



# NATIONAL ACADEMY OF PUBLIC ADMINISTRATION

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**Dan G. Blair**  
**President and Chief Executive Officer**

July 21, 2015

The Honorable James Lankford  
Chairman  
Subcommittee on Regulatory Affairs and Federal Management  
Committee on Homeland Security and Governmental Affairs  
316 Hart Senate Office Building  
Washington, DC 20510

Dear Chairman Lankford,

Please find my response to your questions for the record attached.

Thank you for providing me the opportunity to testify at the May 20, 2015 hearings before the Subcommittee on Regulatory Affairs and Federal Management Committee on Homeland Security and Governmental Affairs

If you have any further questions, or need any additional information, please do not hesitate to contact me.

Sincerely,

Dan G. Blair

**Post-Hearing Questions for the Record  
Submitted to the Hon. Dan Blair  
From Chairman James Lankford**

*“21st Century Ideas for the 20th Century Federal Civil Service”*

**Wednesday, May 20, 2015**

**United States Senate, Subcommittee on Regulatory Affairs and Federal Management  
Committee on Homeland Security and Governmental Affairs**

1. In your testimony, you stated that, “OPM, MSPB, Office of Special Counsel, and the EEOC all have roles. Do we need a centralized personnel office? If so, how should it be structured? And is OPM that entity?” Do you or your colleagues at NAPA have any additional thoughts regarding the organization of a centralized office, tasked with administrative and personnel issues for the entire federal government?

ANSWER: The Academy has not had an opportunity to undertake a comprehensive review of the current civil service structure. We do plan to visit the issue in our upcoming Transition 2016 initiative. We will be assembling a panel of Academy Fellows, along with members of the American Society of Public Administration, to review the current system and make findings and recommendations on needed changes. This panel review should help inform Congress and the incoming Administration on these issues. We intend this panel to be convened in the Fall and run through the upcoming Presidential Transition in the late winter/spring of 2017.

2. OPM has the authority to approve a number of hiring authorities for agencies to fill critical positions. Do you think agencies appropriately leverage these available authorities? If not, what factors contribute to the underuse of these authorities?

ANSWER: My experience while at OPM was that some agencies did not utilize the flexibilities available to them. Whether it was lack of knowledge or lack of capacity, some agencies frequently continued the use of outdated HR practices. In my view, use of out dated practices also reflected the lack of high level leadership attention and the failure to hold officials accountable for effective and efficient human capital practices. During the George W. Bush Administration, agency accountability was measured through a balanced scorecard rating agencies. It has been my experience that holding agency leaders accountable for effective HR practices is a driver to motivate HR offices.

3. In your written testimony, you stated, “Now is the perfect time to initiat[e] such an oversight effort in preparation for the 2016 Presidential Transition.” Could you explain the efficiencies to be gained and benefits to be captured by implementing substantive civil service reform during a Presidential transition period?

ANSWER: I do not suggest that substantive civil service reform be implemented during the Presidential transition period. I do suggest that Congress lay the groundwork for the new Administration so that it can move forward, working with Congress, in enacting the needed reforms.

A new Administration will hit the ground running with multiple agendas. To facilitate reform efforts, Congress should, in the next 18 months, develop a substantive hearing record exploring avenues for reform. The Senate Homeland Security and Governmental Affairs Committee is in a prime position to do this spade work in advance of an incoming Administration so that the Administration could have the benefit of the Committee's work in proposing and working on significant reforms.

I would suggest the subcommittee continue with oversight hearings, much like the one which I was invited to testify, in order to develop a legislative record that could be used as the basis for reform legislation. The subcommittee could consider issuing a report at the end of the Congress laying out its work, findings and recommendations for legislative reform. This allows the incoming Administration the opportunity to build on this record in working with Congress on enacting needed reforms.



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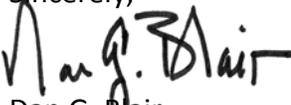
The Honorable Heidi Heitkamp  
Subcommittee on Regulatory Affairs and Federal Management  
Committee on Homeland Security and Governmental Affairs  
110 Hart Senate Office Building  
Washington, DC 20510

Dear Senator Heitkamp,

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Submitted to Mr. Dan Blair  
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**“21<sup>st</sup> Century Ideas for the 20<sup>th</sup> Century Federal Civil Service”  
May 20, 2015**

1. According to GAO, research has identified several recruitment challenges facing the federal workforce, such as passive recruitment strategies that can result in missed opportunities to identify qualified applicants and unclear vacancy announcements that can delay hiring. GAO has asserted that these challenges “put the federal government at a serious competitive disadvantage in acquiring talent.” Other research has also highlighted the importance of retaining high-performing federal employees and determining factors that contribute to employee turnover.
  - a. What are the primary barriers to attracting and retaining qualified individuals to the federal workforce?
  - b. What legislative reforms could assist in addressing these barriers?
  - c. USAJobs.gov does not have the best reputation, and the online application process can be daunting and confusing. What role does USAJobs play in this challenge? How does it impact the speed of the hiring process?
  - d. Employee retention is a problem, especially when looking at millennial employment. To what extent have agencies identified organizational factors contributing to turnover of new employees?

ANSWER: Federal recruitment has proven to be a long-standing challenge to the federal government. Applicants have voiced concerns about the ability to effectively apply for federal jobs and have expressed dissatisfaction with the screening processes. Effective recruitment practices require that the hiring office works effectively with the agency human resources office to craft vacancy announcements that are easily understandable and accurately reflect the duties and responsibilities of the position. Ensuring that the vacancy announcement is reflected accurately in its job announcement on the USAJobs site is one way to make the process more timely for the agency and applicants.

I understand OPM has emphasized millennial recruitment and retention as a priority. Making sure that millennials, and all employees, have meaningful work is a primary method of ensuring effective retention.

The federal government needs to adjust to the changing work patterns of millennials, who most likely will see a career path involving multiple employers. Pay and benefit systems should adapt to those employees who may only stay a few years with the federal government and be flexible enough to be used as an incentive to recruit them to return to the federal workforce.

2. According the Partnership for Public Service analysis of the 2014 OPM Federal Employee Viewpoint Survey, fewer than half of all employees are satisfied with the training they receive or feel that their training needs are assessed by their agency. However, training is critically important in ensuring employees are well prepared to do their jobs.

- a. What should agencies be doing to meet the training needs of their employees, particularly in a fiscally-constrained environment?

ANSWER: Training is a function of budget capacity and often is reduced to meet agency budgetary demands. Agencies need to insure that scarce training funds are aligned with goals and priorities consistent with the agency mission and employee development goals.

3. A recurring theme of this hearing was the lack of quality management - that we are not doing enough to ensure agency supervisors have the tools and skills needed to effectively guide their teams and create the effective, efficient federal workforce our nation needs.
  - a. What are some basic steps agencies can take to improve the quality of management?
  - b. What can be done to ensure that managers and leaders are held accountable for developing employees, rewarding high performers and addressing poor performance?
  - c. What steps can OPM take?
  - d. What steps can Congress take?

ANSWER: The inability to tie pay effectively to performance in the federal sector significantly hinders the ability of managers and supervisors to reward high performing employees and hold poor performers accountable. The current General Schedule system is a relic of the mid-20<sup>th</sup> century and needs to be modernized to reflect current practices in human resources management. The inability to utilize pay as an incentive for performance effectively neutralizes steps to improve performance management systems.

OPM could work with agencies to develop demonstration projects that utilize pay for performance concepts. While the current demonstration project authority is extremely limited, Congress could take steps to expand the number of employees subject to such projects and streamline the processes to make it simpler to implement them.

In addition to the above, Congress can begin now to lay the groundwork for an effective civil service reform effort that could come to fruition with a new presidential administration.

4. What have you heard from your members regarding the reasons younger employees are leaving federal work in favor of the private sector?

ANSWER: I have not heard specifically from Academy Fellows on reasons younger employees are leaving the federal workforce. As noted above, ensuring that millennials, and all employees, have meaningful work is a primary method of ensuring effective retention. I would like to see the data on why millennials are leaving and work with the subcommittee to structure an Academy effort to shed light on these reasons and recommend strategies for encouraging retention of high performing employees.

5. GAO's written testimony includes an interesting look at the weaknesses and positives of the General Schedule (GS) classification system and some ideas on how to improve it so that it better meets our nation's federal workforce needs. Based on your experiences, and those of your members, what recommendations would you make regarding the possible updating of the GS classification system?

ANSWER: The Office of Personnel Management produced a white paper on federal pay and compensation while I served as Deputy Director. The paper can be found at <http://archive.opm.gov/strategiccomp/whtpaper.pdf>.

In the conclusion of the executive summary accompanying the paper, OPM noted:

*“This White Paper is pre-decisional: although it documents many problems in our current pay and job evaluations systems, it does not describe the solutions to those problems. Its objectives are to help stakeholders learn from the Government’s history and experience and to inform the debate over how the Government can preserve core values of public service – such as equity, procedural justice, openness, and accountability – while modernizing its compensation practices.”*

This paper outlined a sensible and contemporary approach to reforming the General Schedule. It was produced in 2002 and should be revisited to reflect changes in human resources management since that time. I would recommend that the white paper serve as a basis and guide for discussions on how to modernize the civil service. I would welcome the opportunity for the Academy to work with the subcommittee to update this paper and provide options and ideas for legislative action.

6. In your testimony, it seemed that there is a fear within management of giving an employee low or even average marks during performance reviews. I believe that a sign of a good manager is not only knowing when to heap praise onto an employee for a job well done, but also being able to identify shortcomings in a worker’s product and helping that employee develop into a greater resource for their team. It seems that just saying everyone does a great job all the time really signals a lack of understanding of the role of a manager.
  - a. Are new managers getting the training they need to effectively supervise workers under their watch?
  - b. What can we do to better ensure that throughout their careers managers are constantly receiving the training and resources they need to support their staff?

ANSWER: Effective training in performance management is critical for managers and supervisors if they are going to be able to fairly assess an employee’s performance. Such training should be administered throughout the lifecycle of the supervisors’ and managers’ careers. However, failure to link that performance assessment to pay renders this into little more than an annual exercise with little positive incentive to improve performance. Rather, a supervisor’s or manager’s negative assessment could be subject to an employee grievance (if the employee is in a bargaining unit) and require the supervisor/manager to spend substantial time defending the assessment. This process does not incentivize supervisors and managers to rigorously assess performance. Rather it incents a supervisor/manager to give a rating that may inaccurately inflate an employee’s performance.

New and old managers should be held accountable and continuous training throughout that individual’s career is integral to successful management practices.

**Post-Hearing Questions for the Record**

**Submitted to Mr. J David Cox**

**From Chairman James Lankford**

***“21st Century Ideas for the 20th Century Federal Civil Service”***

**Wednesday, May 20, 2015**

**United States Senate, Subcommittee on Regulatory Affairs and Federal  
Management**

In your testimony, you emphasized the need for the federal government to treat its employees well, and that sustaining federal employee confidence is essential to recruiting and maintaining a sophisticated workforce. In your opinion as President of AFGE, how does the massive OPM data breach, made public June 4, 2015, affect employee confidence?

AFGE is deeply concerned about the OPM data breach and its effects on federal employees. A cybersecurity breach such as this does lower worker confidence in the ability of the federal government to keep the information of their workforce secure.

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- 1) According to GAO, research has identified several recruitment challenges facing the federal workforce, such as passive recruitment strategies that can result in missed opportunities to identify qualified applicants and unclear vacancy announcements that can delay hiring. GAO has asserted that these challenges “put the federal government at a serious competitive disadvantage in acquiring talent.” Other research has also highlighted the importance of retaining high-performing federal employees and determining factors that contribute to employee turnover.**
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In an era where the federal workforce is under a relentless economic attack and has experienced a reduction in pay and benefits for years, it is a testament to their extreme devotion to the missions of their agencies that people remain as career civil servants. Since 2011, the federal workforce has lost a total of \$159 billion from a series of attacks which have included pay freezes (\$98 billion), increased retirement contributions (\$21 billion), sequestration (\$1 billion) and lower than baseline pay raises (\$39 billion).

In addition to the economic attack, Congress has also proposed legislation that will remove federal employee due process rights, lengthen probationary periods which will allow employees to be fired without cause, and weaken whistleblower protections. Congressional rhetoric that overwhelmingly refers to federal workers in negative terms also takes its toll. These actions and this rhetoric send a strong negative message to federal employees. They lower morale and create barriers to attracting and retaining a highly qualified workforce.

Even when lawmakers vow to change their rhetoric and show their appreciation for federal workers, the legislation under consideration continues to demonstrate hostility toward federal workers. Friendly words and feel-good rhetoric will not attract or retain workers. Actions that demonstrate support for a well-trained and well-compensated workforce will.

The federal workforce is more highly trained than the US workforce as a whole. Two-thirds have earned at least a Bachelor's degree and another ten percent have an Associate's degree or skilled trade certification. As one would expect from an information society and economy, the GAO notes that growth in government jobs is largely in "occupational categories that require higher skill and education levels" (GAO-14-215). Because of this, competition for the best workers will increase and as the government workforce continues to professionalize, it will become more difficult to attract and retain qualified individuals.

Economic and political attacks make it harder for the federal workforce to make ends meet, lower morale and reduce engagement. The solution is simple: these attacks must end. The federal government must match the salaries and benefits that large private firms and state governments provide. Federal workers must be compensated competitively and not bear the brunt of budget and partisan disagreements. These changes would make federal employment more attractive and keep talented individuals in the federal sector.

Higher pay should be the first order of business. The Federal Adjustment of Incomes Rate (FAIR) Act of 2015 would give federal employees a 3.8% raise and begin to undo the damage done by the pay freezes. Second, the Federal Employee Pension Fairness Act would repeal the wholly unnecessary and unfair increased retirement contributions for employees hired since 2013. Conversely, legislation that threatens federal healthcare or threatens to voucherize the Federal Employee Health Benefits Program would make the entire benefit package that federal employees receive less attractive to potential employees and hurt retention.

USAJobs.gov certainly has its problems including the most recent concerns that it is vulnerable to cyberattacks. We advocate making the tools to apply for a federal job as user friendly and efficient as technology allows recognizing that government employment has certain parameters that must be met by the electronic application process (i.e. veterans' preference). However, focusing efforts on the system by which individuals apply for jobs does not get at the most pressing issues of why individuals are not interested in working for the government.

Millennial workers who are in the federal government likely joined the workforce at a time when they have never experienced a raise that keeps up with private sector raises and have faced several years of no real raises, and, depending on agency, pay cuts from furloughs. Millennial workers may be interested in careers where they feel they make a difference and where their work is meaningful, but these are not the only considerations for any worker. *But feelings that you've "made a difference" don't pay the rent.* This generation is falling behind economically. They will likely never recover economically from the pay freezes and retirement cuts unless they are repealed. Their student debt obligations top \$1.2 trillion dollars. Much of this is held by millennials with 71% of current college students leaving school with debt.

Millennials have to pay the debts they accrued while completing their education and additionally find a way to put some money aside for buying a car, a home and affording a family. With the enormous debt burden that they carry, stagnant salaries, the fear of furloughs and shutdowns and the new uncertainties that come with government jobs due to poor funding and sequestration make these jobs less attractive for the long term. While agencies are permitted to provide student loan payment incentives as a benefit for recruitment this program seriously is underfunded. Lack of funding has led to a decline in the number of workers who participate and the amount disbursed. Agencies simply do not have the budget to make a meaningful difference for millennial workers facing student loan repayment at a time when student loan debt has hit historic highs.

Additionally, one of the most egregious issues that the employees who have been hired the last few years have to deal with are the new inequities built into the pension system. Employees who started in 2013 contribute 2.3% more toward their pensions than those hired before 2013 and those hired after 2013 contribute 3.6% more than those hired pre-2013.

This burden falls most heavily on millennials and treats them as second- and third- class workers simply because of when they entered the workforce. Those who have started with the civil service since 2013 experience lower take-home pay and will have less means to contribute to their Thrift Savings Plan (401(k) equivalent) accounts. Lower take-home pay combined with loan debt means a substantial lowering of their standard of living and shortfalls in their overall earnings and retirement income security.

All of these factors mean that Millennials experience pressures to leave federal service for more lucrative private options. While agencies may have some tools to address these issues, the problems are systemic and need to be treated as such.

- 2) **According the Partnership for Public Service analysis of the 2014 OPM Federal Employee Viewpoint Survey, fewer than half of all employees are satisfied with the training they receive or feel that their training needs are assessed by their agency. However, training is critically important in ensuring employees are well prepared to do their jobs.**
  - a. **What should agencies be doing to meet the training needs of their employees, particularly in a fiscally-constrained environment?**

Training is paramount for having successful and prepared employees but it is also an area that is easy to cut when budgets get tight in exchange for “focusing on mission.” Unfortunately the link between training and mission is often missed. To accomplish the mission, workers need training so they can be successful at their jobs and supervisors need training to be able to manage workers effectively. It is not surprising that employees indicate their dissatisfaction with training since training programs have been reduced due to budgetary concerns.

Part of the problem is the overreliance on on-line trainings. Technology has allowed training to be less costly and in an era of government cutbacks, more trainings have been moved to on-line format. However, the effectiveness of such trainings is a matter of great debate. Both studies that argue on-line training is and is not effective exist. Issues such as computer literacy, age, motivation and interest in the material are all intervening factors that can alter effectiveness. In addition, depending on the person's job, some training needs to be hands-on and needs to be in person.

In addition to more formal training, employees need to have more options to be part of mentoring relationships where training can happen one-on-one with advice from a skilled practitioner. This is one of the pillars of the new phased retirement program, where a skilled employee mentors a new employee to teach him/her the job. While this program has been approved, it is slow in starting but holds great promise for meaningful training.

- 3) **A recurring theme of this hearing was the lack of quality management - that we are not doing enough to ensure agency supervisors have the tools and skills needed to effectively guide their teams and create the effective, efficient federal workforce our nation needs.**
  - a. **What are some basic steps agencies can take to improve the quality of management?**
  - b. **What can be done to ensure that managers and leaders are held accountable for developing employees, rewarding high performers and addressing poor performance?**
  - c. **What steps can OPM take?**
  - d. **What steps can Congress take?**

The lack of training for supervisors and poor supervisor selection work in tandem to create poor first-line supervisors in the federal government. This in turn leads to ineffective management and hurts both mission and the treatment of federal workers.

In the current civil service system, long-term employees see their salaries "top out" and become uncompetitive. The only way for employees to continue to increase their earnings is to move into management positions. This trend has been more pronounced lately with three years of pay freezes followed by two years of 1% pay adjustments which have motivated federal workers to look for ways they can increase their pay, but stay in federal service.

The problem with this type of career advancement is that someone who may be highly trained and successful at their job and an excellent "technician," may not be the best candidate for a manager. But people move into these positions because that's the only way to have a higher paycheck. Solving some of the central pay issues would remove the incentive for those without management skills to become managers. This would allow individuals who have leadership and management skills to be selected based on those skills instead of just their technical skills. Additionally, it would allow managers to be chosen for their positions based more on soft management skills, or the leadership

traits that stress interpersonal skills and relationship building with the workforce. These skills are necessary for 21<sup>st</sup> century managers to master.

Management and leadership training needs to emphasize that workers are highly skilled and are able to make recommendations about how their job can be done better. Management training that emphasizes empowering and engaging the workforce to address workplace issues needs to be a priority. This includes understanding and being able to abide by and apply the principles in collective bargaining agreements since they represent negotiated solutions to workplace problems and issues. Managers who understand and respect the role of unions are more likely to be able to work with the union to solve problems and less likely to escalate problems into grievances.

One of the main tools that can be used to hold managers accountable is to strengthen whistleblower protections for employees. In a system where employees can be easily punished or fired, they are less likely to report when agencies are violating the law. Legislation that protects employees from retribution and retaliation allows employees to speak without fear about the serious problems they may encounter at the job site.

#### **4) What have you heard from your members regarding the reasons younger employees are leaving federal work in favor of the private sector?**

We hear daily from AFGE members who are increasingly frustrated that federal employees are under economic attack. Federal workers are committed to the mission of their agency and they are committed to public service, but they have had to endure many hardships as they have faced hostile lawmakers who have blamed them for all of the ills in the federal budget. Even so, in the most recent Federal Employee Viewpoint Survey, 96% of federal employees said they are willing to put in the extra effort to get the job done.

No group has been more affected by the attack on federal workers than younger employees who are at the start of their federal career. Many new employees have experienced furloughs, sequester cuts, shutdowns and 0% pay raises firsthand. Additionally, one of the most egregious issues that the employees who have been hired the last few years have to deal with are the new inequities built into the pension system. Employees who started in 2013 contribute 2.3% more toward their pensions than those hired before 2013 and those hired after 2013 contribute 3.6% more than those hired pre-2013.

This unequal pension contribution treats new hires as second- and third- class workers simply because of when they entered the workforce. Those who have started with the civil service since 2013 experience lower take-home pay and less able to take full advantage of their own or the government's contribution to their Thrift Savings Plan accounts. Lower take-home pay combined with loan debt means a substantial lowering of their standard of living and shortfalls in their overall earnings and retirement income security. What is there to keep these workers in the public sector when the amount by

which their salaries lag behind private sector and state and local government salaries continues to increase.

One trend that we have seen, particularly in law enforcement and the skilled trades, is that younger employees easily get federal jobs because there is lower competition for them in many parts of the country due to their poor pay. But once these employees are trained, they move on to the private sector or on to public sector work in state or local government jobs in order to increase their earnings. In many of these jobs, the federal installation has a very difficult time retaining and filling the jobs they have.

Much has been written about younger workers born after 1980 and often referred to as the Millennial Generation. Some argue that they have an interest in jobs that promote the public good, are contributing to something that they believe in. The federal government is a natural fit for these workers and a place where they can match their values and talents. But this is also an opportunity that could easily be missed if the government is unable to recognize that the young workforce will not stay with federal employment if pay continues to be inadequate.

**5) GAO's written testimony includes an interesting look at the weaknesses and positives of the General Schedule (GS) classification system and some ideas on how to improve it so that it better meets our nation's federal workforce needs. Based on your experiences, and those of your members, what recommendations would you make regarding the possible updating of the GS classification system?**

The GAO testimony needs to be considered alongside the OPM report entitled "Government wide Strategy on Advancing Pay Equality in the Federal Government," which affirms some of the main benefits of the General Schedule pay system. Prepared in response to the President's request for a gender pay-equity analysis of federal pay systems, it paid close attention to the General Schedule's classification system and its transparency. The President also asked for recommendations for administrative or legislative action that would promote "best practices" that were found to minimize inequities.

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

On internal equity, one finding is particularly important: *there is no significant gender pay difference by grade level among GS workers*. Simply, at each pay grade, there

was no real difference between the salaries paid to women and men doing the same jobs. This is a great virtue of the federal GS pay system. (And those who decry the GS system and propose alternatives that allow managers to pay different salaries to different individuals in the same job should be forced to explain how they would produce the pay equity that the GS system produces.)

The OPM study showed that, depending on the methodology used, from 76 to 93 percent of the observed pay gap between federally employed men and women is attributable to women being concentrated in lower-graded occupations. *Indeed, the only real observed inequities arose where managerial discretion operates*, such as in the awarding of quality step increases, promotions, and starting salaries.

These findings constitute a ringing endorsement of the current pay system, a system that assigns salaries to the position, not the individual. This orientation is the secret to having a pay system that avoids discrimination and fairly compensates individuals for the job they do, not for who they are.

The problems with the current GS system emerge more from the unwillingness of Congress to fund and support the work to manage the GS system. The Office of Personnel Management has not done an adequate job maintaining and updating the infrastructure on which the GS system is built which includes updating classification standards, job descriptions, and researching and adding flexibilities to make it more responsive. This is the place to start to update the GS system – fund it adequately so its benefits, like its pay equity, can be realized and improved upon.

Without this important maintenance work the benefits of the GS system are constrained. Many flexibilities have been added over the years that have expanded the GS system and have made it more responsive. These include bonuses for recruitment, relocation and retention as well as managerial flexibilities in salary-setting. There are also opportunities for programs that attract workers such as student loan repayment. But many of these flexibilities have not been utilized by agencies due to the low funding. This is the current plight of the student loan repayment benefit as well as many special rates and pay flexibilities, retention and recruitment bonuses and many other programs. The more the GS system is starved, the more criticism it will unduly receive and the benefits of a non-partisan pay system that promotes equity will not be realized.

- 6) **In your testimony, you noted that the government needs to “promote a human-centered workplace to capitalize on the talents, skills and commitment of the federal workforce.” You went on to say that empowering workers comes from a variety of factors - collaborative bargaining for fair contracts, seeking employee input, and labor-management forums. The Department of Defense’s “New Beginnings” program is one of the labor-management partnerships that you highlight as an effective model.**
- a. **How can we apply a similar model to other government departments and agencies?**
  - b. **What makes this program different from other efforts to improve labor-management relationships? What has made it successful?**

The New Beginnings process has been a partnership between labor and management with the goal of creating a new culture in the Department of Defense through a rolling out a new performance management system. In addition to performance management, the system will also focus on (a) training supervisors to work more effectively with employees and (b) addressing problems in the hiring system. All of the recommendations of the New Beginnings project came from design teams that were included representatives from labor and management.

This project represents an enormous multi-year commitment from both labor and management, and we believe the results are promising. Both sides have gained new insights into the constraints and concerns of each side and have built a working relationship based on trust. Throughout the process the experiences and positions of rank-and-file workers were presented at and their concerns are represented in the recommendations, so the process has given voice to workplace concerns and has focused on increasing transparency, fairness and accountability.

While the final product is still at the stage of component review (which could change the system), it appears that the system will be one that will dramatically change the culture at DoD. It is based on performance reviews that build manager/worker discussions into the culture and that prioritize on-going worker engagement and development. The performance management system also incorporates supervisor accountability and many safeguards that provide consistency, transparency and fairness to the awards process.

The system also significantly changes supervisor and manager training and seeks to focus on improving soft management skills which are based on engaging the workforce in conversation and team decision making instead of unilateral authoritarian rule. Finally, changes to the hiring system and the creation of accessible on-line materials for the hiring manager will lead to more transparency in decision-making and fairness.

The New Beginnings project will live or die based on the commitment to fund the transition from the damaging performance management systems of the past. Management and employee training are central to the successful implementation of the system. So while there is hope for a real change to happen in DoD, much is still

unsettled. Agencies can learn from this experience, however, by truly engaging labor partners and building relationships so that similar systems can be designed to cater to the unique circumstances in each agency. In fact, the teams working on the New Beginnings project are hopeful that many of their innovations will be considered by other labor-management partnerships around the government.

- 7) In your discussion of pay differentials for employees in the federal government versus those in the private sector, you noted that “unless government can compete with the salaries in the private sector, there will be no hope of keeping and attracting the best and the brightest.” The lack of adequate compensation, as well as recognition, for federal workers is definitely a huge issue.**
- a. What solutions would you propose for working to alleviate this pay gap between the federal and private sectors?**
  - b. How can agencies better recognize their employees for their performance, monetary or otherwise?**

The first step in addressing the pay gap between the federal and private sector is to understand how dramatic the departure from private sector salary comparability has been. Each year the Office of Personnel Management (OPM) calculates pay gaps between the federal government’s salaries and the salaries paid in the private sector and state and local government on a city-by-city and job-by-job basis using data from Bureau of Labor Statistics (BLS). The data tell a consistent and compelling story. Comparing salaries for the actual jobs performed by federal employees with the salaries paid by private employers (and state and local government employers) who employ workers in the same jobs shows federal salaries are an average of 35% lower. The pay freezes of 2011-2013 and the below US average increases of 1% in 2014 and 2015 have only exacerbated this problem.

This is a large gap to close, and it can only be closed by stopping the process that continues to widen it. This means that an effort must be made legislatively to compensate for the years of neglect that have caused the gap to widen. Beyond that, an effort must be made to restore pension contributions to reasonable levels instead of forcing more contributions for newer workers. In addition, the Federal Wage System (FWS) which sets wages for blue collar workers has not been able to effectively work because of caps which have limited FWS increases to the low GS raises. Simply, the course that Congress has been on regarding federal pay must be reversed.

Legislation like the Federal Adjustment of Incomes Rate (FAIR) Act of 2015 that would adjust federal pay by 3.8% next year can begin to repair the damage from pay freezes, 1% adjustments, and furloughs. The Federal Employee Pension Fairness Act would restore generational equity to pension contributions and give newer workers more money to take home. Measures like these would be a start and would signal that lawmakers understand that imposing such draconian pay and benefit cuts on federal employees went far overboard.

There are many flexibilities built into the improved General Schedule system which can be used to address the gap in pay. For example, in the Bakken Region of North Dakota there has been a tremendous gas and oil boom. This caused significant economic pressures on government workers at Minot Air Force Base because their salaries lagged behind wages paid to private sector workers performing similar work. Retaining and recruiting government workers became difficult because the gap between private wages and federal wages drew people into the private sector largely because the salaries were greater. The solution in this case was to use special rates and other GS and Wage Grade system flexibilities to increase government pay and to make sure that Minot Air Force Base continues to be mission ready.

While financial compensation is the most important element in closing this gap and increasing retention and recruitment, there is a certain role for non-monetary awards and recognition for excellent performance. However, any performance management system that assesses excellent contributions has to be built with appropriate training for the supervisors who make the awards and there needs to be an emphasis on supervisory responsibility, transparency and fairness. Without operational guidance to make sure the awards process is consistent and fair there is likely to be low buy-in by employees who could see the system as rigged. In addition, who receives awards need to be transparent and employees need to understand the criteria so that they can understand how their work can also be recognized and rewarded.

- 8) OPM established a Diversity and Inclusion in the Government Council made up of department and agency Chief Human Capital Officers (CHCO's). The CHCO's were directed to advise OPM, OBM, and the Equal Employment Opportunity Commission on government-wide recruitment and retention practices to promote a diverse workforce.**
  - a. Do AFGE and other labor organizations have a role when it comes to providing input on the Council's activities?**
  - b. What ideas do AFGE and other labor organizations support to promote diversity in senior leadership at departments and agencies?**

The Diversity and Inclusion in the Government Council was established by then-OPM Director Archuleta in February 2015. AFGE has not been permitted to participate in this council, despite asking for the opportunity. AFGE supports efforts to promote diversity in senior leadership, but we believe that the best means for doing so is strict adherence to the merit system principles which awards federal jobs to the person most qualified for the position, not the person with the best connections.

Post-Hearing Questions for the Record  
Submitted to Ms. Yvonne Jones  
From Chairman James Lankford

*“21st Century Ideas for the 20th Century Federal Civil Service”*

Wednesday, May 20, 2015

United States Senate, Subcommittee on Regulatory Affairs and Federal Management  
Committee on Homeland Security and Governmental Affairs

- 1. At the hearing, we discussed a metric called the Employee Engagement Index (EEI), used to estimate productivity and mission accomplishment of the federal workforce. To illustrate EEI levels, GAO provided a helpful chart (Figure 3) on page 23 of the report, “Update on Strategic Management Challenges for the 21st Century.” According to Figure 3, 13 agencies exhibited decreased EEI scores from the previous year, while 31 agencies exhibited flat EEI scores, and three agencies exhibited increased EEI scores. We discussed the three agencies with decreased EEI scores that brought down the government-wide average, including the Departments of Defense, Homeland Security, and Veterans Affairs. Please list the other agencies with decreased EEI scores, as well as which agencies had the flat and increased scores.**

Based on the results of our work, the agencies with statistically significant increases from 2013 to 2014 were

1. Department of Labor,
2. Office of Management and Budget,
3. Securities and Exchange Commission

The agencies with statistically significant decreases from 2013 to 2014 were

1. U.S. Agency for International Development
2. Broadcasting Board of Governors
3. Commodity Futures Trading Commission
4. Consumer Product Safety Commission
5. Department of Defense
6. Department of Energy
7. Federal Communications Commission
8. General Services Administration
9. Department of Homeland Security
10. Merit Systems Protection Board
11. Small Business Administration

12. Department of the Treasury
13. Department of Veterans Affairs

The agencies where there was not a statistically significant change from 2013 to 2014 were

1. Department of Agriculture
2. Department of Commerce
3. Corporation for National and Community Service
4. Court Services and Offender Supervision Agency
5. Department of Education
6. Environmental Protection Agency
7. Equal Employment Opportunity Commission
8. Export Import Bank of the United States
9. Federal Election Commission
10. Federal Energy Regulatory Commission
11. Federal Mediation and Conciliation Service
12. Federal Trade Commission
13. Department of Health and Human Services
14. Department of Housing and Urban Development
15. Department of the Interior
16. US International Trade Commission
17. Department of Justice
18. National Aeronautics and Space Administration
19. National Archives and Records Administration
20. National Credit Union Administration
21. National Gallery of Art
22. National Labor Relations Board
23. National Science Foundation
24. National Transportation Safety Board
25. Nuclear Regulatory Commission
26. Office of Personnel Management
27. Pension Benefit Guaranty Corporation
28. Railroad Retirement Board
29. Social Security Administration
30. Department of State
31. Department of Transportation

- 2. Please provide any additional insight as to why EEI scores at the Departments of Defense, Homeland Security, and Veterans Affairs declined.**

A number of factors may have contributed to these agencies declines in Employee Engagement Index (EEI) scores from 2013 to 2014; however, identifying the specific causes for the decline in EEI scores was out of the scope of our work. To identify specific reasons, agencies can look to both the (1) EEI component scores— leadership, supervisors, and their intrinsic work experience—and (2) EEI scores in various subsets of their workforce. As we testified in April 2015, employees’ perceptions of leaders consistently received the lowest score, and at times was about 20 percentage points lower than other components ([GAO-15-529T](#)). The questions comprising the EEI leadership component focus on integrity of leadership and on leadership behaviors such as communication and workforce motivation.

Additionally, assessing EEI scores in subsets of the workforce, such as by component or demographic group can also help identify reasons for a decline. As we stated in our April 2015 testimony, the demographic groups with the widest gap between most engaged and least engaged were pay category and supervisory status ([GAO-15-529T](#)). For example, respondents in progressively lower General Schedule (GS) pay categories had progressively lower levels of engagement government-wide. In contrast, employees in the SES pay category reported consistently higher engagement levels—at least 10 percent more than any lower pay category. In summary, by analyzing both the EEI component scores and EEI scores by subsets of the workforce, agencies can better understand reasons for decline and where more work is needed.

Finally, in 2012, we reported on the Department of Homeland Security’s efforts to improve employee morale. The report contains detailed information on engagement levels throughout DHS. We recommended that DHS examine its root cause analysis efforts and, where absent, add the following: comparisons of demographic groups, benchmarking, and linkage of root cause findings to action plans; and establish clear and measurable metrics of action plan success. DHS concurred with our recommendations and is taking actions to address them. ([GAO-12-940](#)).

**3. What metrics are used in the Federal Employee Viewpoint Survey that contribute to the EEI? That is, what is the EEI “engagement level” metric actually measuring?**

According to OPM, the EEI does not directly measure employee engagement, but it does cover most of the conditions likely to lead to employee engagement. Employee engagement is the employees’ sense of purpose that is evident in their display of dedication, persistence and effort in their work or overall attachment to their organization and its mission. The FEVS Employee Engagement Index is a

measure of the engagement potential of an agency's work environment – the conditions that lead to engagement. This index includes three subfactors:

- (1) Leaders Lead – reflects the employees' perceptions of the integrity of leadership, as well as leadership behaviors such as communication and workforce motivation.
- (2) Supervisors – reflects the interpersonal relationship between worker and supervisor, including trust, respect, and support.
- (3) Intrinsic Work Experience – reflects the employees' feelings of motivation and competency relating to their role in the workplace.

OPM calculates the EEI by averaging the EEI component scores for a given group, subgroup or agency, which are an average of the percent positive responses to each of the questions in the respective subfactors.

- 4. In responding to questions on job descriptions and classifications, Ms. Jones stated that “OPM and a number of the agencies are working together to try to figure out not only how to define position descriptions, but also to write the competencies that underlie those descriptions, and they are trying to figure out how to do it more quickly.” Please expand on these efforts and OPM's progress to date.**

OPM has begun to develop a process for identifying mission-critical competencies by training agency workforce planners and other human capital professionals to identify mission-critical competencies within their individual agencies. To be completed over a 4-year cycle, OPM officials have stated that in the first year agency workforce planners will collect and assess workforce data from a variety of sources and receive input from subject matter experts on the skills gaps of particular occupations. In subsequent years, agency officials expect to develop performance measures and targets measuring progress in closing gaps within particular occupations and competencies identified as mission-critical. We will continue to monitor OPM's efforts on this initiative.

- 5. OPM has the authority to approve a number of hiring authorities for agencies to fill critical positions. Do you think agencies appropriately leverage these available authorities? If not, what factors contribute to the underuse of these authorities?**

We have ongoing work examining the use of hiring authorities government-wide and the effectiveness of those authorities in meeting agency and applicant needs. Our previous work has found that the insufficient and ineffective use of existing flexibilities can significantly hinder the ability of federal agencies to

recruit, hire, retain, and manage their human capital. The appropriate use of human capital flexibilities is crucial to making further improvements in agencies' efforts to recruit, hire, and manage their workforces. Agencies need to reexamine the flexibilities provided to them under current authorities and identify those that could be used more extensively or more effectively to meet their workforce needs ([GAO-08-762T](#)).

To ensure more effective use of human capital flexibilities, it is important that agencies (1) plan strategically and make targeted investments, (2) ensure stakeholder input in developing policies and procedures, (3) educate managers and employees on the availability and use of flexibilities, (4) streamline and improve administrative processes, (5) build accountability into their systems, and (6) change their organizational cultures. By more effectively using flexibilities, agencies would be in a better position to manage their workforces, assure accountability, and transform their cultures to address current and emerging demands ([GAO-03-428](#)).

Post-Hearing Questions for the Record  
Submitted to Ms. Yvonne Jones  
From Senator Heidi Heitkamp

“21<sup>st</sup> Century Ideas for the 20<sup>th</sup> Century Federal Civil Service”  
May 20, 2015

1. **According to GAO, research has identified several recruitment challenges facing the federal workforce, such as passive recruitment strategies that can result in missed opportunities to identify qualified applicants and unclear vacancy announcements that can delay hiring. GAO has asserted that these challenges “put the federal government at a serious competitive disadvantage in acquiring talent.” Other research has also highlighted the importance of retaining high-performing federal employees and determining factors that contribute to employee turnover.**
  - a. **What are the primary barriers to attracting and retaining qualified individuals to the federal workforce?**
  - b. **What legislative reforms could assist in addressing these barriers?**
  - c. **USAJobs.gov does not have the best reputation, and the online application process can be daunting and confusing. What role does USAJobs play in this challenge? How does it impact the speed of the hiring process?**
  - d. **Employee retention is a problem, especially when looking at millennial employment. To what extent have agencies identified organizational factors contributing to turnover of new employees?**
  - a. We have previously reported that problems and challenges with recruitment and hiring in the federal government include passive recruitment strategies, unclear job vacancy announcements, and manual processes that are time consuming and paperwork intensive. For years it has been widely recognized that the federal hiring process all too often does not meet the needs of (1) agencies in achieving their missions; (2) managers in filling positions with the right talent; and (3) applicants for a timely, efficient, transparent, and merit-based process. In short, the federal hiring process is often an impediment to the very customers it is designed to serve in that it makes it difficult for agencies and managers to obtain the right people with the right skills and applicants can be dissuaded from public service because of the complex and lengthy procedures ([GAO-08-762T](#)).
  - b. We have not conducted the work necessary to answer this question.
  - c. We have not conducted the work necessary to answer this question.

- d. Although we have not looked specifically at organizational factors related to employee turnover, the results from OPM's 2014 FEVS indicate that overall, millennials like their jobs. The survey found that nearly two-thirds—61 percent—are satisfied with their jobs and 62 percent would recommend their organization as a good place to work.

- 2. According to the Partnership for Public Service analysis of the 2014 OPM Federal Employee Viewpoint Survey, fewer than half of all employees are satisfied with the training they receive or feel that their training needs are assessed by their agency. However, training is critically important in ensuring employees are well prepared to do their jobs.**
  - a. What should agencies be doing to meet the training needs of their employees, particularly in a fiscally-constrained environment?**

The federal government's efforts to build and retain a workforce of skilled and efficient employees are essential to addressing skills gaps in critical fields and effectively and efficiently delivering services to the public. Training and development programs play a vital role in fulfilling these goals. However, agency leaders need to be as strategic about how they invest resources in this area as they are in other key areas of agency operations. Training investment decisions should be based on an assessment of the appropriate level of training and the prioritization of those investments, as well as an evaluation of the most cost-effective delivery mechanisms, and the known costs and benefits of their training investments ([GAO-12-878](#)).

- 3. A recurring theme of this hearing was the lack of quality management - that we are not doing enough to ensure agency supervisors have the tools and skills needed to effectively guide their teams and create the effective, efficient federal workforce our nation needs.**
  - a. What are some basic steps agencies can take to improve the quality of management?**
  - b. What can be done to ensure that managers and leaders are held accountable for developing employees, rewarding high performers and addressing poor performance?**
  - c. What steps can OPM take?**
  - d. What steps can Congress take?**

- a. On a broad basis, steps agencies could take include developing strategies toward implementing leading management practices developed in our prior work and outlined on [GAO's public website](#). GAO has identified leading practices in five key areas of human capital management: (1) strategic workforce planning, (2) workforce training, (3) performance management, (4) recruitment and hiring, and (5) diversity.

By taking steps to address the challenges presented in each of these areas, federal agencies will be better prepared to face a range of ongoing and newly emerging human capital management issues driven by fiscal constraints, changing demographics, and the evolving role of the public sector ([GAO-04-39](#), [GAO-04-546G](#), [GAO-05-90](#), [GAO-08-762T](#)).

- b. Effective performance management systems ensure that managers and leaders are held accountable for rewarding high performers and addressing poor performers. In our recent report on Senior Executive Service (SES) ratings and awards, we noted that OPM needs to do more to ensure meaningful distinctions are made in SES ratings and awards ([GAO-15-189](#)). If agencies are not consistently applying performance definitions for senior leaders it may be difficult to link individual performance with broader organizational goals.

We have reported that agencies have three means to address poor performance: (1) day-to-day performance management activities (which should be provided to all employees regardless of their performance), (2) dismissal during probationary periods, and (3) use of formal procedures for dismissal ([GAO-15-191](#)). We recommended that OPM, in conjunction with the Chief Human Capital Officers Council and other stakeholders determine whether promising practices at some agencies could be used government-wide. Such practices include (1) extending the supervisory probationary period beyond one-year to include at least one full employee appraisal cycle, (2) providing detail opportunities or rotational assignments to supervisory candidates, and (3) use a dual career ladder as a way to advance employees with technical skills who may not be interested or inclined to pursue management positions. OPM partially agreed with this recommendation, but said agencies already have the authority to take these actions. We acknowledged their point, but said OPM could take a leadership role in encouraging agencies to take these steps.

- c. In addition to the steps outlined above, we have recommended that OPM, in conjunction with the CHCO Council and other key stakeholders, as appropriate:
  - Assess the adequacy of leadership training provided to supervisors. OPM agreed;
  - Educate agencies on the benefit of using automated notifications supervisors that an individual's probationary period is ending and that the supervisor needs to make an affirmative decision or otherwise take action. OPM said this is an agency responsibility and we agreed;
  - Use Strategic Human Capital Management Survey results (once available), Federal Employee Viewpoint Survey results, Performance Appraisal Assessment Tool responses, and other existing information, as relevant, to inform decisions the content and distribution methods of

the tools and guidance for dealing with poor performers. OPM partially agreed noting that not all information from these systems will be relevant, which we acknowledged; and

- Eliminate the guideline that allows agencies to provide a justification for the modal SES rating to be “outstanding” or make those justifications more transparent. OPM partially agreed. OPM says it will not eliminate the guideline but has worked with a cross-agency workgroup to make agency justifications when the modal SES rating is “outstanding” more transparent.
- d. We have not identified additional steps for Congress to take in the area of federal performance management. However, to address poor performers we have recommended that OPM, in conjunction with the CHCO Council and other key stakeholders, determine whether there are occupations in which—because of the nature of work and complexity—the probationary period should extend beyond 1-year to provide supervisors with sufficient time to assess an individual’s performance. If determined to be warranted, initiate the regulatory process to extend existing probationary periods and, where necessary, develop a legislative proposal for congressional action to ensure that formal procedures for taking action against an employee for poor performance (and a right to appeal such an action) are not afforded until after the completion of any extended probationary period. As stated in our report, extending the probationary period and concurrently limiting appeal rights during that time would require legislative action under certain circumstances.

In addition, Congress can play a strong oversight role in holding OPM accountable for ensuring agencies implement leading management practices and the actions outlined in questions (b) and (c), above.

**4. What have you heard from your members regarding the reasons younger employees are leaving federal work in favor of the private sector?**

Our work has shown that sequestration, the federal shutdown, furloughs, and pay freezes in recent years have eroded the attraction of working for the federal government. OPM’s 2014 survey results indicate that millennials want to work for organizations that support creativity and innovation. Only 1 in 3 federal millennials said that creativity and innovation are rewarded in their organizations; and only 34 percent were satisfied with the opportunities they have for career advancement.

**5. Your written testimony discusses the looming retirement wave of federal workers. This is a common theme when discussing the future of the federal workforce. When you couple that retirement wave with the data that suggests a lack of interest or unwillingness of millennials to work for the**

**federal government long-term, that challenging situation becomes even more challenging.**

- a. In your opinion, what steps do federal agencies and Congress need to take now to best manage this retirement wave?**

Faced with a workforce that is becoming more retirement eligible and the need for a different mix of knowledge, skills, and competencies, it is important that agencies strengthen their efforts and use of available flexibilities from Congress and OPM to acquire, develop, motivate, and retain talent. Further, agencies have a variety of options to tap older, experienced workers to fill workforce needs, including retaining workers past initial retirement eligibility, hiring new older workers, and bringing back retired federal annuitants. Importantly, federal employment offers rewards, such as interesting work and opportunities to make a difference in the lives of others, as well as a variety of tangible work-life flexibilities that make an organization an employer of choice. Agencies should focus on those work-life programs, including alternative work schedules, child care assistance, telework opportunities, and transit subsidies, that could be used more extensively or more effectively to meet their workforce needs. In using telework and other flexibilities, it is important for agencies to have clear goals so that they can assess their programs and develop and implement changes necessary to improve their success ([GAO-09-632T](#)).

At the same time, retirement-eligible employees present an opportunity for agencies to align their workforces with current and future mission needs. Indeed, as the federal government faces an array of current and future challenges, agencies will be confronted with going beyond simply replacing retiring individuals by engaging in broad, integrated planning and management efforts that will bolster their ability to meet both current and evolving mission requirements. Combined, these challenges underscore the importance of strategic workforce planning and early preparation to help ensure agencies maintain their capacity to carry out their vital functions. Thus, as we have reported in our prior work, agencies should (1) take such key steps as determining the critical skills and competencies that will be needed to achieve current and future programmatic results; (2) develop appropriate talent management strategies to address any gaps in the number, deployment, and alignment of skills; and (3) monitor and evaluate their progress toward their human capital goals. In short, understanding the dynamics of the federal workforce will help guide decision-making on workforce composition and budgeting ([GAO-14-215](#)).

- 6. Strategic Human Capital Management has been on the GAO's High-Risk List since 2001. This is true despite a variety of agency and OPM efforts to improve this overall process. One of my overarching concerns from serving on this committee is making sure agencies have the tools and focus they need to get off the High-Risk List.**

- a. **What is getting in the way of getting the federal workforce off the High-Risk List?**
  - b. **What steps do you recommend that Congress take? What do we need to do?**
- a. Mission-critical skills gaps in such occupations as cybersecurity and acquisition pose a high-risk to the nation: whether within specific federal agencies or across the federal workforce, they impede federal agencies from cost-effectively serving the public and achieving results. OPM and agencies have partially met four of the five high-risk criteria by demonstrating a leadership commitment to address the issue, developing capacity and action plans outlining appropriate strategies, as well as taking the initial steps to monitor their progress. However, OPM, the CHCO Council, and agencies will need to implement specific strategies and evaluate their results to demonstrate progress on addressing skills gaps.



Source: GAO analysis. | 2015 High Risk List GAO-15-290

Our work has made several recommendations that cut across the five criteria for removal from the High Risk list. Most recently, in January 2015, we reported that OPM and the CHCO Council should incorporate lessons learned from their initial efforts to close skills gaps to strengthen future

approaches ([GAO-15-223](#)). We recommended that OPM, among other actions, take the following steps:

- Develop goals for closing skills gaps with targets that are both clear and measurable.
- Design outcome-oriented performance metrics that align with overall targets for closing skills gaps.
- Follow key practices for project planning when developing action plans designed to close skills gaps.
- Identify a core set of metrics that all agencies should use as part of their HRstat data-driven reviews.

OPM generally concurred with these recommendations, and we will monitor OPM's progress in implementing them going forward. Furthermore, individual agencies must take the lead in addressing their own mission critical skills gaps.

- b. Congress has provided agencies—individually and across the federal government—with various authorities and flexibilities to manage the federal workforce and make the federal government a more attractive employer. Hearings held by the House and Senate that have focused on federal human capital management challenges have been important for ensuring that OPM and agencies continue to make progress in acquiring, developing, and retaining employees with the skills needed to carry out the government's vital work. Continued congressional attention to improving the government's human capital policies and procedures will be essential going forward ([GAO-15-290](#)).



WL-WS	WG-Rates					WL-Rates					WS-WD-WN Rates				Pay	
Grade	1	2	3	4	5	1	2	3	4	5	1	2	3	4	5	Level
1	14.26	14.84	15.44	16.03	16.60	15.67	16.31	16.97	17.62	18.28	23.32	24.30	25.27	26.24	27.19	
2	16.04	16.70	17.35	18.04	18.69	17.63	18.37	19.10	19.82	20.56	25.11	26.15	27.19	28.23	29.31	
3	17.81	18.57	19.31	20.05	20.79	19.61	20.43	21.25	22.04	22.86	26.91	28.04	29.12	30.24	31.39	1
4	19.61	20.43	21.25	22.04	22.86	21.58	22.47	23.35	24.26	25.13	28.68	29.88	31.07	32.24	33.45	2
5	21.38	22.29	23.16	24.06	24.95	23.54	24.52	25.49	26.47	27.44	30.48	31.74	33.01	34.27	35.53	3
6	23.16	24.12	25.09	26.06	27.02	25.49	26.57	27.61	28.66	29.72	32.05	33.38	34.73	36.04	37.39	4
7	24.78	25.80	26.86	27.88	28.91	27.25	28.38	29.54	30.65	31.80	33.56	34.96	36.35	37.75	39.15	5 1
8	26.29	27.38	28.47	29.56	30.64	28.91	30.11	31.33	32.51	33.72	35.07	36.52	37.97	39.44	40.91	6 2
9	27.80	28.93	30.09	31.23	32.39	30.54	31.82	33.07	34.37	35.62	36.56	38.06	39.57	41.11	42.64	7
10	29.29	30.50	31.73	32.94	34.14	32.20	33.55	34.89	36.24	37.56	38.05	39.65	41.23	42.82	44.40	8 4
11	30.80	32.06	33.35	34.62	35.92	33.85	35.26	36.67	38.09	39.50	38.51	40.13	41.73	43.33	44.94	9 5
12	32.08	33.42	34.77	36.09	37.43	35.29	36.79	38.24	39.73	41.27	39.10	40.75	42.35	44.01	45.63	10 6
13	33.35	34.73	36.10	37.49	38.94	36.66	38.21	39.74	41.29	42.80	39.86	41.50	43.18	44.82	46.50	11 7
14	34.60	36.03	37.49	38.94	40.37	38.05	39.60	41.23	42.80	44.34	40.74	42.44	44.09	45.79	47.51	8
15	35.88	37.31	38.83	40.40	41.86	39.42	41.04	42.72	44.31	45.99	41.74	43.48	45.22	46.96	48.70	9
											WS-16	42.84	44.64	46.43	48.20	49.98
											WS-17	43.78	45.60	47.44	49.26	51.07
											WS-18	44.81	46.68	48.53	50.41	52.28
											WS-19	41.97	43.72	45.47	47.22	48.97

JAMES R. BRADY  
Chief  
Wage and Salary Division

Order Date: 9 September 2014  
Effective Date: 16 November 2014  
Supersedes Schedule Issued 3 February 2014

**Post-Hearing Questions for the Record  
Submitted to Ms. Patricia Niehaus  
From Senator Heidi Heitkamp**

**“21<sup>st</sup> Century Ideas for the 20<sup>th</sup> Century Federal Civil Service”  
May 20, 2015**

1. According to GAO, research has identified several recruitment challenges facing the federal workforce, such as passive recruitment strategies that can result in missed opportunities to identify qualified applicants and unclear vacancy announcements that can delay hiring. GAO has asserted that these challenges “put the federal government at a serious competitive disadvantage in acquiring talent.” Other research has also highlighted the importance of retaining high-performing federal employees and determining factors that contribute to employee turnover.
  - a. What are the primary barriers to attracting and retaining qualified individuals to the federal workforce?

I believe the most significant barrier to attracting and retaining qualified individuals to the federal workforce is the General Schedule classification and pay system. This antiquated, rigid system does not address the needs of the agencies filling positions and it makes those positions less attractive to applicants. As Senator Heitkamp noted during the hearing, there are significant gaps in the classification system with one of the most important career fields—Project Management—being completely ignored or forced into the mold of another career field. This system was created for a 1940s workforce that consisted of primarily clerical employees. In many agencies, clerical positions are rapidly becoming a thing of the past as we develop more and more technologically. A large number of white-collar occupational standards have not been updated since the 1990s; and some have survived unchanged since the 1970s. There is some flexibility in starting pay for new employees, such as using the Superior Qualifications authorization (5 CFR 531.212) which allows an employee to start at a step higher than step 1 of the GS grade of the position and Recruitment Bonuses for hard-to-fill positions; however, once in the position, the employee is still trapped in the General Schedule step system and usually has to wait at least a year to be promoted, even if he or she is fully qualified for the next higher grade. In the private sector, employees are rewarded with pay increases that recognize individual performance not longevity.

Private industry manages their hiring and salary administration based on their budgets and market pricing not arbitrary rules about how much a particular position is worth based on an antiquated standard. Our members report to us that it takes months to get a position classification reviewed and, even when it is looked at, there is little room for deviation because the General Schedule does not have flexibility as one of its qualities. Air Force uses a system of “Standard Core Personnel Documents” which are pre-written position descriptions. This does save some time on the part of the position classifiers but doesn’t allow for the type of flexibility management needs to be able to compete with the private sector for the best and the brightest.

b. What legislative reforms could assist in addressing these barriers?

DoD has a long history of successful Demonstration Projects. China Lake is a 30+ year example of a successful program. One of the reasons some of them are successful is that those systems were allowed to get through the growing pains involved in any major cultural change and the systems were adapted when needed.

Performance Management, including position classification and pay, should be a living entity not a stagnant set of tables and checklists. While NSPS was not a total success, an alternate classification and pay system that doesn't rely on longevity as the driving factor is what we need to begin bringing the federal civil service into the 21<sup>st</sup> century.

The most prominent criticism of NSPS was the perception of favoritism and the time commitment involved for both managers and employees. I do not think that means we should never try again. The private sector has always operated on the basis of "pay for performance." Future systems should include more training for both employees and supervisors and top down commitment to oversight of the program. During NSPS, we heard from members who worked on installations where the Installation Commander—the top authority on that installation—was too busy to attend the training and delegated the responsibility for the program down several levels. This sends a very clear message to all levels of management in those organizations that there is no top-down interest or oversight. We also heard from managers who were frustrated that their employees weren't interested in putting any effort into their self-assessments. I can't imagine an employee in private industry passing up an opportunity to point out why he or she deserves a raise or a bonus for the work they've performed. The NSPS training initially provided to managers was constructed well but we heard from our members that it was not delivered with a consistent message. The training initially provided to employees was only a one-day session. It covered the basics of the program but did not give clear direction on tracking their own performance to use in their self-assessments.

c. USAJobs.gov does not have the best reputation, and the online application process can be daunting and confusing. What role does USAJobs play in this challenge? How does it impact the speed of the hiring process?

USAJobs.gov is a very cumbersome system and the questions applicants must answer during the application process are often confusing and contradictory. In private industry, an applicant usually only has to submit a resume and cover letter when applying for a job. At Travis AFB, we recently announced summer hire jobs. We intended to fill over 70 positions. We got less than 50 applicants qualified by USAJobs—even though the jobs are at the basic entry level (GS-3). In previous years, we've handled the application and qualification process at base level and have not only filled all available positions but had "back-up" candidates waiting in case an opening occurred after the initial hire.

- d. Employee retention is a problem, especially when looking at millennial employment. To what extent have agencies identified organizational factors contributing to turnover of new employees?

I have not seen any formal studies by agencies on the reason(s) millennials are leaving federal service at an alarming rate. However, many of our members report that the reasons given them informally are frustrations with “the system.” Millennials, like most of us, want to be recognized for their contributions not just for longevity and find the current General Schedule system antiquated and rigid. The concept of “paying your dues” before moving up is not one they’re familiar with. Many millennials come into the federal system with advanced degrees but little work experience. This is viewed by some established federal employees as unfair rather than a sign of the times. For example, one of our members reported that his new employee was being ostracized by co-workers because he didn’t start at the GS-7 level and “work his way up.” That employee came into federal service with a Master’s Degree and was placed at the GS-11 based on his education and military experience.

If we are to be the employer of choice in the future, we need to work on the culture of our organizations as well as the structure of our performance management system. Employees who believe they are “owed” advancement based on longevity must be educated to understand that advancement should be based on contributions not just showing up. Employees get a paycheck for coming to work every day and doing a good job. That is the standard for acceptable performance. However, employees should get rewarded above and beyond the paycheck when they perform above and beyond the usual expectations for their position, either through promotion or through in-place salary increases.

2. According the Partnership for Public Service analysis of the 2014 OPM Federal Employee Viewpoint Survey, fewer than half of all employees are satisfied with the training they receive or feel that their training needs are assessed by their agency. However, training is critically important in ensuring employees are well prepared to do their jobs.
  - a. What should agencies be doing to meet the training needs of their employees, particularly in a fiscally-constrained environment?

One of the first things agencies should do is invest in training their managers. A well-trained manager not only contributes to a productive, healthy work environment; that manager can and should be a training resource for employees. Some of our members report that their employees don’t believe they’re receiving training unless they’re sent to courses away from the job. That is an expectation that a well-trained manager can correct.

In this time of fiscal austerity in most agencies, unfortunately, training is usually the first casualty in the budget wars. In many career fields, on-line training is sufficient and productive. However, there are some career fields, particularly technical ones, where hands-on training is absolutely necessary. I think in many instances, managers are already prioritizing training needs but that also creates room for resentment among employees. I’ll use my own staff as an

example: I have one new specialist and seven experienced specialists. One of my experienced specialists complained recently that it wasn't fair that the new person gets to go to training this year and the experienced person didn't. However, training decisions must be based on available funding and mission needs not employee preferences.

3. A recurring theme of this hearing was the lack of quality management - that we are not doing enough to ensure agency supervisors have the tools and skills needed to effectively guide their teams and create the effective, efficient federal workforce our nation needs.
  - a. What are some basic steps agencies can take to improve the quality of management?

Training and time are the most important factors to improve the quality of management. An untrained manager with the best of intentions can easily cause problems in the workplace without being aware that rules are being violated. Likewise, managers who have little time to devote to their employees due to technical obligations are less effective than those who can actually be managers not technicians. It's harder to look at the big picture when you're weighed down with the technical aspects of a job.

- b. What can be done to ensure that managers and leaders are held accountable for developing employees, rewarding high performers and addressing poor performance?

Again, training managers to be managers not just the best technician in the office is key. Also, ensuring that management responsibilities are not just additional duties and providing sufficient time to manage is critical. Addressing poor performance is a time-consuming, cumbersome process and many managers just don't have enough time to do this. It's more expedient to just rate everyone the same (and pass/fail performance rating systems certainly reinforce this) than it is to differentiate between levels of performance. I do not believe that we have a cadre of punitive managers out to "get" their employees; nor do I believe that we have a workforce of lazy, unproductive employees. For the most part, managers have good intentions and truly care about our employees. The federal workforce is primarily made up of dedicated individuals who work hard to get the mission done and who perform valuable service to our country and our citizens. But even the best of intentions can be undermined by a lack of training, funding and time to manage.

- c. What steps can OPM take?

OPM should consider management as a career field. Establishing standards that require a management position to be more stand-alone management than technician with "additional" management duties is the first step toward making that happen. The best technician is often not the best person to supervise other technicians. Perhaps OPM could make available some form of aptitude testing for management functions. Guidance on developing dual career paths (management vs. senior technician) would also be helpful.

d. What steps can Congress take?

Congress should ensure that agencies are adequately funded to reward their employees and to provide meaningful levels of management with time and training to be managers. Some of our members have as many as 40 or 50 direct reports. This is an impossible workload in and of itself and those managers also have technical duties they are expected to perform. There is no way a manager in this situation can adequately address poor performance or develop other employees. There are simply not enough hours in the day. Management must be considered a primary duty or we will continue to see employees not being recognized for exceptional performance or held accountable for poor performance.

4. What have you heard from your members regarding the reasons younger employees are leaving federal work in favor of the private sector?

As I said in question 1, many of our members report that the reasons given them informally are frustrations with “the system.” Millennials, like most of us, want to be recognized for their contributions not just for longevity and find the current General Schedule system antiquated and rigid. The concept of “paying your dues” before moving up is not a familiar one. Many millennials also come into the federal system with expectations of being instant executives. We need to train our managers to manage that type of expectation as well as to meet the needs of younger employees for feedback and recognition.

5. You proposed moving the pay structure of the federal workforce from the GS system to a pay for performance system, much like the National Security Personnel System (NSPS), which was experimented with at the Department of Defense. While I understand the thought process behind a pay for performance structure, the many shortcomings of the NSPS at the DOD gives me pause.

- a. What oversight and safeguards would we need to put in place to ensure that favoritism and perceived lack of equity, which plagued the NSPS, would not once again reappear?

Safeguards:

- i. Top Down Commitment: if top level management (military and civilian) are not held accountable for the program, it will fail.
- ii. 365 Days: Performance management is a year-round process and should not be reduced to just the annual appraisal. One aspect of NSPS that was good was the ability for second-level supervisors to actually see the real-time documentation of feedback sessions between first-level supervisors and employees. This was a good tool to ensure conversations took place when they were supposed to. In order to meet any standard of feedback, whether quarterly, monthly or more often when needed, managers need time to be managers not technicians.
- iii. User-Friendly: the NSPS data system was not particularly user friendly. Keep it simple.

- iv. Transparency, while respecting the privacy of individual employees, is key to the successful administration of any new performance management system and intensive, detailed training for everyone involved is just as important. One thing we must impress upon employees is taking responsibility for their part of the equation. If an employee wants their manager to consider an accomplishment when completing an appraisal, the employee needs to step up and identify that accomplishment not just assume that the manager “knows” what the employee did. Blowing their own horn is hard for some people and, in many cultures, it is even discouraged. We need to ensure that every employee understands the value of self-assessment. Results reported in the aggregate may also be helpful for employees to measure themselves against. It is also critical to keep in mind that the culture changes required to move from a longevity-based system to a contribution-based system take time. There is not instant fix for this problem.
- b. While the promise of a larger paycheck is an obvious motivation for any employee, if we were to fully fund performance awards under the current GS system would that not achieve the same results?

Fully funding performance awards is one step in the process; however, performance awards are generally one-time payments and do not impact the employee beyond that particular time. If we are to be the employer of choice, we need to re-think our system of rigidly confining an employee in one classification and at one grade. Under NSPS, we had employees who “grew” into much higher levels of responsibility during the process and we were able to appropriately reward them for that growth. We were also able to adjust (downward) the pay of individuals who were providing marginal performance while retaining them in their position. Under the General Schedule, the employee would only get step increases based on longevity and possibly a one-time award payment and there is usually no penalty for marginal performance in a multi-tier system. The high achieving employee would have to watch the average employee at the next desk get the same longevity increases without the growth.