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Prepared for

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

Hearing Entitled

**“From Candidates to Change Makers: Recruiting and Hiring the
Next Generation of Federal Employees”**

May 8, 2008

Mr. Chairman, Senator Voinovich, Members of the subcommittee, thank you very much for the opportunity to appear before you today. I am Max Stier, President and CEO of the Partnership for Public Service. We deeply appreciate your invitation to discuss the recruitment, hiring and retention challenges facing the federal workforce.

The Partnership has two principal areas of focus. First, we work to inspire new talent to join federal service. That includes talent at all levels, from new college graduates to seasoned workers seeking encore careers. Second, we work with government leaders to help transform government so that the best and brightest will enter, stay and succeed in meeting the challenges of our nation. That includes all aspects of how the federal government manages people, from attracting them to government, leading them, supporting their development and managing performance; in short, all the essential ingredients for forming and keeping a world-class workforce.

We want to thank you for your efforts over the years to help our federal government attract and retain top talent. Under your leadership, we now have chief human capital officers working to solve government's talent challenges at major federal departments. We've expanded the use of loan repayment benefits, helping to alleviate a major barrier to government service. We've given federal managers more flexibilities, such as category ranking and the expanded ability to use bonuses as recruitment and retention tools.

But for all these successes, we have much more road to travel. We are still faced with a constant stream of stories that emphasize the need to invest in our federal workforce. An independent panel recently reported that "the Food and Drug Administration's inability to keep up with scientific advances means that American lives are at risk." The backlog of appealed Social Security disability claims is 755,000, up from 311,000 in 2000. The wait for an appeals hearing averages more than 500 days, compared to 258 in 2000. Secretary of Defense Robert Gates has said "al-Qaeda does better at communicating its message on the Internet than America" as a result of our failure to invest adequately in our diplomatic corps.

Today, I want to offer some specific recommendations about ways to help our government attract and retain the talent we need to tackle these challenges. Before I do, I would like to offer a theory for understanding these issues inspired by a somewhat unlikely source – the NFL draft.

I was first asked to testify at today's hearing in late April, just days before the draft. As I began thinking about what I was going to say, I was struck by how many lessons from that draft apply to human capital in the federal government. In particular, I think there are seven lessons from the NFL draft that apply to our federal government's human capital challenges and put them into the proper context.

- 1) Obsessions can be healthy.
- 2) Short-term pressure can derail long-term success.
- 3) The performance of one affects the performance of the whole.
- 4) It all comes down to three simple things.
- 5) Smart changes require smart measurement tools.
- 6) Copying is allowed and encouraged.
- 7) The process never ends.

Obsessions can be healthy.

As anyone with cable, an Internet connection or a newspaper subscription knows, you couldn't find any sports information during the month of April without coming across coverage of the draft. To many, the attention seemed like overkill, but media companies simply provide what their customers want. Football fans and general managers obsess over the draft, because each Sunday in the fall, they have to watch as their team's biggest personnel weaknesses are exploited before their very eyes. They understand, in starkest terms, that if their team doesn't bring in some new talent to address skills gaps, they will see them continue to pop up again and again.

On one count, our government shares this obsession for filling its talent needs. Congress and our armed forces invest millions of dollars in marketing campaigns to attract the men and women needed to ensure a robust military; a similar commitment to marketing civilian jobs to diverse pools of talent would be a wise investment. One positive example is the televised ads sponsored by the Office of Personnel Management (OPM) touting the wide variety of careers and work environments possible in the federal government and the difference federal employees can and do make.

Short-term pressure can derail long-term success.

Owners and fans always want to win, so there is great temptation to focus on making a big splash now. This can lead to drafting the high-profile running back when you really need an offensive lineman or trading too many future draft picks to get the player you want now.

There is a similar dynamic in place in our federal government that threatens our ability to solve its human capital challenges. Our government is run by short-term political leadership that has little incentive to focus on long-term issues like workforce management. With an average tenure of less than two years and a long list of policy initiatives they are supposed to advance for the president, political appointees are naturally reluctant to spend precious time working on internal issues that won't deliver any pay-off until they are long gone. Congress has a responsibility to ensure that long-term issues like human capital do not get shortchanged.

The performance of one affects the performance of the whole.

You cannot evaluate the skills of football players in isolation. The performance of football players are connected to the performance of their teammates, and teams lose sight of these connections at their own peril. In addition, you can be the strongest team in the league at certain positions, but if you have gaping holes elsewhere, overall team performance will suffer.

Government's recruitment and retention challenges are similarly interconnected. First, across all demographic groups, there is a lack of knowledge about federal job opportunities and how to get them. Government service is simply off the radar of most job seekers. Even when individuals are knowledgeable about and interested in federal jobs, other barriers remain. Among younger people, a growing number find themselves priced out of public service by increases in the average debt burden. Many mid-career and older workers find themselves shut off from interesting opportunities by our government's practice of opening only half of all high-level jobs to external candidates. One of the most significant barriers to government service is the federal hiring process. In too many cases, the process takes too long, is too complicated, lacks transparency and fails to produce the right talent for the job. Finally, after new employees arrive, many agencies do a poor job of managing them, failing to adequately integrate these employees and offering only limited financial incentives due to an inflexible and antiquated compensation system.

Each of these challenges needs to be addressed individually, but isolated solutions that don't fit into a comprehensive strategy to tackle these problems as a whole will have limited impact.

It all comes down to three simple things.

There's an old cliché that football is boiled down to three simple phases: offense, defense and special teams.

The same could be said about the federal government's workforce challenges. An effective federal workforce can be boiled down to three core elements: the right talent; an engaged workforce and strong leadership. Our government faces challenges on each front.

- **The Right Talent** -- The average civil servant stays in his/her job for a little less than 20 years. The average private sector employee stays in a job for less than four years. Today's job seekers don't want their next job to be a career; they want it to be a career-builder. Government needs to recognize these attitudes and re-imagine itself as a place that can draw talent for short periods of time from other sectors, and it needs to do so at all experience levels. Typically, government brings in talent at the entry-level, but government needs to take a closer look at bringing in external talent in senior positions, where talent needs will be

particularly acute due to the retirement of the baby boomers. To be sure, there are some encouraging developments that should be acknowledged and encouraged. For example, the Office of Personnel Management has developed the Career Patterns initiative - a new approach for bringing the next generation of employees into federal government positions. OPM has recognized that the "new normal" for the 21st century workforce will bear little resemblance to that of the late 20th century. OPM encourages agencies to adopt a "career patterns mindset," in which different arrangements - telework, flexible work schedules, and varied appointment types - are seen as natural and regular ways of getting work done and not as aberrations. More work along these lines is needed.

- **An Engaged Workforce** -- Research consistently shows that increases in employee engagement lead directly to improvements in organizational performance. Government's track record on this issue is a mixed bag. As we can see from the Partnership's *Best Places to Work in the Federal Government* rankings, some agencies have seen an increase in employee engagement, while others have seen a decrease. Overall, employee engagement in government appears to be static.
- **Strong Leadership** -- The *Best Place to Work* rankings also show that the most important driver of employee engagement is leadership and this is the area where government most lags the private sector. Employees in the federal sector are twice as likely as their private sector counterparts to report that their leaders - political and career - do not have the leadership skills needed to do their jobs effectively. Federal civil servants also give government relatively low scores for creating a performance-based culture, sharing information and providing training.

Like the pieces of the recruiting and retention continuum, these three items are interrelated. You need talented people for an organization to succeed. You need workers to be engaged to best utilize their skills. You need strong leadership to ably engage your employees. When government faces challenges in one area, it affects the others. That is why it is important to have a comprehensive agenda that addresses all of them.

Smart changes require smart measurement tools.

Identifying talent needs is a very scientific exercise in the NFL. Team executives look at statistical data to identify the team's biggest strengths and weaknesses. They can also use metrics to determine if previous attempts to solve a weakness worked. For example, if you spent your first two picks in last year's draft on defensive backs to shore up a weak pass defense, but your team then proceeded to allow even more passing yardage this year, you might want to re-consider if those draftees were the right solution to your problem.

Unfortunately, our government operates in an environment without any real-time metrics for performance or organizational health. You can't manage what you can't measure, and due to the

challenges of measuring success in the public sector, the federal executive has very few indicators that managers can use to gauge which operational reforms are working and which are not. Remedying this problem has to be part of a long-term strategy to improve federal recruiting and retention.

Copying is allowed and encouraged.

The year after the Tampa Bay Buccaneers surprisingly won the 2003 Super Bowl using its new “cover 2” defense, teams all over the league began copying it. Most teams found that it worked for them, too.

When it comes to federal recruiting and retention, many agencies are employing their own equivalent of the “cover 2.” The problem is that our federal government doesn’t share the same copycat culture when it comes to new ideas. Almost everything that needs to be done to improve federal human capital management is happening somewhere, either in the public or private sectors. We need to encourage sharing best practices so that improvements are made throughout government.

The process never ends.

The process of attracting and developing talent never ends for NFL teams. Once the draft ends, teams begin working with their new hires to integrate them into the team and help them enhance and best utilize their skills. On a separate track, teams continue looking for new talent through the free agent market. Then, before you know it, they are preparing for next year’s draft.

The federal workforce requires constant attention and an understanding that no matter how many reforms we pass and successes we enjoy, there will always be more to do. Along these lines, even if agencies already have the authority to make most of the changes necessary to improve federal recruiting and retention, Congress can always be making it easier for them by creating incentives for reform.

Recommendations

Improving the federal hiring system will not necessarily require an act of Congress. Federal agencies already have a great deal of flexibility and authority to make changes. Having said that, there are a number of actions Congress could take to encourage the executive branch to implement reforms and to improve the effectiveness of our federal workforce.

Engage in more aggressive, strategic recruiting.

- In 2006, Congress funded the Partnership’s *Call to Serve Recruitment Initiative*, the first extensive market research to examine ways to attract college students to government service. This research has provided valuable insights into the most effective ways to reach this key audience that have been shared with federal agencies and more than 600 schools through the Partnership’s *Making the Difference* campaign. Congress should encourage agencies to apply the lessons of this research and consider funding additional studies to target audiences like mid-career workers and retiring boomers.

Expand the use of financial incentives.

- Congress should establish a new government-wide scholarship program to fund graduate-level study in exchange for a federal service commitment in targeted mission-critical jobs. The Roosevelt Scholars proposal, promoted by Rep. David Price (D-NC), would create a ROTC-like scholarship program that could restore prestige to federal service by more broadly raising awareness about federal opportunities and rebranding the government as a place where the best and brightest go to make a difference.
- Congress should enhance the attractiveness of loan repayment assistance by passing S.1047, Senator Voinovich’s “Generating Opportunity by Forgiving Educational Debt for Service Act”, which treats loan repayment as a non-taxable benefit.
- Congress should fund agency requests for improvements to their HR practices, specifically existing recruitment tools, such as expanded use of recruitment bonuses or student loan repayments for hard-to-fill mission-critical occupations.
- Finally, resources need to be set aside so these incentives can be fully funded in the future. Congress should make a long-term, sustained investment in these incentives in order to build a pipeline of talent into the federal government.

Fix the federal hiring process.

- We encourage Congress to hold the Office of Personnel Management and federal agencies accountable for making hiring more timely, efficient and user-friendly. To OPM’s credit, it has undertaken an interagency effort to improve the federal hiring process and the Deputy Director of OPM is leading that effort. Given the nature of the problem, of course, this effort will need to be sustained and given a high priority over an extended period of time.
- At a minimum, all agencies should adopt and enforce an “applicants’ bill of rights” that promises a user-friendly application process (for example, allowing a resume to serve as an application); clear job announcements; timely and useful information about the status of an application; and, a timely hiring decision.

- Congress should also require agencies to evaluate their applicant assessment process to ensure that agencies ultimately choose the person with the right skills for the position. In assessing candidates, agencies should emphasize expertise rather than prior federal experience.

Encourage and improve use of existing flexibilities.

Congress must ensure that federal agencies measure the effect of personnel tools and how they are used, or not used, toward the goals of recruiting, hiring and retaining the right talent.

- Congress should ask for the collection of metrics to assess how agencies are using personnel flexibilities, which flexibilities are most effective at attracting and retaining older workers and other demographic groups, whether using flexibilities are resulting in good hires for government and how flexibilities can be used more effectively.
- Congress should ask agencies to collect data from employees; for example, a third-party exit survey of departing employees would do much to shed light on the factors that contribute to employee engagement, including the tools and practices that might have been more successful in attracting and keeping needed talent.
- Congress should provide resources for federal agencies so that they may make the best possible use of the flexibilities that Congress has made available. Without adequate and sustained funding, agencies will be severely constrained in their use of personnel tools to recruit, hire, retain and develop the right talent for government. Investing in talent is an investment that will more than pay for itself over time.

Make the federal pay system more performance-based and market-sensitive.

- Congress should require each agency to establish a performance management system before moving to a performance-based compensation system. These performance management systems would have to be certified as fair, credible and transparent.
- Ultimately, Congress and the president should replace the General Schedule (GS) pay system for all federal organizations with a fair, credible and transparent pay system with broader pay bands. Performance- and market-oriented compensation is a valuable recruitment incentive in today's "war for talent."
- Federal agencies should be allowed to tailor the system to their individual needs while ensuring that all agencies have a level playing field with regard to overall compensation levels for similar occupations and experience levels. For example, equitable compensation across law enforcement occupations would alleviate the incentive for employees to move to other units within the same agency purely for salary reasons.

Increase oversight and accountability.

Congress should exert oversight authority to hold agencies accountable through hearings on recruiting and hiring, regular reports from agencies on workforce planning and other means. In addition, Congress should work to:

- Require agencies to annually submit their hiring projections to the Office of Personnel Management. This data – broken down by occupation and grade level – should also be made easily accessible to the public through the USAJOBS Web site and the FedScope searchable database. This is a powerful recruitment tool and aids enterprise-wide planning.
- Increase transparency and make more readily available the hiring mechanisms and incentives that agencies use to attract and retain employees. This information would enable potential applicants to compare, by agency, what percentage of recent hires were external, how many were converted from intern or fellowship programs, and the use of loan repayment, bonuses and other hiring incentives.
- Create a system of metrics to gauge the effectiveness of federal recruiting, which is essential to effective oversight. Metrics are needed in three key areas including (1) identifying workforce needs, (2) building and maintaining pipelines to attract the right talent, and (3) selecting and hiring the employees they need.

Measure engagement and commit to improvements.

- Congress should enact – and financially support – a centrally administered annual Federal Human Capital Survey, with publicly available results. This survey is critical to gauging federal employee engagement.

Enhance formal training and on-the job development.

- Congress should set aside and protect funds for employee training and development. This could be done for specific critical skills areas such as contract management or leadership development.
- Agencies should be allowed to “roll over” unspent funds from one fiscal year to the next, to finance training opportunities.
- Congress should enhance the ability of managers and supervisors to manage their employees by passing S. 967, Senator Akaka’s “Federal Supervisor Training Act.”

Establish long-term leadership.

- The president and Congress should build on the work of this Subcommittee and create a Chief Management Officer for each department to oversee implementation of management reforms, particularly tracking program and organizational performance. In some cases, a Deputy Secretary may already fill this role through a focus on management. Ideally, this position should be a term appointment, allowing the individual to address ongoing management challenges across administrations.
- Congress should work with OPM and the management councils to establish statutory qualifications for senior management officers in the federal government.

Conclusion

I want to close by making a point about the timing of these efforts. This November we will elect a new president, who will be sworn in on January 20, 2009. Some people think that election years are synonymous with gridlock, but in fact the opposite is true. They are a time of tremendous opportunity. The first change in administrations in eight years means the stakes are raised. Going back to my opening metaphor, it's as if your team has a top pick in the draft. This opportunity doesn't come along often, so you want to be sure to get this right.

I would encourage the Subcommittee to put pressure on both parties' nominees to begin preparing for the transition now and to ensure that human capital issues are a priority for every department and agency of government. I would also encourage the Subcommittee to serve as a bridge between administrations. As I said in my opening, we've made a lot of progress in recent years. Rather than hitting reset and starting from scratch, we need to think about ways to preserve our gains and build on them. Working together, I am confident that we will keep moving forward and continue improving the quality of our federal workforce and our government's ability to confront our common challenges.