



INTERNATIONAL FEDERATION OF PROFESSIONAL  
AND TECHNICAL ENGINEERS,  
(IFPTE), AFL-CIO & CLC

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**Testimony of  
Gregory J. Junemann,  
President**

**International Federation of Professional &  
Technical Engineers  
(IFPTE), AFL-CIO & CLC**

*Prepared For:*

**Senate Subcommittee on Oversight of Government  
Management, the Federal Workforce, and the District of  
Columbia**

**Hearing:**  
*“The National Security Personnel System and Performance  
Management in the Federal Government”*

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**Testimony of Gregory J. Junemann, President  
International Federation of Professional and Technical Engineers, AFL-CIO, CLC**

Good afternoon. I am Gregory Junemann, President of the International Federation of Professional and Technical Engineers. I would like to thank Chairman Akaka, Ranking Member Voinovich, and members of the Subcommittee for the invitation to testify today.

I would like to also extend a personal note of appreciation to Chairman Akaka and his Subcommittee staff. As a union representing tens of thousands of federal workers, including federal workers represented by IFPTE Local 121 at the Pearl Harbor Naval Shipyard, IFPTE commends the Chairman for his long standing support for the members of IFPTE Local 121. Chairman Akaka is a champion for our nation's civil servants, who strive to meet the needs of the taxpayers everyday.

The issues that will be discussed here today are critical to examining where our Department of Defense (DOD) workforce has been over the past several years under the now discredited National Security Personnel System (NSPS), where we are today with respect to the transition from NSPS back to the General Schedule (GS), and the possibility of moving forward with a government-wide performance management system.

IFPTE represents over 90,000 highly skilled professional and technical workers in the private, federal, and public sectors throughout the United States and Canada. With respect to our federal membership, IFPTE represents employees at DOD, the Department of Interior (DOI), the Department of Energy (DOE), the National Aeronautics and Space Administration (NASA), the National Oceanographic and Atmospheric Administration (NOAA), the Environmental Protection Agency (EPA), the Government Accountability Office (GAO), the Congressional Research Service (CRS), the Pension Benefit Guarantee Corporation (PBGC), the Executive Office of Immigration Review, the Tennessee Valley Authority (TVA), and Administrative Law Judges at the Social Security Administration.

Today's hearing focuses on three very critical concerns facing our federal workforce. The first item centers on the transition of most of the 219,000 DOD workers under NSPS back to the GS system, and how that transition impacts pay. The other two items deal with, (1) The authorities included within the Fiscal Year 2010 (FY10) Defense Authorization bill (the same bill that included the NSPS repeal) that allow the DOD certain flexibilities for moving forward with a performance management system, and (2) The efforts by the Obama Administration's Office of Personnel Management (OPM) and the Office of Management and Budget (OMB) to create a government-wide performance management system that could eventually impact most Executive Branch workers.

My testimony will first take a look at the NSPS transition, followed by IFPTE's views on performance management, and hiring/retention.

## **I. Transition from the National Security Personnel System to the General Schedule**

With last year's passage of HR 2647 (Public Law: 111-84), the Fiscal Year 2010 National Defense Authorization Act (NDAA), came several key provisions that impacted federal workers. It is important to mention that IFPTE applauds the workforce provisions included in that bill, including allowing federal workers to allocate unused sick leave toward their Thrift Savings Plan (TSP). However, the highlight of the bill for IFPTE was the major legislative goal that our union, and most other unions representing DOD workers, had been pursuing since 2003, and one that is a subject of today's hearing – the repeal of NSPS. Needless to say, the rejection of NSPS was long overdue and IFPTE applauds every member of Congress who had a role in its repeal, including Chairman Akaka who recognized from the start that NSPS would be a failed personnel system.

NSPS is key to today's broader message because IFPTE believes that it is reflective of a 'lesson learned' as we consider the question of moving forward with comprehensive performance management in the federal government. IFPTE continues to be very skeptical of 'pay for performance' schemes because they have overwhelmingly proven to be unfair to the workers that we represent. While the concept sounds nice, once you open the cover of this book and read what's inside you will quickly learn that these pay systems leave a lot to be desired. NSPS is a perfect example of that.

Setting aside the many major flaws of NSPS and focusing just on the pay and performance evaluations part of the failed personnel system, data and studies showed NSPS to be, among other things, a discriminatory pay system. While IFPTE does not believe that this was done intentionally, NSPS data itself proves that its very pay scheme negatively impacted minorities. White workers overall got higher pay raises than racial and ethnic minorities. The pay data also suggests that workers at the higher end of the pay scale, or those with plum assignments, benefited under NSPS, while most others lost out. For example, those working in higher commands, or at the Pentagon received higher ratings and pay than their counterparts in less visible locations.

In addition, a 2005 Defense Business Board report warned Congress and DOD management that it was not uncommon in federal pay for performance systems for workers at the higher end of the pay scale to benefit while those at the lower end of the pay ladder suffered losses. Here again, the DOD's own investigation showed that NSPS also failed to avoid this particular pitfall. The DOD study, which was released by SRA International in May of last year, showed that workers earning \$60,000 or less, compared to those earning \$100,000 plus, were essentially subsidizing the generous pay increases for their already higher paid counterparts. It is no surprise that the lower paid workers would have made out far better if they had just remained in the General Schedule (GS) pay system.

These findings were not a revelation to IFPTE. Our union, in partnership with the 35 other unions that made up the United DOD Workers Coalition (UDWC), predicted as much. This is exactly why we worked so hard, and for so long, to protect our respective memberships from entering NSPS, and eventually for the complete repeal of NSPS.

Now that Congress has repealed NSPS, hundreds of thousands of workers are faced with the transition back to the GS. It should be noted that just about every worker moved into NSPS was non-represented. In other words, with the exception of just over 900 workers out of 219,000, everyone else working under NSPS is not represented by a union. So, while IFPTE and our sister unions of the UDWC were successful in protecting our respective members from NSPS, some of us do represent a handful of workers who formed a union after going under this pay system. Of the over 900 workers under NSPS that are represented by a union, IFPTE represents ninety-four.

To lead this transition, and in an apparent effort to change the controversial culture at DOD with respect to NSPS, this past January the department announced the appointment of John James to head the transition from NSPS to GS. IFPTE believes that Mr. James' appointment was a step in the right direction. He has a long career in the federal government, mostly with the Navy. Not only has his work garnered praise from the rank and file, he is a person who has displayed a willingness to work with labor in a good faith way. This is obviously a far cry from the DOD management culture that IFPTE and other unions experienced over the previous eight years. His most recent position was the head of logistics, maintenance and industrial operations at the Naval Sea Systems Command (NAVSEA). As a union that stresses the importance of diversity in the workplace, particularly when it comes to highly technical jobs, IFPTE is especially pleased with Mr. James' work on increasing diversity within the Navy through outreach to colleges and high schools, including historically black colleges and universities (HBCUs). While IFPTE will continue to be vigilant and aggressive in working on behalf of our membership, both through this transition and with respect to a potential new effort to create a DOD specific performance management system, we do believe that Mr. James presence in leading this effort will prove to be a huge improvement.

One of the more complicated tasks before John James and his team is to ensure that no worker loses pay as a result of the transition from NSPS back to GS. Along with the repeal of NSPS came the requirement that no worker suffers a loss in pay through the transition. IFPTE certainly agrees with this requirement, but it does present the difficult task of figuring out how to accomplish this. This is especially complicated for those workers whose last salary was more than they would be paid at the step 10 level of their grade under the GS system. Of course these workers will have to go back into their GS grade level, meaning that in a few cases their pay will exceed the prescribed pay for the 10<sup>th</sup> step in that grade. The DOD has proposed pay retention as a way to meet the congressional requirement. This means that impacted workers moving to GS will keep the salary they got under NSPS. However, until their GS pay scale catches up with their higher pay they will get half of the annual across the board adjustment, locality pay and special pay rates compared to every other federal worker. In other words, their salaries will grow slower than their colleagues.

Overall, IFPTE understands the rationale behind the DOD proposal to bring things back to an equal playing ground. The following scenario, without pay retention, explains our reasoning:

*A manager who made out well under NSPS is permitted to get full raises in the out years. This could cause harm to a federal worker represented by IFPTE, for example, if he/she were to eventually be promoted to a supervisory position. That employee, who was protected from NSPS by their union, will always be paid less for the same work as the supervisor who is getting full pay raises on top of the NSPS bumps they received.*

Keep in mind, a lot of the NSPS bonus money came from bonus money that was supposed to be used for an agency or command. So, some of the bonus money that was intended for federal workers not under NSPS (i.e. – workers in a collective bargaining unit) was put into NSPS pay pools that IFPTE and other federal workers represented by unions could not benefit from. So, here again, we understand why the DOD proposed retained pay as a part of the transition.

However, there still remains a glaring flaw with pay retention. Workers put under retained pay have the potential of receiving lower raises indefinitely. There will likely be some circumstances where the top step of a GS salary in a particular grade may never catch up. Given this, IFPTE would recommend that another approach be considered.

Instead of retained pay, IFPTE would ask that a proposal to create two additional steps within grade - steps 11 and 12, with corresponding pay raises for each GS grade be considered. DOD could make the length in time to reach these steps 5 years (260 weeks) with sustained performance in each of those years to reach the Holy Grail of step 11 and subsequently step 12. This idea would benefit everyone, not just primarily the management employees who benefited from NSPS. It would also allow those few rank and file workers who got big raises under NSPS to move into a step on the GS scale so they could get their full raises in the out years.

The important thing to remember is some concessions given by the DOD or Congress to past NSPS workers will primarily benefit non-bargaining unit workers, potentially indirectly harming bargaining unit members because they will not benefit from it. IFPTE asks that the Congress and the DOD not only be aware of this type of scenario, but also be sure to avoid it. IFPTE, along with the other unions of the UDWC, worked aggressively in Congress and through the courts to shield our members from this misguided pay system and it would be disappointing to see union members be adversely impacted once NSPS is finally a thing of the past. It would be an unfortunate irony, to say the least.

## **II. DOD, OPM/OMB Efforts to Design a new Performance Management and Hiring System for federal workers in Executive Branch agencies.**

*Overview – The Potential for Performance Management in the Federal Government:*

When it comes to comprehensive personnel management and hiring reform throughout the federal government, IFPTE, which is one of the 22 member unions comprising the Federal Workers Alliance (FWA), has been working hand in hand with the FWA in creating our single vision for personnel reform in the federal government. While the FWA has yet to put forward formal ideas, our new coalition does have a broad outline of concepts that will be the basis for a more comprehensive and detailed document we will provide to Congress and the Obama

Administration at a later date. Having said that, and for this part of our testimony, IFPTE will provide the Subcommittee with our specific union's long held views on the subject of performance management in the federal government, with the caveat that the FWA will be providing this Subcommittee and the Obama Administration with a more comprehensive proposal in the near future.

Before getting into IFPTE's view on this matter, it is important to recognize that Section 1113 of the FY10 NDAA has given the DOD the authority to work on personnel and hiring reforms of their own, separate and apart from what OPM and OMB may do with other Executive Branch agencies. Granted, this authority requires the DOD to work with OPM and labor, but it also allows the DOD to move forward separate from whatever OPM may do. Included in these flexibilities were certain requirements and expectations of management. Among them was the requirement that the DOD work hand in hand with not only OPM, but also with labor. In other words Senate Armed Services Committee Chairman Levin and House Armed Services Committee Chairman Skelton wanted to ensure that the dog and pony show that was NSPS remain a thing of the past. Thankfully, Chairmen Skelton and Levin have made it clear that if DOD decides to move forward, they need to do so with labor as an equal partner. IFPTE also believes that in addition to creating a system with labor as a partner, the expectation is that any new performance management system makes full use of the flexibilities already inherent within the GS system. This last point is directly aligned with IFPTE's position moving forward.

Similarly, OPM and OMB have also indicated that they intend to move forward on a performance management system that will impact just about every executive branch agency in the federal government. While there are little to few details of a potential OPM/OMB proposal that IFPTE has been made a privy to, we have received assurances from OPM Director, John Berry, that labor, including IFPTE, will be an equal partner in any attempt to develop a new performance management system impacting federal workers. Our union applauds Director Berry for his interest in involving labor. Director Berry's long record of support for our federal workforce leads our union to believe that any larger effort by OPM will be done properly and with labor as an equal partner.

Admittedly, IFPTE remains eager to learn the logistics of how all of this will play out. Will DOD simply defer to OPM and OMB, or will they move forward on their own? Regardless of how this takes shape, there are three procedural items that IFPTE will stand firm on: (1) The people across the table representing management are working with us in good faith; (2) The people across the table representing management are the real decision makers and can actually sign off on agreements in real time; and, (3) Labor is involved in the process and planning from the very start. If these three fundamental requirements are not met it will be difficult to achieve success.

Make no mistake though, workforce reform in the federal government will be a great challenge. This is true whether we have a President who appreciates workers, as we do now, or whether we have a President whose goal is to gut the federal workforce, as we have had in the recent past. If there is to be success, it will require serious and thoughtful effort from all sides. IFPTE, for our part, is willing to roll up our sleeves and work with the Obama Administration to bring about positive change in the federal government that is good for both the taxpayers and our workforce.

## *IFPTE's Views on Performance Management, Hiring & Retention, and Training*

IFPTE members have seen enough failed pay for performance systems in the federal government to realize that in order for a pay system to have the buy in of the workers, avoid the pitfalls of discrimination and non-transparency, and be effective, it has to be clearly spelled out by legal statute. The only other way you can achieve a fair personnel and pay system is if it were bargained so that the employees themselves are involved in the design. This is true whether it be at the DOD only, or throughout the federal government as a whole. Outside of bargaining a new performance management system, IFPTE believes that a fair and comprehensive performance management system can be achieved through the existing flexibilities provided in the GS system. The GS system has all the elements to achieve a system that can reward good performers, penalize poor performers, and provide the flexibility necessary to hire and fire. IFPTE also believes that in order to address the hiring and retention problems facing the federal government that Congress must act on legislation that creates an environment where people look forward to spending a career as a civil servant.

The GS pay system has stood the test of time and remains the best system for the federal government. First and foremost, it is transparent, flexible and easy to understand. You do not have to be a rocket scientist to figure it out, unlike the NSPS pay banding scheme. The question is, 'is the GS system flexible enough to accommodate a healthy performance management program?' If used properly, IFPTE believes that the answer is, 'yes'.

There are obvious GS system flexibilities that will allow for a performance management system, including rewarding high performers. Quality step increases, within-grade step increases and performance bonuses are three that immediately come to mind. However, there are several others. IFPTE believes that the following authorities that already exist in the GS system are a good foundation for a performance management system in the federal government:

- Step Increases and Performance Awards – Both GS and Wage Grade (WG) systems allow for rewards for good performers in the federal sector. The problem with step increases now though is that they are not used enough by management, and when they are they take too long. For example, step increases in the GS system take between one and three years, delaying advancement opportunities and resulting in difficulties in retaining good employees. Further, although performance awards for high performers are possible, those awards often go overwhelming to management or vary widely, even within the same agency for the same ratings. IFPTE believes that any performance management system should take advantage of the flexibility to reward good performers through step increases, as well as the proper use of performance awards. However, there need to be caps on performance award monies to management and consistency to the process used to distribute the awards. The timeframe for step increases also needs to be shortened;
- Merit Promotion – This is about as transparent and public a promotion process that federal managers have at their disposal to reward stellar workers. It allows for promotions to other jobs in a higher grade. Since these jobs are competitively listed the person that is eventually hired for the job is an example to others of what can be achieved through excellent performance;

- Career Ladder Program – This is as close to pay banding as you can get under the GS system, except that is transparent, fair and the criteria for advancement is very clear to both the employee and the manager. This program will permit a worker to advance from one grade to another. For example, if a worker is hired for a career ladder position and achieves all the performance standards in one grade, they can accelerate to the next grade. If they achieve the next set of standards, they can move on to the next higher grade, and so on....This program gives workers very clear and concise incentives to work hard and advance.

### *Legislation and Existing Flexibilities for Hiring/Retention, and Training*

In order for management to be properly prepared to operate under a performance management system within the GS, there needs to be proper management training. Also, to address the hiring and retention needs of federal agencies, IFPTE believes that Congress can play a huge role by enacting the following legislative proposals:

- Training – Congress should pass S. 647, the Federal Supervisor Training Act, to provide sufficient resources for manager training. Such resources can be dedicated to help train managers as to the proper use of the GS system as a basis for a performance management system.
- Streamline hiring – Hiring currently takes far too long in the federal sector, and also carries the burden of an outdated system that makes poor use of available resources. IFPTE recommends passage of S. 736 or a similar initiative to shorten the hiring process, provide status updates to applicants, and make job descriptions more concise and straightforward. IFPTE also supports OPM’s recent changes to the hiring process that, among other things, does away with the burdensome Knowledge, Skills and Abilities (KSAs) requirement for job applicants.
- Special Pay Rates – Which can be used for geographic areas and specific jobs that present recruiting and retention challenges;
- Provide automatic parity between civilian and military pay raises – Although President Obama called for parity in his FY 11 budget for civilian and military across the board adjustments, and Congress often links the two, this parity is not automatic. IFPTE recommends that Congress adopt legislation to permanently link military and civilian pay increases.
- Provide greater collective bargaining flexibility to give workers more of a voice in their workplace – Current law prohibits labor organizations from bargaining or grieving certain issues. These restrictions limit the rights of workers to have full protections under the law. IFPTE recommends that Congress allow for more bargaining flexibility by eliminating or reforming provisions in 5 U.S.C. § 7106 to put workers on a more even footing with managers to have a say in issues such as the agency’s mission and budget, assignments of work, and the filling of positions, among other things. Also, change the law to allow grievances on broader subjects, such as classifications under 5 U.S.C. § 7121 (c)(5).



- Encourage incentives for recruitment and retention for hard-to-fill positions – Positions at some federal workplaces are hard to fill because of recruitment or retention problems. Incentive payments can assist with recruitment and retention. These incentive payments for bargaining unit employees should be negotiable.
- Make the federal government more family-friendly – Although current law (40 U.S.C. § 590) gives federal agencies the authority to establish child care centers for federal families, only about 8,000 children of federal employees are receiving this benefit at only 110 facilities. Much more can and should be done to ensure that all federal employees have access to child care at or near their workplace. Further, federal employees currently receive no dedicated leave time for the birth or adoption of a child. The federal government should reform current policies to be a model family-friendly employer. IFPTE recommends that agencies commit sufficient resources to provide greater access to child care for federal employees, including those outside the Washington, DC metropolitan area, and recommends passage of S. 354 or H.R. 626 to provide four weeks' paid family leave for federal employees.
- Domestic Partner Benefits – When it comes to recognizing domestic partner benefits, the federal government is far behind the private sector. If the federal government wants to continue to compete with the private sector for the best talent, and retain their current highly talented workforce, then Congress should adopt S. 1102 or HR 2517, both identical bills, to extend the same retirement benefits, long-term care, health care benefits, family and medical leave, and all other accommodations afforded to federal workers in traditional marriages to those in domestic partnerships or same-sex marriages.

### *Poor Performers*

IFPTE does recognize that there is a belief that federal workers somehow just show up to work and collect a paycheck without much effort. This kind of misguided perception began during the Reagan years when President Reagan not only fired all of our Air Traffic Controllers, but also villified government as “the problem”. Since then civil service workers have borne the brunt of this slander and have been scapegoated for many of the country's ills.

The fact is that poor performers in the federal government are far and few between. Our federal workers put in maximum effort day in and day out over long careers to serve the American public. Indeed, the members represented by IFPTE, many of who are Veterans, take pride in being able to serve the nation through the civil service.

Are there some poor performers in the federal government, just as there are anywhere else? Sure. Should they be disciplined if they do not properly perform their jobs? Absolutely. However, IFPTE feels very strongly that the overwhelming majority of dedicated federal workers should not suffer as a result of a few bad apples. Fortunately, there are ways to deal with poor performers in the federal government.

There remains the misguided perception that the government cannot fire poor performing workers. IFPTE disagrees. There are processes in place that allow management to fire workers. There are also processes in place that allow an underperforming worker to improve. It is incumbent on both management and the union to ensure that an underperforming worker get the resources and training necessary to properly perform their job. The truth is that management

often times simply ignores the problem, or is instructed by their human resources superiors from taking action to allow a low performer an opportunity to improve.

There is also the ability for a manager to take appropriate action to discipline poor performers. For example, if a worker who is not performing is due for a step increase, a manager can refuse the increase by filling out the proper paperwork. However, that rarely, if ever happens. The point is that management can discipline and fire poor performers.

With respect to the appraisal process for rating employees, OPM Director Berry has shared some ideas with IFPTE to simplify the way workers are rated. Director Berry has indicated that he would like to categorize workers into three categories. The employees would be rated as superstars, in good standing, or not performing at an acceptable level. IFPTE agrees with Director Berry that a streamlined and simplified rating system of this sort is needed. Like most other things, the devil is in the details. As long as OPM works in conjunction with labor in creating such a system, as well streamlining a transparent and fair process for adverse actions and appeals, IFPTE believes a positive outcome can be achieved.

This concludes my testimony. Thank you again for the opportunity to be here today.