

**PREPARED STATEMENT OF**  
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**U.S. DEPARTMENT OF DEFENSE**

**Before the**

**SUBCOMMITTEE ON EFFICIENCY AND EFFECTIVENESS OF FEDERAL  
PROGRAMS AND THE FEDERAL WORKFORCE**  
**COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS**  
**UNITED STATES SENATE**

**on**

**A MORE EFFICIENT AND EFFECTIVE GOVERNMENT: CULTIVATING THE  
FEDERAL WORKFORCE**

**MAY 6, 2014**

Chairman Tester, Ranking Member Portman, and Members of the Subcommittee:

On behalf of the Acting Under Secretary of Defense for Personnel and Readiness, the Honorable Jessica L. Wright, thank you for inviting the Department of Defense (DoD) to appear before this subcommittee. The Department shares the Subcommittee's focus on achieving a more efficient and effective Government, and we are wholly committed to enhancing the readiness, capability, and efficiency of our Total Force to accomplish the Department's mission. We welcome the opportunity to discuss the state of a key component of the Total Force, our valued Federal civilian workforce, and to highlight those initiatives aimed to enhance employee engagement, improve morale, and ensure the effective recruitment, retention, and development of an agile, highly qualified civilian workforce.

### ***State of the DoD Civilian Workforce***

Our people are a central element of the Department's ability to serve the Nation. Our workforce of over 900,000 civilians is employed in more than 600 occupations, in over 3,000 locations, to include nearly 100 foreign countries and territories around the world. The past few years have been challenging for the Department. However, our civilian employees continue to demonstrate resilience and a staunch commitment to the Department's mission even during these challenging times.

One of the highest profile impacts of sequestration affecting the Department was the administrative furlough of the majority of the civilian workforce. As one means to garner savings to meet sequestration mandates, we applied furlough actions in a consistent and equitable manner, with few exceptions based on unique mission requirements. We also authorized civilian hiring freezes, at DoD Component discretion, during this tough budget period.

The disruptions of the furlough had an immediate negative impact on our civilian workforce, potentially damaging our ability to carry out the Department's mission. Declines in morale and productivity, as well as the loss of critical civilian talent in high demand fields, such as cyber and intelligence, were all exacerbated by the challenging fiscal environment. The hiring freeze also put the Department further at risk of competency gaps and critical skill shortages in key mission critical areas.

The 2013 results of the Office of Personnel Management's (OPM) annual Federal Employee Viewpoint Survey (FEVS) revealed that the morale of the Department's civilian workforce had been declining prior to the implementation of the furloughs. Likely attributable to

continued pay freezes and limited budgets, FEVS responses indicated that our workforce's satisfaction with pay, opportunities for growth and advancement, and the resources available to get the job done, have declined from previous years. However, the Department continues to be strong in the areas of personal commitment to achieving the mission, looking for ways to do the job better, work/life balance and job satisfaction, and cooperation. The survey results also reflected that DoD's Senior Executive Service (SES) member perceptions regarding job and organizational satisfaction are higher than the rest of the Department's workforce.

These FEVS survey results provide the Department's leadership with valuable information about factors that affect the civilian workforce. The Department is committed to addressing workforce concerns, and is constantly assessing programs and policies in an effort to improve employee morale and engagement, achieve efficiencies, and enhance effective recruitment and retention strategies. This testimony discusses some of the initiatives and strategies underway.

### ***Strategic Workforce Plan and Competency Assessment***

We continue to focus on our comprehensive Strategic Workforce Planning (SWP) efforts, which include strategies carried out by our 22 functional communities to recruit, retain, motivate, and develop the present and future workforce. These strategies involve direct contact and interaction with civilian employees in the advancement of career broadening opportunities, enhancement of training and credentialing programs, progression of recruitment and hiring flexibilities, and development of employee career mapping.

The most recent DoD SWP was submitted to Congress in September 2013. The plan detailed the ongoing accomplishments and strategy implementation for shaping a ready civilian workforce. The plan incorporated the requirements of section 115b of title 10, United States Code, and institutionalized the Department's strategic workforce planning process and functional community structure covering nearly 93 percent of the civilian workforce. The SWP continues to be an integral tool for informing the Department's policies and procedures for recruitment, retirement, and succession planning.

The Department has launched the Defense Competency Assessment Tool (DCAT) to validate enterprise occupational competency models and assess civilian employees' proficiency levels in the technical and non-technical competencies within their job series. DCAT also supports assessments by employees and their supervisors to inform both individual development

and organizational planning. The first DCAT phase is underway and will validate competency models for mission critical occupations as defined by the SWP, assess civilian workforce competency gaps, and determine future workforce competencies for a number of occupations. As competencies are identified, validated, and assessed, functional communities will be encouraged to develop enterprise career paths that outline education, training, and experiential opportunities for individual career progression. We anticipate that these career paths will also help to improve mission-readiness of the civilian workforce.

The Department also utilizes a Talent Management Process (TMP) to annually assess competencies and readiness, and to identify developmental opportunities and positions for its SES members. Readiness ratings are used to determine bench-strength capability for current and future leadership requirements, and to provide feedback to SES members on individual strengths and suggested executive development. Through the TMP, the Department is able to assess DoD-wide competency gaps within its executive corps, and develop necessary strategies to close these gaps.

### ***Training, Education, and Professional Development***

We also recognize that learning is a key enabler for retaining talent and is essential to maintaining and improving morale and sustaining a high-performing workforce during these times. Despite extraordinary budget pressures, the Department continues to conduct our three enterprise-wide leader development programs, which offer development opportunities for entry-, mid-, and senior-level personnel. We are focused on developing civilian leaders who will lead effectively in increasingly complex environments, and maintain a learning organization that drives transformation and continuous improvement across the enterprise.

Furthermore, we are focused on the efficient delivery of training and development opportunities across the Department with the objective of developing DoD-wide civilian learning policies, approaches, and frameworks. The Department's goal is to invest in civilian training, education, and professional development by planning, programming, and budgeting at levels sufficient to enhance individual and organizational performance at all levels of the leadership continuum, from leading self – applicable to all civilian employees – to “leading the institution.”

### ***Retirements, Recruitment, and Retention***

Approximately 13 percent of the Department's civilian employees are currently eligible to retire. We anticipate that 30 percent of our civilian workforce will be eligible to retire within the next 5 years. Varying factors such as furloughs, to include those as a result of the shutdown this fall, a three-year pay freeze, hiring freezes, and ongoing budget uncertainties have and will continue to factor heavily into employees' decisions about when to depart, as well as individual decisions to apply for positions in the Department, which will have an impact on recruiting, retention, and readiness. Due to the projected increase in the number of civilian employees eligible for retirement, we anticipate increased retirement activity in the coming years. Resignations to accept opportunities in the private sector have also increased. As these trends continue, the Department recognizes the potential loss of critical skills and knowledge within our civilian workforce. To mitigate long-term consequences, we continue to make use of available resources and authorities, such as direct hire, as well as hiring student and recent college graduates through the Pathways Program to hire critical skills. However, in FY 2013, we saw a decrease in the intake of recent graduates, impacting our force renewal and sustainment efforts. Veteran hiring continued though, thereby retaining their capability and valuable skill sets within the Department. We continue to lead the Federal government in new Veteran hires, and over 47 percent of our civilian workforce has prior military service. Our strategic workforce planning efforts strive to achieve an optimal balance among our varied hiring sources to ensure a capable and ready workforce for the future.

The Department has also initiated an enterprise strategic recruitment effort to make effective use of available resources and authorities to promote diversity and inclusion in the workplace, veterans and disabled veterans hiring, and student and recent graduates hiring. High visibility employment initiatives, such as DoD's Hiring Heroes Program, will ensure that the Department is attracting a diverse applicant pool to meet the Department's mission and support the Warfighter.

### ***Implementation of National Defense Authorization Act (NDAA) Personnel Authorities***

The NDAA for Fiscal Year (FY) 2010 directed the Department of Defense to design and implement a new performance management system and authorized flexibilities relating to appointments. Following the comprehensive efforts of three design teams comprised of union and non-union DoD employees, called "New Beginnings," the Department endorsed the vast majority of the design teams' recommendations for the new system and flexibilities. Several

recommendations have been implemented, such as Pathways, while other actions were placed on hold while the Department faced difficult budget realities, including sequestration and civilian furlough.

However, over the past few months, the Department's planning on the design teams' recommendations has been reenergized. In cooperation with the Department's national level unions, we are developing the new performance appraisal system, which will include a multi-level rating pattern that links performance expectations to mission and organizational goals, and that ensures the regular exchange of feedback between employees and rating officials during the appraisal cycle. We believe that such a system, which will involve and inform the Department's civilian employees, is critical to effective mission accomplishment as well as to increased employee morale and effectiveness. The Department will continue to work with the national level unions as we develop policy and tools in support of the new performance appraisal system, as well as the implementation of other "New Beginnings" flexibilities.

### ***Union and Employee Engagement***

Employees and their union representatives are an integral part of achieving optimal balance throughout the Department. Collective bargaining rights are key to ensuring a healthy and engaged workforce. We recognize that employees and their union representatives are an essential source of ideas and information, and provide valuable input to aid in the decision-making process.

To that end, the Department recently reaffirmed its commitment to pre-decisional involvement of unions and the establishment of labor-management forums in support of the goals of Executive Order 13522, "Creating Labor Management Forums to Improve Delivery of Government Services." In addition, in response to concerns raised about the state of employee morale following the disruption of last year's furloughs associated with sequestration, the DoD Labor-Management Roundtable recently established a joint working group. The goal of this group is to formulate ideas and provide recommendations for building positive morale, as well as encourage further engagement of the workforce.

### ***Other High Visibility DoD Initiatives***

The Department has embarked on a number of other efficiency initiatives to ensure the delivery of premier, innovative, and fiscally responsible civilian personnel policies, Human

Resource (HR) solutions, and advisory services. Our strategies are designed to enhance the Department's ability to provide trained, ready human resources at the right place and at the right time, while maximizing efficiency and employee well-being.

For example, we are increasing DoD's HR Information Technology (IT) efficiencies with the establishment of enterprise-level governance processes, and the consolidation of HR data centers across the Department. By eliminating redundant civilian HR IT systems, and improving IT strategies and decision making, the Department is driving toward a more integrated and efficient investment portfolio of HR IT solutions to meet the evolving needs of HR specialists, employees, supervisors, and leaders. We are also enhancing the Civilian Expeditionary Workforce (CEW) Program through the development of standardized civilian deployment policies that enable mission-ready civilians to meet contingency needs. The Department continues to reduce Federal Employees' Compensation Act (FECA) costs through the proactive use of transitional return-to-work strategies and effective FECA case management, and we continue to improve the resolution timeliness of Equal Employment Opportunity (EEO) cases.

### ***Conclusion***

The Department's civilian employee's morale has been negatively affected by many factors, but we are dedicated to improving morale through multiple efforts. The Department values the work our civilian workforce performs in support of our military. We recognize their commitment to getting the job done even during these challenging times. We appreciate this year's one percent pay increase that brought the three-year pay freeze to an end, and the ability to once again pay performance awards to our high performing workforce.

Going forward, the Department is working to engage and shape our civilian workforce to increase efficiencies to ensure that the workforce is motivated and has the skills needed for the future. Thank you for your continued interest and support of the DoD civilian workforce and the opportunity to address this important matter. I look forward to your questions.