

TESTIMONY

TESTIMONY OF DR. STEVEN KELMAN, ALBERT J. WEATHERHEAD II AND RICHARD W. WEATHERHEAD
PROFESSOR OF PUBLIC MANAGEMENT, HARVARD UNIVERSITY, JOHN F. KENNEDY SCHOOL OF GOVERNMENT, BEFORE THE SUBCOMMITTEE ON INTERNATIONAL SECURITY, PROLIFERATION, AND FEDERAL SERVICES, SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS, ON THE FEDERAL WORKFORCE: PROPOSALS FOR CHANGE, MARCH 19, 2002

Chairman Akaka, Senator Voinovich, and members of the Subcommittee, I feel very privileged to have the opportunity to appear before you today to express my support for the Draft Managers' Amendment and for other actions this Subcommittee might initiate to help the federal government win the war for talent.

I am a professor of public management at Harvard University and have devoted my professional career to improving government management and to training young people considering careers in public service. With my colleagues Dean Joe Nye and Dr. Elaine Kamarck, I co-head a series of senior-level meetings being held at Harvard – involving government officials, members of Congress, union leaders, business and public policy school academics, and HR heads for some of the best companies to work for in America – called the Executive Session on the Future of Public Service. During the Clinton Administration, I worked for four years on Vice President Gore's "reinventing government" effort on improving government management. Today, trying to attract young people into public service, I consider myself a frontline soldier in the government's war for talent.

Senators, as a teacher and as a citizen, I would like to suggest that everyone here today applaud you and honor you for the commitment to the public good – in the best traditions of the U.S. Senate – that you are showing by your interest in the issue of creating a world-class federal workforce. This is an issue that will never get headlines or win you an election. But it's important. It's the right thing to do. This is what statesmanship is all about.

Broadly speaking, we should have two big objectives in the strategic management of people in the federal government: (1) to hire as many talented, committed people as possible into government service, and (2) to create workplaces that will retain those people and motivate them to do their best on behalf of the public they serve. By achieving these two goals, we contribute towards our ultimate objective, which is to create a government that delivers results to the American people.

These two objectives require far more than just legislation. But we should judge the actions of Congress – whether they be through legislation or oversight – against the test of what they do to further or harm attaining these objectives.

Judged against the standard of increasing the chances that government will be able to hire talented, committed people, there are a number of provisions in legislation the Subcommittee is considering that are particularly important. Although today's hearing is not on S. 1800, the Homeland Security Federal Workforce Act, I would like to endorse the provisions of that bill establishing National Security Fellowships, a National Security Service Corps, and expanded student loan repayment. On the latter provision, many of our students feel unable to take government jobs on graduation, when they have much better-paying private-sector offers, for fear that an exorbitant part of their salary will go to debt repayment.

Judged against this same standard, the most important provision of the Managers' Amendment is Section 202, which would expand governmentwide the authority to use the "category ranking" system for new hiring from a successful pilot at the Agriculture Department and a number of other agencies. I strongly endorse this improvement.

Why this important? Basically, the problem with the current system – the so-called "rule of three" – is that, for a number of reasons, agencies only use a limited number of formulaic criteria, such as which courses one has taken or how many years of experience one has at a certain job, in choosing the top three candidates. These candidates are then the only ones the actual hiring manager may consider. Once candidates are presented to the hiring manager, a fuller range of considerations may be brought to bear in deciding who is likely to be best at the job – such as a previous record of public service as demonstrated by participation in Teach for America or Americorps, or a strong work ethic as demonstrated by heavy courseloads or significant part-time work. Since the hiring manager has the authority to look at candidates more fully, the goal should be to give that manager more candidates from whom to choose, rather than artificially limiting the number to three chosen formulaically by personnel specialists with no stake in the performance of the unit that is doing the hiring. This is what category ranking does.

There is another important reason for eliminating the archaic "rule of three." Currently, managers who have identified promising candidates, say through interviews at job fairs, often try to "game" the system to give the job a position description such that the promising candidate's background will make it through the bureaucratic hurdle of the rule of three. This provides an awful introduction to government service to prospective federal job candidates – an image of a bureaucratic, hidebound government that is the opposite of an attractive employer.

Occasionally, the argument is made that the formalistic requirements of the rule of three are necessary to guard against racial or gender discrimination. In fact, the opposite is just as likely to be the case. Freed of the formalistic constraints of the rule of three, it becomes easier for a hiring manager to give credit to candidates who have shown a commitment to hard work through overcoming poverty or who would promote workplace diversity. In any event, the proper approach to combating workplace discrimination is to monitor trends in workforce diversity and to enforce equal employment laws, not to hamstring federal managers with a counterproductive bureaucratic straightjacket.

Another important provision in the Managers' Amendment is Section 402, which allows agencies to use non-federal service as a basis for a newly hired employee's leave accrual. This provision is important because it addresses one of the barriers to hiring people at mid-career from the outside into federal jobs.

Making it easier and more accepted for government to hire people from outside government at mid-career levels is crucial if the government is to take advantage of a talent pool now increasingly available because of changes in the attitudes of young people towards careers. As has been documented in a number of contexts, young people today seldom expect to start with an employer at the entry level and stay in the same job for an entire career. If the government continues its traditional approach of hiring from the outside almost exclusively at entry and senior political levels only, we will lose access to many in today's generation who might like to spend some time doing public service as one stage, but one stage only, in a career with many different jobs. This also means that government needs to adapt so as to welcome people who may serve for a few years only, rather than an entire career. The reward for making these changes is dramatically to expand the talent pool available to government, in career civil service rather than political positions, for some period of public service, even if not for an entire career.

Also to encourage mid-career hiring, I strongly endorse the various measures suggested in the recent report of the Partnership for Public Service on mid-career hiring, particularly establishment of a mid-career version of the Presidential Management Intern Program, which I would urge the Subcommittee to make part of this bill. In addition, I would urge prompt passage of the Digital Tech Corps bill (S. 1913), which has been reported out of committee in the House and hopefully will pass that body soon. The Digital Tech Corps represents an additional strategy for making it possible for people who do not intend to devote their entire careers to public service to have an opportunity to use their skills and talents for a shorter period of time to help government.

Finally with regard to hiring the best talent, I would suggest two additional provisions for the proposed legislation. One is that the bill include a provision to amend 5 USC 201, which currently states that hiring and promotion decisions should be made based on the “knowledge, skills, and abilities” of candidates, by adding the word “accomplishments.” The current language was written at a time when we did not have the same focus on achieving results from government as we have developed over the last decade. A recent article in my hometown paper, The Boston Globe, about how private firms scan the resumes of job applicants caught my attention. The basic point of the article was that in looking quickly at resumes to decide which candidates merit further attention, private-sector HR people emphasize evidence of accomplishments. The article quotes one HR professional as follows: “If you just list responsibilities of previous jobs, excluding accomplishments, an employment manager is likely to say, ‘So what,’ and move on to the next resume.”

By contrast, current statutory language in Title 5 fosters a bureaucratic, formulaic preoccupation with ticket-punching and time-serving – number of years of experience, formal job responsibilities, and formal courses of study. The addition of the word “accomplishments” to the statute is obviously not a panacea, but it sends a powerful signal that we care about results and that we want to hire and promote people with a similar passion.

Second, I would suggest that the bill include a provision expanding the scope of existing Outstanding Scholar hiring authority to extend to the GS-9 level, from its current ceiling at the GS-7 level. Extending this program to the GS-9 level would allow the direct hire authority available for students with excellent academic grades to extend to graduates of master’s degree programs, such as master’s programs in public administration, public policy, public health, and international affairs. This Outstanding Scholar Program is important not only for the smart young people it makes it easier for the government to attract, but also for improving the image of the federal government as an employer at our nation’s universities. The more outstanding students accept federal employment, the more attractive such employment becomes to other outstanding students considering job choices.

I am aware that the Merit Systems Protection Board, in a report they issued two years ago, argued that college grades were only a modestly good predictor of job performance. It is true that most studies show only modestly positive correlations between grades and job performance. But these studies do show a positive relationship between grades and job performance, even when these are the only two factors taken into consideration. And the only study of the Outstanding Scholar Program in government that the MSPB report discussed concluded, as MSPB itself notes, that employees hired through the Outstanding Scholar Program did better, in terms of awards and performance ratings, than those hired using the “rule of three” method. Nobody would suggest that grades be the only factor determining who gets hired for a job. In my view, the Outstanding Scholar criteria should be used not to make job selections with no further consideration of other criteria, but to generate a pool of good applicants who hiring managers may then choose based on other factors, including those with an even higher predictive ability for job performance. This opportunity, in

my view, should be expanded.

Let me move to the other strategic goal I outlined earlier, creating workplaces that will retain talented people and motivate them to do their best on behalf of the public they serve. In this area, the battle will need to be waged primarily within the executive branch, indeed on the front lines of the federal workplace where the government either creates, or fails to create, high-performance workplaces that excite employees and produce results that serve the public. This was, of course, what you did, Senator Voinovich, in promoting total quality management as an alternative to bureaucratic government while you were Mayor of Cleveland. The Administration includes many competent managers and executives who take the strategic management of people seriously; I urge that workplace redesign efforts – away from bureaucracy and process, towards responsibility and results-oriented – be a priority in the management of federal agencies.

This is an area where we still have a very long way to go. Surely, there are many, many exciting and personally rewarding career government jobs. But, as a whole, federal workplaces are still too mired in bureaucracy, hierarchy, poor supervision, and a lack of orientation towards results. They do too little to provide employees a sense of responsibility and accomplishment, or to train them for high performance. Just to take one small example, two Kennedy School students currently interviewing our own graduates two or three years into jobs in the federal government, compared with Harvard Business School students who had worked a similar period of time in Fortune 500 large corporations, note that those whose experience has been in corporations seem to be receiving far more mentoring and coaching from their immediate supervisors than are their counterparts in the federal government.

Jobs that don't motivate and that don't inspire devotion to producing results discourage young people from joining government in the first place. And they let the public down by not producing the kind of excellent performance that people have a right to expect in exchange for their tax dollars.

One feature in the Draft Managers' Amendment that will make a positive contribution to improving federal workplaces is the proposed changes in buyout authority. These changes will allow buyouts without reducing an organization's FTE's, so that buyouts can be offered to people with skills no longer in need in an agency, while allowing such individuals to be replaced by people with skills the agency currently needs. The difficulty in changing skill mixes in government organizations is one impetus to contracting-out; to the extent that it becomes easier for government to change employee skill mixes, one artificial disincentive against keeping work in-house that might for other reasons best be kept in-house is removed.

I would urge the Subcommittee to hold hearings on private-sector practices with regard to "pay for performance" and to dealing with poor performers. There is some evidence that "pay for performance" creates problems, in the private sector, except under certain circumstances, and that private-sector firms struggle with dealing with poor performers as well. I support the thrust behind calls for greater use in government of "pay for performance" and for streamlining the procedures for dealing with poor performers, which is to achieve a results-oriented workplace. And I am deeply troubled by survey evidence suggesting the demoralizing effects of poor performers on conscientious employees. But I personally don't feel we around government understand private-sector experience in these areas well enough to propose quite yet new policies in these areas. I see this as a priority for the Subcommittee's future work in this area.

One legislative provision I would urge you to adopt in this bill would be to establish a governmental version of a "Rhodes scholar" program, where perhaps 25 outstanding employees about, say, five years work experience would be sent as a cohort to study public policy and management at a university for a year. I have outlined this

proposal in a column I wrote recently for Federal Computer Week, which I would be happy to provide the Subcommittee on request. A prestigious program of this sort could be a reward for good service by newer employees, an incentive to perform well, and a superb educational opportunity that would improve the skills of these employees and their ability to work together across organizational boundaries.

I also believe the decision to eliminate the labor-management partnership councils established during the Clinton Administration was partisan, vindictive, and mistaken. We all have a right to demand that federal employees and their representatives be guided by the ideals of public service, embracing a results-oriented workplace culture, and not by a narrow special-interest agenda. But we owe it to our federal workforce to involve them in workplace decisions, to show our respect for them and for their legitimate concerns, and also because such involvement can help gain buy-in for needed workplace improvements. I urge members of Congress to use their influence with the Administration to encourage revisiting this unfortunate decision.

Beyond legislation, Congress can play two useful roles with regard to improving job quality and results orientation in federal workplaces. One is its traditional oversight role in looking at agency practices, though I would urge the Subcommittee to showcase achievers rather than exclusively, as so frequently occurs, simply excoriating laggards.

The second thing to keep in mind is that Congress has significant influence – perhaps its most significant influence – on the quality of workplaces in government through activities that do not have the label “civil service reform” or “human capital crisis” attached to them. There is probably nothing Congress can do to encourage results-oriented workplaces more than continuing to push for making performance measurement, as pioneered by the Government Performance and Results Act, not just a paper plan circulated between agency staffers, OMB, and congressional committees – but central to the everyday management of government organizations.

And we must never forget the Hippocratic injunction – “first, do no harm.” Probably one of the biggest sources of counterproductive agency practices that create excessive rules and hierarchy, and that discourage and demotivate federal employees, is the “management by scandal” that much current congressional oversight activity encourages. We have a recent example in the sensational hearings on employee abuses of the government purchasing card. The hearings focused on a small number of examples of abuse. But if the reaction to these sensational reports were to be a curtailment of the government’s use of the card, over \$2 billion a year in administrative cost savings from reducing order processing costs will be lost. More importantly from the perspective of this hearing, federal employees would be deprived of one of the great quality of life improvements they’ve experienced over the last decade – a method to obtain simple items they need for everyday office use within hours or days, rather than waiting weeks or months as they had before.

Senators, you need to remember that every time the pursuit of scandal creates more bureaucracy in government, you are diminishing the attractiveness of government service and hence the government’s ability to deliver results.

Let me close with a message I bring to the Subcommittee from Michael Jung. Mike is a second-year student in our Master’s of Public Policy program from Ashland, Kentucky. He’s 27 years old and is representing the students as a participant in our Executive Session at Harvard. Mike says to you: “I take your deliberations very seriously, because there are lots of people in my generation who are interested in service. But we need to have faith that the government will value our abilities and challenge us to realize our full potential as professionals.”

Let’s not disappoint Mike.

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