

Opening Statement of
Senator George V. Voinovich
Chairman

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

Hearing on

"The Effectiveness of Federal Employee Incentive Programs"
Tuesday, May 2, 2000

Thank you all for coming. Today the Subcommittee on Oversight of Government Management holds a hearing entitled, "The Effectiveness of Federal Employee Incentive Programs." This is the fourth hearing we have held in our effort to empower Federal employees, change the culture of the Federal workforce, and address the human capital crisis that is confronting the Federal Government.

Last July we examined the experiences of state governments. In October, we learned how some Federal agencies are significantly changing and modernizing their operations. And in March we examined whether the government is positioning itself to address the human capital challenges of the future. Today's hearing will explore whether the Federal Government has the right programs in place to attract, retain and motivate a world-class workforce.

I am reminded of a story that Senator Durbin told at our last hearing. He mentioned how law firms are increasing the salaries of their lawyers by \$50,000 to \$75,000 a year to compete with rapidly growing high-tech companies, which can offer sky-high salaries and generous stock options.

When I think about that story, I question whether current Federal incentives - including recruitment bonuses, flexible office hours, telecommuting, onsite daycare, vacation time and performance pay - are adequate to bring the best and brightest into government service. The Subcommittee will ask whether existing employee incentive programs are effective in encouraging innovation and creating an atmosphere in which employees feel there are substantial rewards for excellence and productivity.

I am especially interested in learning whether agencies have adequate budgets to offer whatever customized incentives they may have developed in order to meet their particular human capital needs. In short, are the current incentives enough to persuade people to work for and be retained by the Federal Government?

The government faces many challenges in this area. We understand that most people who seek employment in the Federal Government are motivated by the desire to serve their country. However, we cannot take this spirit for granted when the employment opportunities in the private sector are more attractive than ever before because of this country's thriving economy. According

to the Office of Personnel Management, by 2004, 32 percent of Federal employees will be eligible for regular retirement, and 21 percent more will be eligible for early retirement. As the baby boomers leave government service en masse, the government will be hard pressed to hire new workers with the right skills, which will increasingly mean high-technology skills. This will require a much greater investment in pay and benefits than Federal employees currently receive, if the government hopes to compete with the private sector.

Furthermore, surveys of Federal employees conducted by OPM and others during the last few years indicate a majority of Federal employees do not believe that creativity and innovation are rewarded. Regardless of whether that understanding is true or a misperception, the government must act to correct it. Coupled with the example I mentioned earlier about the enormous salaries being offered to young professionals, it becomes clear that something has to be done.

For one, we should look to the private sector, where many companies are finding new and innovative ways to attract and retain employees. I am sure many of you have heard that several large companies have begun to offer all of their employees home computers. They are not doing this as a giveaway. Rather, they have determined that universal computer literacy of their workforce is going to be essential to their company's future success. It sends a strong signal that they value and are willing to invest in their employees.

I think it is a very interesting idea and it underscores an important point: The Federal Government needs to undertake a substantive review of how it motivates and retains its workforce in the information age. It is an important element in building the kind of quality government that our nation should have. The Federal Government will never be able to give stock-options to new employees in anticipation of a successful IPO, but maybe it can do better than it currently does.

The testimony today will tell us what incentives are currently available in the Federal Government and, hopefully, our witnesses will share their suggestions on how to improve on the current situation.

I would now like to introduce today's witnesses. The Honorable Roberta Gross is the Inspector General of the National Aeronautics and Space Administration. Ms. Gross will discuss how NASA motivates its workforce and the policies her office follows to do the same.

Mr. Henry Romero is the Associate Director of Workforce Compensation and Performance at the Office of Personnel Management. He will discuss the various incentives that are currently available to Federal agencies through OPM.

Ms. Colleen M. Kelley is the National President of the National Treasury Employees Union. Ms. Kelley will offer the union perspective on how to best attract, retain and motivate Federal employees.

Mr. Michael Brostek is an Associate Director of Federal Management and Workforce Issues at the U.S. General Accounting Office, and he will discuss GAO's work in this area. I have also asked Mr. Brostek to comment on how GAO motivates its own employees.

Before we adjourn, I would mention that the Subcommittee will be holding a hearing on employee training later this month as part of the Subcommittee's continuing efforts to empower Federal employees.