



PARTNERSHIP FOR PUBLIC SERVICE

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Prepared for

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Management, the Federal Workforce and the District of
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Chairman Akaka, Senator Johnson, Members of the Subcommittee, thank you very much for the opportunity to appear before you today. I am Max Stier, President and CEO of the Partnership for Public Service, a nonpartisan, nonprofit organization dedicated to revitalizing the federal civil service and transforming the way government works.

Let me first say, Senator Akaka, that I am honored to be here today to help you mark your final hearing as Chairman of the Oversight of Government Management Subcommittee. My colleagues and I have had the pleasure of working with you and your exceptional staff – in your personal office and on this subcommittee – since the Partnership was established eleven years ago.

Even before you assumed a leadership role on this subcommittee in 2005, you distinguished yourself as a champion of better government, and a friend to the people serving in government. Building a world-class federal workforce is an immense challenge, and we thank you for your tireless work. While many do not consider federal workforce issues to be “sexy”, they are absolutely critical to ensuring we have an efficient and effective federal government that delivers results for the American people. You have been a true hero for federal workers, and your leadership on key workforce issues – recruiting and hiring, manager training, Senior Executive Service (SES) reform, and telework, among others – has made a real difference. You have also helped shine a spotlight on the important contributions that federal employees make every day through your service as co-chair of the Congressional Public Service Caucus and sponsor of the annual Senate resolution recognizing the first week in May as *Public Service Recognition Week*.

Today, we have an opportunity to celebrate the significant progress that has been made to date and provide recommendations that we hope the next chair and ranking member of this subcommittee will champion in the 113th Congress.

Progress on Reform Efforts

Reforming the Federal Hiring Process

Our country faces vast challenges today, and the demands on our federal government are greater than ever. The Partnership was founded on the premise that good government starts with good people. In order for federal agencies to effectively deliver on their missions for the American people, they rely on talented individuals to perform critical functions. Unfortunately, there are many barriers to attracting top talent to government today. Only 13 percent of college students say they are knowledgeable about federal opportunities and how to apply for them. For those who are aware of federal opportunities, the lengthy and cumbersome hiring process turns top talent away.

Senator Akaka, you and former Senator George Voinovich recognized that in order for our government to compete for talent, the federal hiring process had to be fixed, and you made reform a top priority. In 2009, you introduced the *Federal Hiring Process Improvements Act*, which streamlined the federal hiring process and made it more user-friendly and transparent. The bill allowed applicants to apply with a traditional resume, rather than submitting lengthy essays, reduced the time to hire and required timely notification. It also called for better metrics to understand both applicant satisfaction with the hiring process and hiring manager satisfaction with the quality of new hires. The Partnership was pleased to work with you and Senator Voinovich on this bipartisan

legislation. This legislation passed the Senate and laid the ground work for the Presidential Memo on *Improving the Federal Recruitment and Hiring Process*, which was issued on May 11, 2010. President Obama's memo heavily reflected the reforms you and Senator Voinovich outlined in your legislation.

We are happy to report that two years later much progress has occurred in federal agencies. The majority of agencies are now using resumes in the initial stage of the application process. Applicants are receiving more frequent and timely notification from agencies about the status of their applications. Hiring managers have also become more involved in the hiring process, which is increasing the quality of the hires made. Agencies are now collecting data to better understand time-to-hire and applicant and manager satisfaction with hiring outcomes. This data is posted publicly online at www.performance.gov.

The administration has also taken significant steps to increase diversity in the federal government and increase the hiring of veterans and people with disabilities. President Obama issued Executive Orders addressing each of these issues. With respect to diversity, the FY2011 *Federal Equal Opportunity Recruitment Program Report* found that the representation of minorities in professional and administrative positions had increased by 3.5 percent and the number of women represented in professional and administrative positions had increased by 1.9 percent since FY2010.¹ Agencies were also successful in hiring 18,738 people with disabilities in FY2011, representing an increase in the percentage of new hires with disabilities from 10.3 percent in FY2010 to 14.7 percent in FY2011.² Finally, as a result of the President's Veterans Employment Initiative, the federal government hired 65,000 veterans in FY2011, representing 28.5 percent of total hires. This is the highest percentage of veterans hired in over 20 years.³

We believe it is critical that the next administration, whether it is led by President Obama or Governor Romney, sustain these efforts and make hiring reform a priority. We encourage the next administration to maintain a focus on metrics and track progress real-time. In addition, we believe that talent management is a leadership responsibility; we encourage agencies to hold their executives accountable for recruiting and hiring, and to reflect this in executive performance plans. This subcommittee must continue to play a critical oversight role by holding hearings, as you have done, and by asking tough questions to ensure that the hiring process is more efficient and agencies are hiring the very best talent for the job.

The Partnership will continue work with the next administration and Congress to sustain and improve upon hiring reform efforts. We ultimately believe that in order to achieve true hiring reform, the underlying civil service laws must change, and we recommend later in this testimony that this be accomplished as part of comprehensive civil service reform.

¹ Office of Personnel Management, *Federal Equal Opportunity Recruitment Program Report for FY2011*, http://www.opm.gov/About_OPM/reports/feorp/2011/feorp2011.pdf (accessed 14 Sept. 2012).

² Office of Personnel Management, *Employment of People with Disabilities in the Federal Executive Branch Report FY2011*, http://www.opm.gov/diversityandinclusion/reports/disability/DisabilityReportFY11_07-24-12.pdf (accessed 14 Sept. 2012).

³ Office of Personnel Management, *Annual Performance Report FY2011*, February 2012, http://www.opm.gov/gpra/opmgpra/performance_report2011.pdf (accessed 14 Sept. 2012).

Recruiting and Hiring Students and Recent Graduates

Cracking the federal job market is particularly difficult for students and recent graduates because it favors individuals with more experience, often putting young talent at a disadvantage when applying for federal positions. As a result, the Obama administration created three new Pathways Programs to help students, recent graduates and graduate students find internships and jobs in the federal government (Internship Program, Recent Graduate Program and Presidential Management Fellowship Program, respectively). The programs were laid out in President Obama's Executive Order 13562, *Recruiting and Hiring Students and Recent Graduates*, issued on December 27, 2010.

The Partnership is pleased that the current administration has made the hiring of students and recent graduates a priority. The Pathways Programs are critical ways for agencies to identify high-performing talent by observing students and recent graduates on the job. We were particularly pleased to see that the final regulations allow agencies to convert students and recent graduates participating in these programs to permanent positions, as long as they have satisfied the requirements of the program, there is a position available and the individual meets the qualifications for that position. This is a common-sense and cost-effective approach to building a talent pipeline for government, and is a strategy the private sector has utilized for years. Currently, the private sector converts 58.6 percent of interns into full-time hires.⁴ The federal government lags far behind, with only 6.2 percent of interns advancing to permanent positions in their agencies.⁵ Hopefully, we will see significant change in this latter statistic under the Pathways Programs.

The final regulations for the Pathways Programs went into effect on July 11, 2012. The regulations direct agencies to submit an MOU to the Office of Personnel Management, outlining how they plan to use the three programs. Unfortunately, only a handful of agencies have submitted their plans, and agencies can only implement the Recent Graduates Program if they have an MOU in place. However, they can currently implement the Internship Program and Presidential Management Fellows Program without an MOU but will need to have one in place by early January 2013. It is also challenging because even though the programs are being publicized, very few positions have been posted on USAJOBS.gov. As a result, while students may be hearing about the programs, they are unable to apply for them. OPM has been applying pressure on the agencies to submit their MOU's and get the programs up and running.

The Partnership is also working with agencies to help them understand and implement the new Pathways Programs. This fall we are hosting a series of workshops and in-depth group planning sessions that will assist agencies in addressing four key areas: program design and evaluation; recruitment and marketing; training and development; and assessment. We also plan to work directly with the Department of Health and Human Services to assess the effectiveness of the agency's student and entry-level programs and leverage the new Pathways Programs to fill current gaps and meet the agency's anticipated hiring needs.

⁴ National Association of Colleges and Employers, *2012 Internship & Co-op Survey*, April 2012, 4, <http://www.naceweb.org/intern-co-op-survey/>.

⁵ Partnership analysis of the fiscal 2010 Enterprise Human Resources Integration-Statistical Data Mart (EHRI-SDM), provided by the Office of Personnel Management.

We know it is challenging for agencies to conduct thorough and accurate workforce planning and anticipate hiring needs in the short term given current budget uncertainties, but we encourage agencies to utilize the Pathways Programs to the best of their ability since this is a cost-effective way to build talent pipelines. We also encourage this subcommittee to provide oversight and ensure that agencies are effectively implementing the regulations. The Pathways Programs are meant to supplement but not replace the traditional hiring process, and safeguards have been put into place to ensure that the programs are not abused. OPM, for example, has the ability to cap the number of individuals that can participate in the Pathways Programs in any given agency, thus limiting the number that can be converted, if they suspect abuse is occurring. This subcommittee can continue to monitor progress on program implementation and support OPM and the agencies in assessing the use and effectiveness of these programs in recruiting students and recent graduates.

In addition to working with OPM and agencies to implement the new Pathways Programs, the Partnership will continue to work hard to educate the next generation about opportunities to serve in government through our *Call to Serve* program. *Call to Serve* is comprised of more than 760 colleges and universities and 80 agencies dedicated exclusively to promoting federal opportunities and ensuring that government has the talent it needs to succeed. As part of that effort, the *Call to Serve* Speakers Bureau has reached more than 20,000 students and job seekers. On average, interest in working for the federal government increased by 40 percent among students and job seekers who attended an event featuring one of our Speakers Bureau members. We have 41 speakers lined up to share their experiences in federal government with students across the country this fall. Finally, five agencies are working with the Partnership to implement *Federal Student Ambassador* programs this year. As part of this program, 36 former federal interns have returned to their campuses to promote federal opportunities to their peers, faculty and career advisors.

Developing Leaders and Strengthening the Executive Corps

At the other end of the spectrum, government's struggle to compete for experienced talent is especially troublesome when more than half of the members of the Senior Executive Service (SES) are eligible to retire and take with them a wealth of institutionalized knowledge and specialized expertise. With these departures, government has a unique opportunity to fundamentally rethink the way it develops leaders, hires and selects talent for the SES, and equips new members with the tools to be successful federal executives.

Senator Akaka, we thank you for taking the first step in introducing legislation, the *Senior Executive Service Reform Act*, in March 2012 that begins to address many of the challenges facing our executive leadership corps. Your legislation contains a number of important provisions that will help restore career leadership, strengthen career development, improve executive pay and performance management and encourage greater diversity. We were particularly pleased to see that your legislation authorizes agencies to establish inter-agency, inter-governmental and inter-sector rotation programs. We believe this will promote greater opportunities for mobility among the SES, including between different sectors. We were also pleased that your bill requires OPM to create a centralized database of rotation and other developmental opportunities. The bill also codifies the Executive Resources Office, which has been established at OPM; in addition to collecting data about the current SES, the Executive Resources

Office is required to conduct an exit survey to better understand why executives are leaving.

Mr. Chairman, despite your departure, we hope this subcommittee will take up similar legislation in the 113th Congress. The Partnership believes the bill can be strengthened with the addition of a few key provisions, many of which were added to the House legislation introduced by Representative Jim Moran in June 2012, H.R. 6042. These provisions require agencies to accept resumes in the initial stage of the application process, require agencies to evaluate vacant SES positions and reclassify them as Senior Level (SL) or Senior Technical (ST) if they are more technical in nature, and direct agencies to strengthen Candidate Development Programs (CDPs). Rep. Moran's bill also includes a provision that would hold executives accountable for dealing constructively with employee feedback.

More importantly, however, the Partnership believes that any comprehensive SES reform bill should include a requirement that individuals have work experience in another agency, level of government or sector before being admitted to the Senior Executive Service. At a time when we require our leaders to work across boundaries, levels of government and sectors to solve complex issues, it is critical that we select executives who have a diversity of experience and perspectives from which they can draw. This will enhance their ability to apply innovative solutions to problems and adapt to changing environments. The Partnership made the case for mobility in a recent report written in partnership with McKinsey and Company entitled "Mission Driven Mobility: Strengthening Our Government Through a Mobile Leadership Corps."⁶ We also believe that the Office of Management and Budget (OMB) should play a critical role in ensuring that executive talent is adequately recruited, hired, developed and deployed to meet the high-priority goals of our nation.

In addition to working with Congress on legislative reforms in the 113th Congress, the Partnership also looks forward to working with the next administration to sustain many of the good reforms already underway. In 2010, the President's Management Council (PMC), working with the Chief Human Capital Officers Council and in partnership with OMB and OPM, embarked on a cross-agency effort to improve the Senior Executive Service. The initiative focused on three key areas – recruitment and selection, performance management and career development. Three working groups were established to tackle these issues, and then, subsequent initiatives were launched to implement the working group recommendations.

As part of this effort, the Partnership had the pleasure of collaborating with OPM and seven agencies, including the departments of Labor, State, Housing and Urban Development, Agriculture and Education, as well as the General Services Administration and Small Business Administration, on a pilot project to identify best practices in implementing a resume-based approach to hiring talent for the SES. At the conclusion of the pilot, the Partnership, with the benefit of input from the participating agencies, produced a workbook to help Executive Resources and hiring officials better understand the benefits of resume-based hiring and how to implement it effectively.

⁶ Partnership for Public Service and McKinsey and Company, *Mission Driven Mobility: Strengthen Our Federal Government Through a Mobile Leadership Corps*, February 29, 2012.

Other highlights of the SES reform initiative included the development of a model Senior Executive Service performance appraisal system. The new system provides a framework and common process for communicating expectations and evaluating performance, which can be used in agencies across government. In addition, the career development working group inspired the creation of an interagency rotational program for GS 13-15s. With the launch of a third cohort in October, more than 100 federal employees will have participated in this program. A dozen agencies and several interagency councils have been involved, with expected expansion in future cohorts. Finally, an executive onboarding model was created to help new executives make the transition to the SES.

The Partnership encourages the next administration to continue to make SES reform a priority and build upon many of the good efforts already under way. We also urge Congress to pass SES reform legislation to ensure that agencies have the tools they need to effectively recruit, hire, onboard and develop executives, both career and political. Legislation should strengthen the executive corps so it is truly a mobile corps of leaders with management and technical expertise that works effectively across organizations and can be deployed to tackle new challenges as they arise.

Agencies should also make an investment in developing leaders before they get to the SES, particularly leaders at the GS 13-15 levels, to ensure government has not only subject matter experts but also strong managers. The Partnership is pleased to support Senator Akaka's *Federal Supervisor Training Act*, which would expand training requirements for federal employees. As budgets continue to tighten, training line items are often among the first to be cut. The Partnership urges Congress to ensure that agencies have the funding they need to develop strong leaders and managers. This short-term investment will most certainly pay for itself over time.

Workplace Flexibilities

In order for government to attract and retain top talent, it must keep up with the changing workplace environment. A key to remaining competitive is fostering workplace cultures that promote greater work-life balance and better utilize and expand existing work-life programs and flexible work arrangements (e.g., compressed workweeks, flextime, part-time work, job sharing and telework). While workplace flexibilities are a useful recruitment tool and provide benefits for federal employees, they also add significant value for the employing organization. Flexibilities such as telework generate cost savings, increase productivity and help retain top talent.

Senator Akaka, we were pleased that you and Senator Voinovich successfully championed the *Telework Enhancement Act*, which was signed into law in 2010. Your legislation requires all agencies to institute telework programs and creates a framework for implementation that provides greater standardization across agencies, with the ultimate goal of increasing opportunities for telework.

In June 2012, OPM issued a report⁷ on the status of telework implementation. Eighty-seven agencies responded to their request for data in the fall of 2011. All of these

⁷ Office of Personnel Management, *2012 Status of Telework in the Federal Government*, June 2012, http://www.telework.gov/Reports_and_Studies/Annual_Reports/2012teleworkreport.pdf (accessed 14 Sept. 2012).

agencies had established telework policies and roughly three-quarters of the policies met the requirements of the *Telework Enhancement Act* at the time of the request. Additionally, all of the responding agencies required to designate a Telework Managing Officer (TMO) to oversee these programs had either an acting or permanent TMO in place. All Executive branch agencies that responded to the data request and were required to notify their employees of their ability to telework had done so.

This is great progress, and we urge this subcommittee to continue to work with agencies to ensure they have the tools and resources necessary to implement these reforms. The investments being made in implementing telework programs are actually generating significant cost savings in agencies. The Patent and Trademark Office (PTO), for example, estimates that their telework programs have led to savings well in the excess of \$20 million a year through reduced need for office space, as well as increased revenue generated from additional patent applications reviewed and because of productivity gains.

The Path Forward – Comprehensive Civil Service Reform

While much progress has been made, the Partnership believes the federal civil service system must be modernized if our government is to deliver on its mission for the American people. Public perceptions of government are at an all-time low. Agency leaders are financially strapped and are being asked to accomplish more with fewer resources, forcing them to rethink the way government operates today. The federal workforce is under increasing pressure, with retirement rates up 25 percent last year and the nature of the work changing. Underlying all of this is an outdated civil service system, which was created decades ago and has not kept up with the changing environment. All of these factors combined present us with a unique, once in a generation opportunity to rethink the way government operates.

The Partnership, in collaboration with Booz Allen Hamilton, has recently embarked on an effort to design a management reform agenda for the next administration and Congress. A key component of suggested management reforms is reforming our nation's civil service system, and an affiliated project will be to further develop a roadmap for comprehensive civil service reform, to be released in spring 2013. We are engaging a broad group of stakeholders, including the federal employee unions, management groups, good government organizations, current and former government leaders, and private sector experts to hear their perspectives and solicit their input.

Since the civil service reform effort just kicked off in late summer 2012, it is premature to share any recommendations. However, we imagine a comprehensive civil service reform agenda may address key issues such as hiring, pay and compensation, performance management and leadership development, since they are consistently cited as areas in need of reform.

Hiring Reform

As previously discussed, this administration has made great strides on hiring reform, working within their administrative powers to streamline the hiring process and make it more transparent. However, the underlying civil service laws have not kept pace with changes in the workplace. In the August 2012 report, "Bracing for Change: Chief Human Capital Officers Rethink Business as Usual," written by the Partnership in

collaboration with Grant Thornton LLP, the consensus among the government's Chief Human Capital Officers (CHCOs) was that further progress in fixing the federal hiring system will require a re-examination of the underlying civil service law. For example, the concept of "excepted service" and "competitive service" and the differences between how jobs are filled under each category is cumbersome, confusing and outdated.

Pay and Compensation

The debate around federal pay and compensation continues to play out in the media and on Capitol Hill. Some believe federal employees are paid too much, others believe they are paid too little. The solution is not a simple one. What we do know is that the 1949-era pay and classification system is outdated and doesn't meet the needs of the current workforce, which is dynamic and ever changing. Any changes to federal compensation need to be done thoughtfully and with the end goal of creating a compensation system that is market sensitive and enables the federal government to be competitive in its efforts to recruit and retain top talent. This will be particularly important in mission-critical fields involving science, technology, engineering, math and medicine (STEMM) positions. If a new system is designed, it will be crucial to be mindful of the impact that these changes may have on the current workforce.

Performance Management

The federal government needs a performance management system that makes employee performance expectations clear and one that employees understand and trust. Unfortunately, nearly every CHCO interviewed for the "Bracing for Change" report indicated that the current performance management system is not achieving its intended results. They cited several challenges, including managers not being as involved as they should be, lack of uniformity in performance appraisal across agencies and difficulty in rewarding high performers and disciplining poor performers.

Leadership Development

In effective organizations, people are the greatest asset. The federal government must invest in its people and ensure they have the proper training and development to effectively lead their agencies. In a time when we have to justify every penny we spend, it is important to take the long view and realize that strategic investment in the workforce now is an investment in the future.

In summary, we believe this is a critical time for change – the public demands it, Congress demands it, our fiscal climate demands it. We need a federal government that will work better and smarter for the American people. To bring about this change, we need comprehensive civil service reform that will allow our federal government to recruit and retain top talent. The system should reward top performers and address poor performers. Ultimately, it should foster the development of good leaders and managers and ensure we are fostering a culture of innovation and performance in government.

We will continue to work with our partners to solicit their input and look forward to sharing our recommendations early next year.

Conclusion

Mr. Chairman, Senator Johnson, Members of the Subcommittee, thank you again for the opportunity to testify today. Hopefully, my testimony has shed light on progress to date and has offered some thoughtful feedback for the future. The Partnership looks forward to continuing to work with this subcommittee on these important issues. Senator Akaka, we thank you again for all you have done on behalf of our nation's civil servants. You will be missed!