pay on average 30% of the total premium cost, which is higher than the average 18% that private sector workers pay for their premiums for individual plans. The most recent OPM data from the Federal Employee Benefits Survey cites high levels of satisfaction with FEHBP, and directly demonstrates the important recruitment and retention role played by FEHBP—with 90% of respondents saying that the availability of FEHBP was extremely important/important, and over 71% responding that FEHBP was a key reason for taking a federal job, and more than 80% of respondents citing the health care program as a chief reason in staying with the government.

If the Administration really desires to be more competitive for skilled workers, NTEU suggests they lower the amount federal workers pay for their health insurance while still providing employees high quality care and meaningful choices to meet their individual healthcare needs. If the Administration's plan is approved, federal workers will be forced to move to cheaper plans that provide less coverage and fail to meet the health care needs of their families or drop coverage all together. This is especially true as health care premiums under the FEHBP have increased by 6-7 percent per year for the past three years, with increasing numbers of employees and retirees struggling to afford FEHBP premiums. The federal government should aim to be a model employer rather than risk the health and financial security of its employees.

### **Leave and Workplace Flexibilities**

The President also claims that federal employee sick and annual leave benefits are disproportionate to the private sector, and proposes converting the 10 paid federal holidays along with the earned sick and annual leave days to a general 'paid time off' model that would combine all leave into one paid time off category and reduce total leave days. The proposal also includes adding a short-term disability insurance policy to protect employees who experience a serious medical situation, which would require an employee contribution.

A robust paid leave program helps to attract top talent. For organizations that are in an arms race for talent, generous work-life balance benefits such as paid leave helps set an organization apart from others. Furthermore, not all employers can pay workers at the top of the pay scale. This is especially true for federal agencies, which offer lower salaries than private industry. For some workers, the right combination of pay and paid time-off can make a lower-paying job more attractive than a slightly better-paying job elsewhere. Paid leave programs also impact employee engagement because the benefit helps employees feel they're being supported by the employer. That engagement is expressed through hard work, which improves productivity. Further, many questions remain about how such a leave proposal would work for those covered by the Fair Labor Standards Act (FLSA) and alongside Family and Medical Leave Act (FMLA) benefits which typically work in tandem with sick leave.

Moreover, providing paid leave reduces employee turnover, a major cost to organizations. The cost to replace a worker in a midrange salary, for instance, is about 20 percent of their pay, according to a study from Center for American Progress. To propose such a change at the same time that federal agencies are curtailing telework makes no sense. OPM's own 2017 Federal Work Life Survey shows employee satisfaction with work schedule flexibilities is 80%, the highest out of all work-life programs assessed, which leads to improved morale (83%), increased performance (76%), intent to stay (76%), improved stress management (74%) and improved health (67%). Cutting back on these critical benefits, especially as private sector employers are providing more flexibilities, including parental leave, will only make the federal government's recruitment and retention efforts more difficult. Rather than reducing leave benefits, Congress needs to act on Representative Maloney's (D-NY) bill, H.R. 1022, and Senator Schatz's (D-HI) legislation to provide paid parental leave benefits to federal workers.

### **Workers' Compensation**

Recycling proposals from prior administrations, the President is looking to reduce federal employee workers' compensation benefits by providing a single injury rate of compensation limited to approximately 66% of the injured worker's pay, eliminating family benefits, removing injured workers from the program at retirement age, and establishing a waiting period before beneficiaries could begin to collect needed benefits.

For decades the federal workers' compensation program has been considered the benchmark for such programs across the country, providing a generous lifeline for civil servants who can no longer perform their duties because of on-the-job injuries. Cutting benefits for federal workers disabled on the job, is simply a budget-trimming move that could leave many injured civil servants and their families without enough to live on. Many federal positions, such as law enforcement and inspectors, are inherently high-risk occupations, and individuals willing

to serve in these jobs rely on the availability of workers' compensation. Such cuts remove the FECA supplement for dependents, which is especially significant for low-wage workers, and would essentially provide no relief to families, who will be driven into poverty by the reduction. Cutting benefits at retirement age is especially troubling. Like most states, the federal government currently provides permanent benefits for permanent injuries. This is necessary because employees who cannot work because of injuries do not experience normal wage growth, do not earn Social Security credit, cannot contribute to the Thrift Savings Plan, and may have little ability to save. Moreover, the employees in the Civil Service Retirement System this applies to are not even eligible for Social Security. The core premise around workers compensation is that you should be no better off and no worse off after the injury, but this proposal will make many people far worse off, particularly on the lower end of the wage scale.

#### **Public Service Loan Forgiveness Program**

The Administration has also proposed to eliminate the Public Service Loan Forgiveness program, a federal program that forgives federal student loans for borrowers who are employed full-time (more than 30 hours per week) in an eligible federal, state or local public service job or 501(c)(3) non-profit job who make 120 eligible on-time payments over ten years. Instead, the Administration proposes the creation of a single Income-Driven Repayment (IDR) plan, which according to the budget would "simplify" repayments.

The Public Service Loan Forgiveness program incentivizes people to work in the public sector where salaries are lower and the demand is greater. If people don't have a reason to take a lower-paying job, some experts worry that the gap between the rural and urban communities and other low-income areas will continue to increase. In addition, the federal government will lose its ability to attract lawyers and scientists who may want to join the civil service but can't afford to because of student debt. Nearly 750,000 borrowers have completed an employee certification form for the program, which has aided many individuals in recent years to be able to afford higher-education while choosing a career with a federal agency, which increasingly requires higher-level skills and education for available positions.

### **EMPLOYEE RIGHTS AND PROTECTIONS**

#### **Labor Relations**

One of the main goals of the PMA is to "rebalance" labor-management relations. According to the President's FY19 Budget Request, "Current employer-employee relations activities consume considerable management time and taxpayer resources, and may negatively impact efficiency, effectiveness, costs of operations, and employee accountability, and performance." Therefore, agency managers are encouraged to restore management prerogatives that have been ceded to federal labor unions.

Federal law clearly states that the right of employees to organize, bargain collectively, and participate through labor organizations in decisions which affect them safeguards the public interest and contributes to the effective conduct of public business. Front-line employees, who often are the workers who interact most directly with the public and who carry out the specific elements of an agency's mission, and their union representatives have ideas and information that are essential to improving the delivery of quality government services to the public. Further,

through the collective bargaining process and the use of pre-decisional involvement (PDI), employees, through their labor representatives, can have meaningful input resulting in better quality decision-making, more support for decisions, timelier implementation, and better results for the American people. According to OPM's 2014 Labor-Management Relations in the Executive Branch report, there are numerous instances where PDI has been successful and increased agency productivity as well as significantly increased employee satisfaction and morale. Congress should advance Representative Cummings' (D-MD) bill, H.R. 4878, and Senator Schatz's companion legislation to re-establish the Federal Labor Management Council, and to promote collaboration and partnership with labor organizations at the agency-level.

#### **Due Process Rights**

According to the President's FY19 Budget Request and the PMA, the use of private sector "norms" would be useful in addressing the "onerous" requirements to successfully remove an employee for misconduct or poor performance, given that only one in 200 employees is fired, and when they are, they have a variety of avenues to appeal and challenge actions. The Administration also notes that federal managers are reluctant to expend the energy necessary to go through the process of dismissing the worst performers and conduct violators. At the same time more than 99 percent of employees are rated as fully successful or higher in their evaluations.

What the Administration fails to realize is that if more than 99 percent of federal workers are listed as fully successful or higher in their evaluations, it means that the vast majority of federal workers are doing their jobs. If the numbers were significantly lower, the federal government would be completely unable to meet its missions. Forcing a distribution of ratings fails to recognize individual improvements and can demoralize employees on a high performing team.

Moreover, if managers are unwilling to appropriately evaluate and rate an employee or to take action to remove workers then the answer lies in more training for federal managers and supervisors, not eliminating due process or independent third-party review from entities with expertise in dealing with discriminatory, retaliatory, and biased employer activity. NTEU has long supported manager and supervisor training, including legislation that has been considered by this Committee. Undermining the ability for career, non-partisan civil servants to appeal adverse employment actions turns federal workers into political employees who are hired and fired based on personal loyalty oaths, not their ability to do a job and makes them unwilling and unable to come forward to disclose government waste, fraud, and abuse. A merit-based civil service that works for the people, and not expressly for one individual, is a cornerstone of our republic, and eliminating the ability of employees to challenge a removal, would threaten our government, and the public's confidence that employees' service is performed in the interest of our nation, and not for personal gain or interests.

#### **Conclusion**

Although the PMA's goal is to improve service delivery to the American people through strategic federal workforce management, the Administration's specific proposals to cut federal

employee rights, pay, and benefits will only serve to dismantle the federal non-partisan civil service and make it nearly impossible for the federal government to recruit and retain a skilled workforce. With agencies not able to compete with the private-sector on pay and salaries, retirement, health care, and leave are its chief recruitment and retention tools, and actively engaging in a race to the bottom in these areas will do great damage to the quality and skill of the federal workforce. I urge members of this Committee to reject these proposals and instead find ways to increase the federal government's ability to be an employer of choice. To undo the damage of no and small pay raises in recent years, Congress should act on legislation to provide a pay raise in 2019, amidst a vibrant economy, low unemployment, and private-sector companies providing healthy pay raises and bonuses to their workforces. NTEU is proud to support Representative Connolly's (D-VA) bill, H.R. 757, and Senator Schatz's (D-HI) legislation that would provide a three percent pay raise to federal employees. Furthermore, federal agencies need to invest in their employees by providing adequate training, and to work with their frontline employees, and their representatives, in a constructive manner, to improve agency operations and workplace conditions.

Thank you again for the opportunity to share my views with you today. I am happy to answer any questions.

**Questions for The Honorable Margaret Weichert**

Deputy Director for Management

Office of Management and Budget

**Questions from Chairman Mark Meadows**

Subcommittee on Government Operations

May 16, 2018 Hearing: "Workforce for the 21<sup>st</sup> Century: Analyzing the President's Management Agenda"

1. **Question:** As a key stakeholder, what will you do to meaningfully partner with this Committee on the task of modernizing the Federal workforce? How can this Committee be helpful in promoting reform?

**Answer:** I look forward to partnering with the House Committee on Oversight and Government Reform, and particularly with the Subcommittee on Government Operations on this topic. As outlined in the President's Management Agenda, we are focused on efforts in three specific areas:

- a) **Actively Manage the Workforce** – This priority is focused on employee engagement and performance management. Leveraging the Federal Employee Viewpoint Survey (FEVS) as a tool to identify areas of improvement, we seek to work proactively with Congress to better align current workforce operations with Merit System Principles and employee preferences. Two concrete examples of using the FEVS to identify areas for improvement include analyzing performance-based total compensation and exploring improvements that more efficiently and appropriately address underperforming employees or employees who abuse the public trust.
- b) **Develop Agile Operations** – This priority focuses on the ability to efficiently and effectively reskill and redeploy existing Federal employees to new roles or new agencies in response to changes in underlying work requirements. As automation offers opportunities for efficiency improvements, Government agencies may need to reskill and redeploy employees to more directly serve the mission or to provide a better service to recipients of government services.
- c) **Acquire Top Talent** – This priority focuses on simple and strategic hiring. We are analyzing end-to-end improvement opportunities around Federal employee hiring and on-boarding. These opportunities will require process improvement, technology investment, and possibly a few regulatory and hiring authorities to ensure that we are able to obtain the talent needed to support agency missions in the 21<sup>st</sup> Century with the appropriate technology capabilities and services. Specific areas of analysis include hiring authorities for technology, cyber, and data science employees. In addition, it may be

necessary to analyze the underlying GS framework as a whole to see if we can identify a more appropriate, and modernized governing framework for classifying talent in an agile, fast-paced market for talent.

The Federal Workforce Fund proposal is one very specific area where Congress can help structure the financial tools to better align taxpayer resources with the specific needs and priorities of the 21<sup>st</sup> Century workforce, by giving agencies greater flexibility to retain employees with the most critical skills, use more performance-based incentives to reward employees, and fund innovative programs to reskill and redeploy employees so they are prepared with 21<sup>st</sup> Century skills.

2. **Question:** What role does the Administration envision Congress playing in the Government reorganization?

**Answer:** As outlined above, the Administration believes that modernizing the frameworks that govern our Federal workforce will require close partnership between the Administration and Congress. A thoughtful analysis of the needs of our workforce and of our mission requirements may, for example, require updates to Executive Branch authorities to balance the Merit System Principles that underpin Federal employment law, and the mission, service, and stewardship expectations that the American people have for all branches of Government.

3. **Question:** The Merit Systems Protection Board recently submitted to this Committee a legislative package for its reauthorization, which lapsed in 2007.

- a) Before the Committee takes action to reauthorize the Board, do you have any observations concerning the role of the Board, its jurisdiction, processes or procedures?

**Answer:** The Board resolves appeals concerning discipline, whistleblower retaliation, veterans' rights in Federal employment, and other areas. The framers of the Civil Service Reform Act of 1978 (which created the Board) reasoned that it is better to have these sorts of disputes resolved administratively in the first instance. The Board also carries out empirical studies concerning the extent to which the Federal workforce is being managed in accordance with the Merit System Principles and is free of prohibited personnel practices such as discrimination and improper political activity by career civil servants.

The Board's jurisdiction and, to some extent, its procedures are governed by statute. The Board appears to be functioning as designed, although it currently lacks the quorum necessary to issue precedential decisions. In March, the President nominated two individuals to the Board, but the Senate has yet to act on those nominations. This unfortunate situation means that, for now, the Board is not able to make authoritative interpretations of recent laws, such as the streamlined discipline procedures at the Department of Veterans Affairs (VA).

- b) Do the appeal avenues available to Federal employees, including but not limited to the MSPB, need modernizing as well?

**Answer:** There are dispute-resolution avenues that are cumbersome and duplicative, especially in the area of “mixed cases,” i.e., cases involving an appealable adverse action coupled with a claim of discrimination that could benefit from modernization. We believe there are many modernization opportunities to explore, including addressing duplication to reduce administrative overhead and speed the overall process.

Changing the probationary period from one to two years across the Executive Branch could also modernize the appeals system. For example, two years ago, the probationary period for Department of Defense employees was changed from one year to two. This change, which would mean that a new appointee would not gain formal statutory appeal rights for two years, would give agencies much-needed time to fully evaluate whether the employee should be retained and reduce the overall appellate burden.

The efficiency of the Board’s operations would also be enhanced if it were granted summary judgment authority, which allows resolution of an appeal without an evidentiary hearing when there are no material facts in dispute. Under current law, the Board must sometimes hold a hearing even when the outcome is foregone under the undisputed facts. Giving the Board summary judgment authority would save agencies the cost of fully litigating some disputes.

The Administration has also taken action to improve the grievance and arbitration procedures, which historically have dissuaded managers from taking action to address underperforming employees. In M-17-22, agencies were ordered to streamline their procedures and provide more support for managers to undertake these actions. Recent Executive Orders take this further, instructing agencies to no longer subject certain disputes about the assignment of ratings of record or the award of incentive pay to grievance procedures or binding arbitration. These efforts should narrow the category of claims appealed to external arbitrators.

**Questions for the Honorable Jeff T.H. Pon**  
 Director  
 Office of Personnel Management

House of Representatives Committee on Oversight and Government Reform

May 16, 2018 Hearing: “Workforce for the 21<sup>st</sup> Century: Analyzing the President’s Management Agenda”

---

**Questions from Subcommittee Government Operations Chairman Mark Meadows**

**1. As a key stakeholder, what will you do to meaningfully partner with this Committee on the task of modernizing the federal workforce? How can this Committee be helpful in promoting reform?**

**Response:** OPM is taking a fresh look at modernizing the Federal workforce, and while there are actions we will be able to take on our own – through, for example, the President’s authority to issue executive orders, or authorities statutorily given to the Director of the Office of Personnel Management (OPM) – we very much welcome Congress’s participation in reshaping our system and recognize the strong tools Congress has available to lead in these efforts. We must address the rules governing hiring, developing, and fostering talent, as well as reviewing the total compensation package, which have not been comprehensively addressed in 40 years. Our goal must be to see what is, and what is not, attractive to a person entering service in the Federal Government tomorrow and for the next 40 years. As we undertake this review, we will engage Congress in identifying the right path forward to meet the needs of America’s civil servants. The infrastructure and technology in place is also not meeting the expectations of today’s civil service, and we must take steps to advance the systems our Federal Government is using to serve our workforce and the American taxpayer. Together, we can advance the merits of these ideas, which I am optimistic will be received with strong bipartisan support.

**2. The Merit Systems Protection Board recently submitted to this Committee a legislative package for its reauthorization, which lapsed in 2007.**

**a. Before the Committee takes action to reauthorize the Board, do you have any observations concerning the role of the Board, its jurisdiction, processes, or procedures?**

**Response:** One of OPM’s primary responsibilities is to make sure that Federal human resources programs and human capital management systems are effective, consistent with merit system principles, and adhere to civil service laws and regulations. The Merit Systems Protection Board (MSPB) complements OPM’s oversight responsibilities by protecting the Federal merit system against practices that violate civil service laws. MSPB helps safeguard the merit system by serving as an independent third party to adjudicate employee appeals of matters under its jurisdiction and to conduct independent studies of the Federal merit systems and, more recently, hearing matters arising under the Uniformed Services Employment and Reemployment Rights Act of 1994. It will be a welcomed step for the Senate to confirm the President’s nominees to the

MSPB, which will allow for important decisions to be made, especially regarding the Department of Veteran Affairs' new statutory authority for streamlined dismissal.

**b. Do the appeal avenues available to federal employees, including but not limited to the MSPB, need modernizing as well?**

**Response:** Yes, appeal avenues available to Federal employees need modernizing. The existing appeal avenues are numerous and complex. This can be very confusing to many people. For example, if an agency takes an action against an employee for unacceptable performance or misconduct, an employee may have a choice of appeal options available depending on the action, and the employee's status, and whether the actions can be decided through the negotiated grievance-arbitration process. These processes can take extended periods of time to resolve, which can be disruptive for all parties involved. Reviewing and possibly eliminating some of these avenues in order to simplify the process for those employees with nonfrivolous complaints, as well as curb forum shopping, is recommended for consideration. It would also be helpful to review MSPB's operations and seek opportunities to streamline already existing tools. Additionally, although the existing appeal avenues are numerous and complex, current law does not provide for a single approach in reviewing actions. For example, some actions must be arbitrated, while others can be reviewed only by the MSPB and the Equal Employment Opportunity Commission. Therefore, while reviewing these avenues for unnecessary overlap to help streamline this process, review of the process should also consider the various unique approaches that are required and weigh necessary improvements. Further, the House of Representatives passed H.R. 4182, the Ensuring a Qualified Civil Service Act of 2017, which would extend the probationary periods for appointments of employees in the competitive service to two years and would require affirmative certifications that a probationary employee should be retained. This legislation would give agencies the ability to make a more informed assessment of their employees, and I was happy to see its passage in the House of Representatives. I encourage a similar outcome in the Senate.

**3. In 2016, OPM announced it would change several of the questions asked on the annual Federal Employee Viewpoint Survey.**

**a. How have you adjusted the survey?**

**Response:** The Federal Employee Viewpoint Survey (FEVS) serves as an important tool used by agencies and OPM to evaluate human capital practices and policies. Results are consulted to determine how best to achieve human capital goals in the support of effective Federal agencies. Numerous agencies use the FEVS as a key diagnostic instrument to assess workplace strengths and challenges, and to identify actions for introducing strategic change. However, the FEVS was developed nearly two decades ago and, during that time, the science behind employee surveys like the FEVS has matured. Federal workplaces, and the policies and practices that inform them, have evolved similarly. With over half of the survey in regulation<sup>1</sup>, possible improvements to the FEVS were fully pursued when the revised 250 regulation became effective in April 2017. Improvements have been introduced with the intent to capitalize on the advances made in research and to respond to changing 21st century workplaces.

---

<sup>1</sup> See, 5 CFR 250 Subpart C.

During 2016 and 2017, OPM carefully reviewed contemporary survey and organizational development studies to identify advances in science. OPM also polled stakeholders, including Chief Human Capital Officers, consultancies, and others to understand the needs of Federal decision-makers. A detailed item-by-item analysis was conducted and results of analytic techniques were reviewed for their potential to address limitations and build on strengths of the current FEVS.

Through such careful and systematic study, OPM identified improvements that could and should be made to elicit the highest quality data. OPM identified techniques (e.g., reformulation of items to clarify referent and improve data reliability), and a range of performance-related measures (e.g., resilience, customer service, and performance confidence) that should be applied to the FEVS to meet OPM's improvement goals.

Two pilot instruments were constructed, each with a different purpose. The intent of the first pilot (Pilot 1) was to improve upon the psychometric properties of the questions in the FEVS. The intent of the second pilot (Pilot 2) was to introduce new items for potential future use in the FEVS. Upon completion of the FEVS, respondents were randomly sampled for participation in one of the two pilot instrument surveys. Data analysis for both pilot surveys is ongoing and will result in an evaluative report later this year.

The first pilot instrument (Pilot 1) was guided primarily by a desire to improve the psychometric properties of the FEVS and was guided by a reliability and validity analysis of each of the survey items. Although the instrument remains faithful to the original FEVS, improvements were made to key definitions (e.g., senior leader), to poorly constructed items (e.g., correction of confusing/vague terminology, revision of items encompassing two or more questions) and to frames of reference (e.g., "organization" to "I, the employee") to name a few, all with an eye toward more accurate measurement of the items on the FEVS.

The purpose of the second pilot instrument (Pilot 2) was to test new items for future inclusion in the FEVS. New items to assess contemporary topics related to organizational performance were added and include such constructs as adaptability, responsiveness, and performance confidence. Topics were selected based upon alignment with current strategic priorities and through feedback from relevant stakeholders across Government.

FEVS data are used extensively by OPM to assess key initiatives and programs, including the Human Capital Framework. Both pilots were developed with an appreciation of the need to provide rigorous assessment of these initiatives, with an eye toward continuous improvement.

In sum, while we have two pilot initiatives currently in the data collection stage, we will not be adjusting the primary FEVS until we have analyzed the outcomes of the two pilot tests. Before we make adjustments to the primary FEVS, we will communicate with stakeholders and other interested parties in order to understand and address any concerns they may have about the possible adjustments.

**b. What steps have you taken to mitigate concerns relating to comparing data from the new survey with past results?**

**Response:** The Pilot 1 survey was developed with limited changes for the precise purpose of achieving a "bridge" to allow for trending as we move systematically and judiciously toward

future FEVS improvements. A core consideration in our planning has been to introduce any new or improved future FEVS with every effort expended to support year-to-year comparison, especially on key indices. Once analyses are accomplished, results will be reviewed and cross-comparisons made to assess whether trends can be supported for individual items as well as indices. Items for key indices (Employee Engagement Index, Global Satisfaction) have been used in both pilots to support year-to-year and cross-organizational comparisons on these important assessment topics.

- c. **How many employees received the new pilot survey that went out in May? What analysis do you plan to conduct to see if the adjusted surveys should be expanded to all federal employees?**

**Response:** The 2018 FEVS is being administered as a census (over 1.5 million employees have received a survey). Each employee who submits the survey is subsequently invited to participate in one of the two pilots during the following week. This design allows OPM analysts to better control for effects of respondent characteristics. That is, the design provides substantial control and additional confidence that any changes we see relate to survey revisions rather than occur as a result of the varying experiences and perceptions of different respondents.

Participation in the pilot study has been excellent and exceeded our expectations, reflecting the ongoing interest in an improved FEVS as expressed by many employees and leadership. The survey period concluded on June 21, 2018. As of that date, a total of 63,331 employees have completed the Pilot 1 survey (the bridge) and 62,637 completed Pilot 2. Final counts will be available once the full data file of completes and incompletes are assessed.

OPM plans a comprehensive program of analysis to assess both pilots, as well as leverage pilot data to continue evaluation of the current FEVS (e.g., predictive validity). Highlights from the plan are bulleted here.

- **Assess representativeness of respondents.** FEVS data are intended to provide insights into Federal employee experiences in the workplace. Initial steps will include assessment of the representativeness of survey respondents through comparison of responses to demographics (e.g., gender, race/ethnicity, and agency tenure) with employee characteristics available to OPM through agency human resources data. Pilot respondent characteristics similarly will be compared with FEVS respondents to identify any differences in respondent employees. Characteristics of non-respondents will also be examined to identify any differences and guard against the possibility of bias in the data.
- **Improve the quality and utility of data available to agency leadership, OPM program directors, and other decision-makers.** A limitation of the current FEVS is the prevalence of items with more than one question imbedded (i.e., double-barreled) and ambiguously worded items. These practices create difficulties for employees to respond meaningfully, and they complicate interpretation of results. Such limitations ultimately threaten the survey reliability (whether the instrument will produce the same results from the same person in the same setting over time) and validity (whether the survey measures what it is meant to measure) and challenge the overall quality and utility of results. Item analysis will be conducted including examination of variability in responses, missing data, prevalence of neutral responses, and so on. Comparative analysis of the current

FEVS instrument and pilot will be conducted to ascertain whether changes in response patterns occur as a result of revisions made to clarify definitions and items. Our hypotheses are that there will be a possible reduction in missing data (skipped items) and in the tendency to respond with ambiguous responses (e.g., neither disagree nor agree) and improvements in the internal consistency of indices.

- **Assess Indices and Dimensions.** In academic studies, instruments like the FEVS are termed climate surveys. Organizational climate, by definition, is a multi-dimensional construct and results allow decision-makers to assess how employees jointly experience the policies, practices, and procedures of their organizations. As opposed to other employee surveys, climate instruments focus on organizational practices within leadership's capacity to act on and improve. Questions are arranged around specific dimensions, or topics, and these provide insights into key aspects of the organization. Instead of simply diagnosing a problem, climate surveys identify specific policies that may underlie those problems. Results provide a key development tool for organizational leadership.

Climate surveys developed during the period of FEVS development were challenged by limitations that can influence the quality and utility of data. Further, as workplaces have evolved, additional dimensions have been identified as important to the success of agencies and added to climate surveys in the research (e.g., customer service, innovation, and adaptability/resilience). Advances in climate surveys have been leveraged in the creation of the pilot surveys. By modernizing the FEVS, and improving the integrity and quantity of dimensions, OPM will provide management with access to results that indicate whether policies and practices are perceived coherently and similarly across employees. Planned analysis will confirm the number and integrity of hypothesized dimensions (e.g., factor analysis and internal consistency analysis).

- **Predictive value.** An extensive body of studies has consistently demonstrated a link between climate and outcomes related to organizational effectiveness. How employees experience workplace policies, practices, and procedures has been shown to shape employee engagement, satisfaction, motivation, commitment, and turnover. These variables, in turn, influence agency performance and effectiveness. Analysis will include correlation, regression, and modeling techniques to assess the relationship and predictive capacity of dimensions on performance related indices (e.g., performance confidence, global satisfaction, and state of engagement).

**4. Earlier this year, the Department of Veterans Affairs announced it would cease offering the Federal Employee Viewpoint Survey to its employees. Instead, it would pilot its own survey.**

- a. What impact will the VA's approach have on OPM's ability to observe government-wide trends?**

**Response:** It is our understanding that the Department of Veterans Affairs (VA) survey is not a pilot, but rather a survey similar to the FEVS that has been administered over the years and concurrent with the FEVS. Discussions with VA indicate that the decision to withdraw participation in the 2018 FEVS stemmed from concerns that two large annual surveys place

undue burden on employees, resulting in survey fatigue and lower response rates for both surveys. VA also expressed concern regarding the burden and time demands imposed on decision-makers to digest results from both surveys and determine appropriate actions on sometimes competing feedback.

In terms of Government-wide trends, large agencies such as VA do tend to have a strong influence on year-to-year observations. Given that VA scores have been historically low on the Employee Engagement Index (EEI), for example, we would expect to see Government-wide scores increase. OPM's published reports will maintain complete transparency and describe any influence that the exclusion of VA data has on reported results.

**b. Will the Veterans Affairs Department's results be incorporated into OPM's Employee Engagement Index?**

It will not be possible to incorporate EEI data collected from VA's survey into the FEVS database and consequent assessments of FEVS EEI. There are numerous variables that have an influence on survey results, including timing of the survey administration, procedures followed during administration, ordering of items, and the context created by survey content, to name a few. Given the different procedures and conditions under which VA EEI data are collected, comparisons would be "apples to oranges". As a consequence, OPM cannot co-mingle FEVS and VA data in a way that will maintain the integrity of our results.

Further, accepting VA's data would place OPM on a "slippery slope" that would threaten the future of the FEVS and the utility of results. Like VA, multiple agencies developed employee surveys to administer on alternate years during the decade when OPM administered the FEVS biennially. To accept VA's EEI scores would open the door to accepting other agency data and would jeopardize the considerable value, comparability, and benefits that Federal leadership enjoys through access to a Government-wide dataset built from employee responses to common measures.

**c. How does the VA's decision affect your ability to measure your progress related to the President's Management Agenda?**

Measuring success in achieving the goals of the President's Management Agenda (PMA) will require an analysis of multiple metrics. While the FEVS is one of the metrics that may be used in measuring success in realizing the PMA, we will also look at other sources, including agency-specific measurement tools.

**5. What are your specific concerns underlying current hiring rules and what specific changes are necessary to address them?**

**Response:** The current hiring procedures for the competitive service do not provide for the kind of dexterity and flexibility common to the private sector. Further, the current system is tied to career longevity when many workers are looking to provide results-based solutions in positions that allow them to take their skills to multiple forums. In order to attract diverse, new talent into the Federal workforce, we need to provide opportunities for individuals to join Federal service, develop their skills, share their talent, and move on, fully compensated and rewarded, once projects are completed. Presently, agencies find it challenging to quickly hire desired talent because the private sector can move with greater speed in making job offers to their candidates.

Delays may arise due to important statutory and regulatory responsibilities in support of making merit-based appointments. These responsibilities are noble and should be preserved. However, we must eliminate delays when the fulfillment of such requirements is not the reason for the time needed to fill positions.

Going forward, it will be necessary to assert this flexibility in the Federal hiring structure. Agencies themselves are best situated to understand their own mission and their workforce, and they need the ability to hire highly qualified talent quickly. Providing agencies with needed flexibilities, including the ability to make direct hires for critical shortage positions in a manner consistent with merit-systems principles and veterans' preference, must be a top priority for this Administration and Congress. Further, honoring these workers with a fair pay and benefits package that aligns with the demands of their geographic location and the compensation offered for their desired skills in the employment market will allow us to reshape the Federal workforce into one that more accurately reflects the needs of the American public.

**6. The President's Management Agenda stresses the need to improve the federal government's ability to differentiate applicants' qualifications, competencies, and experience. What does the Administration propose to improve the government's ability to assess applicants?**

The Administration is working on a number of initiatives to help agencies use better assessments to differentiate applicants' qualifications, competencies, and experience. OPM has developed the *Guide to Better Occupational Questionnaires (the Guide)* to assist Federal human resources professionals who are responsible for developing tools used to evaluate applications. The *Guide* will provide instruction for developing appropriate, job-related occupational questionnaires that can be used to assess the qualifications of applicants seeking Federal employment. Using high-quality assessment tools to evaluate job applicants is essential for filling critical vacancies with qualified and productive employees. OPM will also provide briefings to remind agencies about the *Guide* and how to use the *Guide* to improve the way they use occupational questionnaires.

In addition, OPM is seeking to update and modernize its Assessment Decision Tool, which is an automated system designed to help Federal agencies evaluate and improve their hiring processes to ensure the Federal Government has an effective civilian workforce. This automated tool is a companion to OPM's *Assessment Decision Guide*, which also aids agencies with designing effective assessment strategies to fill critical vacancies. Well-developed assessment tools allow agencies to specifically target the qualifications/competencies they seek and then helps them to match the right applicants to the jobs for which they are well suited.

Further, OPM has developed and rolled out a comprehensive training curriculum designed to help equip human resources professionals with essential skills and knowledge to effectively support the hiring process, including applicant assessment. This new curriculum is available through OPM's Federal Human Resources Institute, and was developed in consultation with OPM's professional subject matter experts to ensure the content is accurate, robust, and focused on critical competencies and technical knowledge requirements.

**7. What are the biggest performance management challenges you see amongst the federal workforce? Does fear of union grievances or appeals play a role? What specific changes are necessary to address the challenges you see? Is congressional action required to achieve necessary change?**

**Response:** Managing employee performance is one of the most important roles of Federal supervisors and managers. From the OPM perspective, there are various reasons why supervisors may not be executing their performance management responsibilities effectively, and these are also reflected in studies of the MSPB and the Government Accountability Office (GAO).

These reasons can include the lack of competency or appropriate training of supervisors; the perception by supervisors that any actions will not be supported by higher level management, human resources, or agency legal counsel; fear of grievances or litigation; or concern that it will take too long or too much effort to address a performance issue.

The President has recognized the challenges agencies face when addressing performance management issues. This is one reason he issued three executive orders recently with the goal of making the Government more efficient and effective in serving the American taxpayer. Notably, one executive order promotes accountability by allowing more direct accountability for chronically poor performing employees. This executive order makes procedural changes to strengthen the merit system and streamlines the removal of poor performers.

These recent executive orders are an important first step. I want to work with Congress in modernizing various aspects of our current civil service system, such as strengthening the tools available to managers to better promote employee accountability consistent with merit system principles.

**8. What would a performance-based system look like in the federal government? Are there agency-specific systems that should be considered as models? Does OPM anticipate conducting additional pilot of demonstration projects that focus on pay for performance?**

An effective performance-based pay system must be underpinned by an effective performance management system that emphasizes frequent and real-time feedback, reflects a growth and development-focused mindset, encourages contribution, and is applied with rigor so distinctions in level of performance and contribution can be determined.

Over the years, there have been a number of demonstration projects that included performance-based pay systems. Most of these systems continue in operation today, and several have been converted to permanent alternate personnel systems by act of Congress, including systems within the Department of the Navy, the National Institutes of Standards and Technology, and the Department of Commerce.

While there are differences among the performance-based pay systems established under the various demonstration projects, they have certain common features: grouping of grades into broader pay bands and use of pay pools to distribute performance-based pay increases. Typically, the distribution of performance ratings affected the size of the pay increases for the various performance levels.

We believe there has been sufficient testing of performance-based pay concepts via demonstration projects. OPM is focused on developing possible reforms that could allow all agencies to move out of the rigid General Schedule to performance-based pay systems that are more occupation, work role, and/or skill specific, are more market sensitive on a geographic basis, and provide for salary adjustments that are driven by performance and labor market realities rather than longevity.

**9. Agencies already have access to various types of authorities and flexibilities to address different human capital challenges, such as special pay rates and recruitment incentives to attract individuals with critical skills. However, agencies are often unaware of these flexibilities, or they complain the bureaucratic approval process, which may include OPM's approval, is too complex and lengthy.**

- a. What is OPM doing to address this problem?**
- b. To what extent has OPM informed agencies of the availability of these authorities?**
- c. What opportunities exist to simplify the process for approval of these authorities, either at the agency level or when they are received at OPM?**
- d. What steps are being taken to better utilize them as part of a reform effort?**

**Response:** OPM is committed to assisting agencies on the use of pay flexibilities to address critical workforce challenges. Flexibilities such as special rates, critical position pay, recruitment and relocation incentives, retention incentives, and student loan repayments provide agencies considerable authority to grant additional compensation in support of their employee recruitment and retention efforts. Our goal is to encourage, rather than discourage, agency use of these compensation tools to provide immediate solutions to staffing difficulties, and avoid the need for independent and, at times, redundant statutory authorities.

To that end, we have made extensive information available to agencies regarding compensation flexibilities. For example—

- The fact sheet “[Pay and Leave Flexibilities for Recruitment and Retention](#)” provides a summary of the major pay flexibilities with links to more detailed guidance and tools for each flexibility.
- We developed an interactive [online course](#) that provides a comprehensive overview of pay and leave flexibilities for Federal supervisors, hiring managers, and human resources practitioners. The course illustrates the range of pay and leave flexibilities available to agencies across all occupations to address their critical employee recruitment and retention needs, coverage and approval requirements for the flexibilities, examples of their use, and resources for additional information.
- We also provide guidance tailored to specific workforce needs, such as the handbook “[Compensation Flexibilities to Recruit and Retain Cybersecurity Professionals](#),” which provides checklists for, and examples of, compensation flexibilities in the Federal Government that can be used to recruit and retain civilian cybersecurity professionals. This guide is intended as a work aid for managers, supervisors, and human resources staff.

While some issues that prevent agencies from using pay flexibilities, such as available funding, are outside of our control, we are exploring ways in which we can make these tools easier to use and more effective. For example, we have made it easier for agencies to request waivers of the normal recruitment, relocation, and retention incentive payment limits by providing agencies with a streamlined fillable waiver template that helps ensure agencies include all of the required information and facilitate the request and approval process. (See <https://chcoc.gov/content/new-recruitment-relocation-and-retention-incentive-waiver-request-templates-and-updated>.) We are also working with the Chief Human Capital Officers (CHCO) Council to determine the changes that may be needed to improve the effectiveness of existing pay flexibilities and develop guidance or tools that the CHCO Council identifies would improve their use of the pay flexibilities.

Finally, OPM is exploring legislative and regulatory improvements that may assist agencies in using pay flexibilities to address recruitment and retention difficulties. We are identifying ways in which our compensation system should be modernized and enhanced to deliver market-sensitive pay that recognizes occupational differences and rewards high performing employees. This may include enhancements to the current system or establishing new flexibilities to recruit, retain, and reskill employees.

**10. The President's Management Agenda states it is extremely difficult to shift employees across jobs and agencies to match skillsets with need in a responsive manner. What can be done to make this process easier for both General Schedule and Senior Executive Service employees?**

**Response:** In terms of Senior Executive Service (SES) mobility across agencies and jobs, currently, there are requirements for agencies with 20 or more SES positions to establish programs that increase the number of SES members who are rotating to improve talent development, mission delivery and collaboration. While agency specific targets are not required, there is a Government-wide goal of 15 percent of SES members rotating for a minimum of 120 days (including to different departments, agencies, subcomponents, functional areas, sectors, and non-Federal partners) during FY 2017, and thereafter, in order to ensure the mobility of the corps while also maintaining stability of operations. Early in FY 2018, agencies were asked to provide OPM their FY 2017 rotations data, the results of which indicate the Government exceeded the 15 percent goal. Approximately 20 percent of the SES members (from agencies with 20 or more SES positions) were on a rotation of at least 120 days in FY 2017.

OPM recently launched an online portal that lists rotational assignments, including reassignment opportunities, for the SES. Ultimately, rotations are beneficial because they enable individuals to broaden their perspectives and networks, become more effective leaders, and help their organizations better meet their mission needs.

With respect to the General Schedule, agencies are authorized to reassign and transfer employees within and across agencies to match skill sets as needed. Employee reassignments within agencies can generally be exercised in a streamlined manner subject to internal agency policy and bargaining agreements. Transferring employees across agencies is also a generally straightforward process, though the process is subject to requirements of a Presidential

Memorandum that requires agencies to consider surplus and displaced employees who lost their jobs through no fault of their own. For the past few years, there haven't been significant downsizing activities so transferring employees across agencies should not be onerous.

**11. Human capital management has been a Government Accountability Office (GAO) high risk area since 2001, and GAO has made dozens of recommendations to OPM over the last four years alone aimed at strengthening OPM's ability to lead and manage the federal workforce. As of March 2018, 16 recommendations considered priority areas remained open and include such actions as helping agencies address mission-critical skills gaps. What is OPM doing to address outstanding GAO recommendations?**

**Response:** OPM has continued to make solid progress in addressing GAO recommendations, specifically with respect to the eight GAO priority recommendations focused on human capital. For instance, in partnership with the CHCO Council, OPM has led the way for agencies to identify and develop strategies for closing skills gaps at the Government-wide level as well as agency-specific skills gaps. This included developing a multi-factor risk assessment model that helps agencies identify priorities for skills gaps closure, a root cause analysis, and action plan templates that agencies use to track progress on closing skills gaps. OPM has also been working with agency partners to improve the effective use of pay flexibilities and hiring authorities, as well as improving and simplifying the hiring process and effectiveness of the position classification system. More broadly, OPM is taking a fresh look at the Federal personnel system to identify opportunities for modernization that may be achieved through statutory change or administrative action, and many of these enhancements will be helpful in addressing some of the core challenges and issues raised in the GAO recommendations.

We have also made progress with respect to the six GAO priority recommendations focused on cybersecurity. For example, we developed and implemented oversight procedures for system tests of contractor-operated systems. In addition, we are migrating security plans to an automated system to improve the management of security controls. We are also reviewing and updating enforcement and oversight procedures for employees and contractors with significant security responsibilities, including personnel using tools supporting Continuous Diagnostics and Mitigation. We established metrics for timelines in our risk management processes to support timely closure and are in the process of establishing a baseline for measuring performance of those processes. Lastly, we developed additional standards for evaluating technical-controls testing and incorporated these standards into our oversight of security assessments.

Finally, we are also making progress with respect to the two GAO priority recommendations focused on improving the quality and availability of Enterprise Human Resource Integration (EHRI) payroll data. For example, we are standardizing payroll data elements by engaging with the payroll subject matter experts through the shared service provider. We will be issuing data standards by end of FY 2018 that include payroll data standards. We are also evaluating potential follow-up activities with shared service centers and agencies regarding data standard issues identified with the payroll data they submit to EHRI. We are also evaluating the feasibility of incorporating automated methods to validate agency data, to the extent possible.

**12. In the past, GAO has faced challenges in obtaining access to OPM's Enterprise Human Resources Integration workforce database, although more recently, access has improved.**

**a. What is OPM's position on GAO's access to OPM's government-wide workforce data?**

**Response:** Issues pertaining to GAO's access to OPM's EHRI data, which included concerns about GAO's lack of a FISMA High (security) IT environment, have been resolved. In January 2018, GAO informed OPM that it had completed the transition to a High environment, thus making it acceptable for GAO to store sensitive EHRI records onsite. In the interim, OPM had worked closely with GAO to provide secure data access at OPM headquarters by providing laptops, file access, and PIV authentication for selected GAO employees. This was done to ensure that GAO could conduct its work as needed, while also ensuring that sensitive workforce information was adequately protected. Since the transition, GAO and OPM have been working together very closely, and file transfers in support of engagements are now taking place on a regular basis with very little lag time. In fact, for most requests, OPM has provided files to GAO in less than a week after receiving the request, and the working relationship between GAO's Strategic Issues team and OPM's Office of Strategy and Innovation is very strong.

**b. What efforts will OPM take going forward to ensure GAO?**

**Response:** OPM is in regular communication with GAO regarding GAO's ongoing need to access EHRI records in support of its engagements. To ensure smooth interactions between agencies, OPM informed GAO of a more direct way to receive assistance. Simply put, the Director of GAO's Strategic Issues sends an email to OPM's Manager of the Data Analysis Group, as well as the Director of Internal Oversight and Compliance, and the requests are handled immediately. GAO requests have been given a high priority by OPM, and the rapid turnaround time reflects this. OPM does not expect any issues going forward.

**Questions for the Honorable Jeff T.H. Pon**  
 Director  
 Office of Personnel Management

House of Representatives Committee on Oversight and Government Reform

May 16, 2018 Hearing: “Workforce for the 21<sup>st</sup> Century: Analyzing the President’s Management Agenda”

---

**Questions from Committee on Oversight and Government Reform Ranking Member  
 Elijah E. Cummings**

**1. I would like to give you an opportunity to correct the record. Is there anything in your answers to questions posed to you at the hearing that you would like to correct?**

**Response:** I appreciate the opportunity to clarify my testimony. When I stated that I do not know of any other retirement system that pays for cost-of-living adjustments (COLAs) for annuitants, I should have specified that I do not know of any widespread practice in private sector retirement systems that pays for COLAs for private sector annuitants. I am aware that various governmental programs, such as Social Security, provide for COLAs. Further, when I referenced Federal employees receiving COLAs, I should have made clear that I was referring to various automatic, or virtually automatic, pay increases received by employees in the General Schedule (GS) pay system, which covers the vast majority of Federal employees. All GS employees receive across-the-board and/or locality pay increases without regard to their performance. Within-grade increases based on longevity and on the achievement of a satisfactory performance rating are also available to all GS employees. This allows even average performers to progress to the top of their salary range. In contrast, in the private sector, pay for average performers generally does not rise above the salary range midpoint (or other labor market-based control point).

When I stated that it’s not up to the Federal Government to determine where annuitants move in retirement or pay for where they live, I was attempting to point out that, while it may be appropriate to provide some amount of periodic salary adjustments to active employees (to keep pace with the labor market, which generally correlates to cost-of-living), an employer should not have the responsibility to adjust annuities for former employees. The point is that retirees have some control over their living costs—for example, in their choice as to where they live. I did not intend to suggest that Federal employees were receiving location-based COLAs under the current retirement system. I was trying to point out why COLAs for retirees may not be justified. I note that, since employees under the Federal Employees Retirement System annually receive a COLA with respect to their Social Security benefit, there is some level of protection. Most private employers do not feel a need to provide additional adjustments in employer-provided retirement benefits.

**2. I would like to follow up on your response to my question regarding one of the most egregious of the President's proposals to slash \$50 billion worth of Cost-of-Living Adjustments (COLAs) from current retirees and their survivors to help pay for the \$1.5 trillion tax cut Republicans gave to wealthy Americans and corporations. As you may recall, I asked:**

**"So, you want to take from those who can least afford it and give it to the richest among us. How is that fair?"**

**You responded by stating:**

**"Sir, respectfully, I think our retirement system is a bit out of whack. And the reason why I say that is I don't know of any other retirement systems that actually pays for COLAs for annuitants. We're talking about annuitants, not federal workers. When Federal workers actually get COLAs, it's part of the factor in their salaries. And, when they become annuitants, it's not up to the federal government, for us to determine where they move in retirement and paying for where they live."**

**I believe your response was factually inaccurate. Do you agree? Please explain your answer.**

**Response:** Please see the above answer provided in response to your first question.

**3. COLAs under the CSRS or FERS system are based solely on the national rate of inflation (Consumer Price Index) calculated by the Department of Labor. COLAs for federal retirees do not vary based on where annuitants live.**

**Do you agree that the administration's proposal to eliminate COLAs for federal retirees would negatively affect all federal retirees equally, regardless of where they live? Please explain your answer.**

**Response:** The impact of the Administration's recent retirement proposals will not affect all Federal employees equally, as some retirees may be impacted differently based on their unique, individual circumstances. The Administration's retirement proposals were put forward in light of the ongoing evolution of the employee retirement landscape as private companies are providing less compensation in the form of retirement benefits. The proposed shift away from COLAs for retirees is part of that evolution.



## PARTNERSHIP FOR PUBLIC SERVICE

OURPUBLICSERVICE.ORG

1100 New York Ave NW Suite 200 East Washington DC 20005

### PARTNERSHIP RESPONSES TO QUESTIONS FOR THE RECORD FROM CHAIRMAN MARK MEADOWS

---

1. In 2016, OPM announced it would change several of the questions asked on the annual Federal Employee Viewpoint Survey. Do you believe appropriate steps have been taken to mitigate concerns relating to comparing data from the new survey with past results?

The Partnership has no reason to doubt, based on our current understanding, that OPM is taking appropriate steps founded on well-established methodological practices to ensure the quality and comparability of FEVS data. However, we do not have visibility into the process of reworking the survey instrument so cannot say whether future changes to the survey will effectively mitigate concerns relating to comparing past and future survey data.

It is worth noting that, while OPM did not make changes to the 2017 survey and only added five questions to the 2018 survey, we anticipate that significant changes are coming. OPM is currently in the process of piloting a revised survey that will go out to every federal employee who receives the FEVS. One goal of the pilot is to determine whether a revised survey with reframed questions will provide data comparable to the current FEVS, but we do not know what OPM considers to be an acceptable range of comparability. To date, OPM has not shared this revised survey with the Partnership.

One step that OPM can take now to mitigate comparability concerns is to aggressively and transparently communicate coming changes to the survey to agency leadership, employees and external stakeholders. This communication will be key: in 2017, just 37.1 percent of employees responded positively to the question, "I believe the results of this survey will be used to make my agency a better place to work." Significant changes to the survey, including a shorter instrument or the removal of important questions relating to satisfaction with supervisors or leadership, could create an impression among employees that their agency is not looking for real feedback. Agency leaders should also know if their data will change as a result of the revisions made by OPM.

2. Earlier this year, the Department of Veterans Affairs announced it would cease offering the Federal Employee Viewpoint Survey to its employees. Instead, it would pilot its own survey. What impact will the VA's approach have on the ability to observe government-wide trends?

Though we believe it is in the interest of government as a whole for the Department of Veterans Affairs to participate in the Federal Employee Viewpoint Survey (FEVS), the Partnership is, at this point, comfortable with the department's decision to focus on its internal survey and encouraged by the VA's commitment to gathering meaningful data from employees. The All-Employee Survey (AES) administered by VA has been in place for some years already and has

a robust operation in the department supporting it. The AES includes several questions either identical or closely aligned with the FEVS that will allow for comparison, although the changes to the order and phrasing of survey items do raise concerns about direct comparability to results of agencies participating in the FEVS. The fact that VA conducts the AES as a department-wide census will ensure that the voices of more employees are heard and give greater credence to the data collected.

The impact of the department's absence will be felt more in OPM's presentation of the government-wide data. The VA alone represented more than 13 percent of FEVS respondents in 2017. Removing these employees from the FEVS is likely to have a measurable impact on OPM's government-wide score and will make it harder to determine whether and to what extent changes in the score are the result of agency actions or shifts in the survey population. Our understanding is that OPM has tried hard to accommodate the department's needs and is adjusting to VA's decision, though no solution will be perfect. The Partnership is also working to determine methodologically sound ways to include VA data in the upcoming Best Places to Work in the Federal Government Rankings and believe we can do so.

Ultimately, we believe VA's approach reinforces the need for Congress to pursue statutory changes that will codify OPM's current role as the entity responsible for conducting annual employee satisfaction surveys as required by 5 USC 7101 (Note). There is a risk that the department's decision may drive other large agencies with the capacity to do so to conduct their own internal surveys, resulting in a FEVS that is less representative of government as a whole. Over the next year, it will be essential that the committee continue its rigorous oversight to ensure that Congress maintains visibility into the state of employee satisfaction across all of government.

### **3. What would a pay for performance system look like in the federal government? Are there agency-specific systems that should be considered as models?**

Pay-for-performance has the potential to unlock incredible benefits for government in the form of higher employee engagement and better services for citizens. However, the federal government cannot move to such a system without first implementing a credible performance management process. The latest annual Federal Employee Viewpoint Survey shows that only 48.5 percent of federal employees agree that agencies recognize employees for providing high quality and services – a full 18.5 percent below the private sector benchmark, and only 33.2 percent agree that promotions in their unit are merit-based. Managers play an important role in the effective functioning of the performance management system by creating the desired performance environment, establishing clear team roles, setting expectations for performance and communicating those expectations to their employees. Without managers who are well-trained and committed to managing performance, the environment necessary for an effective pay-for-performance system cannot exist.

The broader need for more performance-sensitive compensation demonstrates the negative impact of an inflexible and outdated federal pay system. The third merit principle enshrined into law as part of the Civil Service Reform Act of 1978 states that "Equal pay should be provided for work of equal value, with appropriate consideration of both national and local rates paid by employers in the private sector, and appropriate incentives and recognition should be provided for excellence in performance." However, the civil service system has failed to adjust its pay system in an enterprise-wide manner to meet the many varied and complex demands of individual agencies or to fully realize the potential of its performance management system, though certain agencies do have carve-outs granted to them by Congress. The result is that "employees and managers view performance management as a paperwork exercise, an annual

necessary evil that has a little tangible impact on their working lives." A truly effective pay system for government recognizes the contributions of employees and teams to their organization's mission. However, it must be sensitive to the broader job market and benchmarked against specific occupations as well. This market sensitivity is an issue that the Partnership believes can and should be addressed independently of pay for performance. Only through connecting to the wider market for talent can government effectively compete for the talent it needs.

Over the years, Congress has enacted several potential pay-for-performance models with varying levels of success. The Committee could conduct oversight of the experiences of the financial regulatory agencies which have independent authority for performance-based pay systems under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). The Committee could also look to experiences of personnel demonstration projects such as the Navy Demonstration Project at China Lake and the Department of Defense's Acquisition Workforce Personnel Demonstration Project. The Committee could also conduct oversight into the challenges and controversies associated with the National Security Personnel System that led Congress to terminate the system in 2009. Each of these systems provides a valuable record on which Congress can build a truly modern and flexible pay system that rewards high performers and attracts top talent.