

# GOVERNMENT MANAGERS COALITION

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TESTIMONY

of

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Before the

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

“INVESTING IN AN EFFECTIVE FEDERAL WORKFORCE”

September 19, 2012

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

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

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

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

### **Areas in Need of Reform**

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

#### ***Senior Executive Service Reform***

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

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

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

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

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

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

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

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

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

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

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

### ***Hiring Reform***

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

### **Areas in Need of Investment**

#### ***Supervisor Training***

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

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

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

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

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

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

### ***Retirement Backlog***

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

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

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

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

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

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

## **Management Challenges Facing the Federal Government**

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

### ***Labor-Management Forums and Consultation Rights***

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

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

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

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

### ***Attrition, Hiring Freezes***

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

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

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

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

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

### ***Doing More with Less***

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

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

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