

Opening Statement of

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Chairman

*Subcommittee on Oversight of Government Management,  
Restructuring, and the District of Columbia*

Hearing on

**"Managing Human Capital in the Twenty-first Century"**  
Thursday, March 9, 2000

Thank you all for coming. Today the Subcommittee on Oversight of Government Management holds a hearing entitled, "Managing Human Capital in the Twenty-first Century." We will examine whether the Federal Government is positioning itself to address the human capital challenges of this decade. This hearing underscores the importance of my larger agenda of empowering Federal employees and changing the culture of the Federal workforce.

I think attention to our workforce - the "A-Team" I call them - is one of the most valuable uses of the Subcommittee's time. We simply cannot have the efficient, effective, streamlined government we all seek if we don't take care of our people.

In his recent book *The New Public Service*, respected government analyst Paul Light, of the Brookings Institution, states that the Federal Government's "current hiring system for recruiting talent, top to bottom, underwhelms at almost every task it undertakes. It is slow in the hiring, almost useless in the firing, overly permissive in the promoting, out of touch with actual performance in the rewarding, and penurious in training."

He goes on to say that the government should "declare a human capital crisis" and that "it is a crisis of staggering importance, and one that merits immediate action among legislators and executives alike." I think Mr. Light says it well, and I want everyone to know that this Subcommittee is responding to the human capital crisis he identifies. The Subcommittee intends to fully address this situation for at least the next two to three years because that is what it will take to start to make a real difference in the lives of federal workers.

The General Accounting Office, Congress' nonpartisan auditing agency, observes in its 1999 draft strategic plan that:

While financial management, information management, contracting and performance management have all been the subject of major reform legislation in the 1990s, no consensus has emerged on the fundamental structural or policy changes that may be needed to address agencies' management of their human capital.

The report goes on to say that "human capital management requires a well-grounded analysis that continually links an agency's human capital policies and practices to its mission and strategies," but that many agencies fail to make this linkage. The predictable result: agencies are lacking the right people with the proper skills.

As part of the 2001 budget which was submitted to Congress just over a month ago, the Office of Management and Budget placed human capital challenges on its list of Priority Management Objectives to be implemented by the Office of Personnel Management. Although many have said "it's about time," I believe it's a shame that it came in the last year of the Administration. I know from experience that any real, significant change in human capital takes years to implement.

Among its objectives, the Office of Personnel Management "will work with agencies to ensure labor-management initiatives to empower executives, line managers, and especially employees to improve customer service and get mission results." I have to tell you, this sounds exactly like what we implemented in Ohio with the Quality Services through Partnership initiative, or "Q-Step." The end goal of QSTP is to turn government into a high performance workplace that focuses on external and internal customers. QSTP makes this possible by turning improvement into a daily undertaking that involves all employees.

I believe it is one of the most important initiatives I ever started as Governor of Ohio, and I think state government employees would agree. Many contacted me to tell me how this empowerment agenda got them excited about their jobs for the first time in years. People wanted to come to work because they knew their knowledge and opinions mattered. QSTP re-energized the state workforce, and the taxpayers are reaping the benefits. This kind of change is possible on the Federal level with leadership and a commitment from the top.

Although the range of human capital challenges before the government will be described in detail by Comptroller General David Walker and OPM Director Janice Lachance, I would like to briefly mention some aspects which I believe must be aggressively addressed.

**One:** The government must attract people with the right skills, which will increasingly mean information technology skills, to provide services in the information age.

**Two:** How to attract people to government service in an era of tremendous economic prosperity and low unemployment.

**Three:** The government must position itself to hire new workers as the baby boomers, who entered government service in the 1960s and 70s, retire in the hundreds of thousands during the coming decade.

**Four:** The government must provide its employees with incentives and training which will maximize their talents.

**Five:** How can we ensure that Federal workforce downsizing is managed strategically to ensure that our need for experienced, skilled employees is not compromised and the government's ability to provide quality services is maintained and even enhanced?

For example, I suspect that, in some instances, the employees most likely to take buy-outs are those the Federal Government can least afford to lose.

**And six:** How does the government leverage partnerships with unionized Federal employees to address these and other human capital challenges.

The bottom line is that Congress and the administration, managers and employees, must work together if we are to meet the human capital challenges of the 21<sup>st</sup> Century. I hope we can start today.

I would now like to introduce today's witnesses. David M. Walker is the Comptroller General of the United States, a position that puts him in charge of the General Accounting Office (GAO). He has led the GAO since November 9, 1998.

GAO provides invaluable service to Congress in examining and analyzing Federal agencies and programs. I have asked Mr. Walker to discuss the human capital challenges that will confront the Federal Government in the coming years.

Our other witness today is Janice R. Lachance, Director of the Office of Personnel Management, a position she has held since December 10, 1997. I have asked Ms. Lachance to discuss OMB's decision to place human capital on the list of Priority Management Objectives, and describe how OPM will implement the proposed policies.