



PARTNERSHIP FOR PUBLIC SERVICE

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“The Best and Worst Places to Work in the Federal Government”

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Chairman Meadows, Ranking Member Connolly, Members of the Oversight and Government Reform Subcommittee on Government Operations, thank you for the opportunity to appear before you today to discuss the Partnership's 2016 *Best Places to Work in the Federal Government*[®] rankings and ways to ensure the continued positive growth of employee engagement at federal agencies.¹

I am pleased that this Subcommittee has chosen to hold a hearing on employee engagement for a third consecutive year. I also want to acknowledge you, Mr. Chairman, Representative Connolly, and other Members, for the time and attention you personally have devoted to meeting with agency employees, from politically appointed leaders and career executives to the front-line employees who serve our fellow citizens as public servants. Your interest in improving federal employee morale and engagement across government contributes to better oversight and a deeper understanding of the challenges facing the civil service.

In the year since I last appeared before the Subcommittee, the state of employee morale in the federal workforce has improved markedly in some ways but remained stagnant in others. Overall engagement, as measured by the Partnership's *Best Places to Work in the Federal Government* (BPTW) index score, increased 1.3 points in 2016. That improvement followed a 1.2 point increase in 2015.² Nearly three-quarters of federal agencies saw their organization-wide score increase (72.3 percent), up from 70.4 percent in 2015 and 43.1 percent in 2014. Furthermore, scores increased in all fourteen of the workplace categories and subcategories measured as part of the Partnership's rankings. The effectiveness of agency leadership remained the single most important factor driving employee views on engagement, as it has been since the Partnership launched its rankings in 2003, followed by how well employees feel matched to their jobs and then their satisfaction with their pay.

Federal Employee Engagement Lags Significantly Behind the Private Sector

High-performing organizations understand that strong employee engagement leads to better performance and improved outcomes. However, despite meaningful gains over the last two years, the federal government still significantly underperforms the private sector when it comes to employee engagement.³ In 2016, the government's score was 17.7 points behind the private sector (77.1 in the private sector to

¹ The Best Places to Work in the Federal Government[®] rankings, produced by the Partnership and Deloitte, offer the most comprehensive assessment of how federal public servants view their jobs and workplaces, providing employee perspectives on leadership, pay, innovation, work-life balance and other issues. The rankings are produced using data from 407,780 employees who completed the Office of Personnel Management's Federal Employee Viewpoint Survey and employees from 12 agencies such as the Peace Corps, Smithsonian and the intelligence community who completed surveys with comparable questions. The survey was administered April through June 2016 to permanent executive branch employees.

² The Best Places to Work index score is calculated using a proprietary weighted formula that looks at responses to three different questions in the federal survey. The more the question predicts intent to remain, the higher the weighting. The questions are: "I recommend my organization as a good place to work", "Considering everything, how satisfied are you with your job", and "Considering everything, how satisfied are you with your organization".

³ The Partnership works with Sirota, our technical partner, which supplies data that are used for the private-sector Best Places to Work index score and also provides employee responses to 25 questions that offer points of comparison between the federal government and the private sector. The benchmarks from Sirota are based on a normative database that is continually updated with client survey data. Currently, more than one million survey responses from organizations in more than 100 countries are added to Sirota's database each year. This year's benchmarks are comprised of nearly 4.7 million employee survey responses from more than 120 companies.

59.4 for the government) – a slight decline from the prior year’s 18.6 point gap. Particularly troubling is the fact that only twelve of the 305 agencies in our rankings scored above the private sector average.⁴

The experiences of private sector organizations demonstrate the importance of focusing on employee engagement as a way to improve performance. The Partnership’s 2016 report with Accenture Federal Services, *Government For the People: The Road to Customer-Centered Services*, found that “Great customer service also requires that employees are engaged in and committed to their work... Studies have demonstrated that strong employee engagement leads to better customer service experience because engaged employees are more likely to go the extra mile to help customers, and they are less likely to be absent from work.”⁵ In one particular example, Ford Motor Company found that, “the integrated employee experience is as valuable and can have as much (or more) of an impact as the customer experience strategy” and that the transformation of the company’s employee experience is “critical to the company’s success.”⁶ Further, improving employee engagement is not only about performance and better service to external customers, but about attracting high-caliber talent as well. Deloitte’s *Employees as Customers: Reimagining the Employee Experience in Government*, notes that “as with customers, the employee experience brands government service for potential employees as well.”⁷ Simply put, engagement is not solely about happy employees; it is critical to the ability of agencies to achieve their diverse missions and serve people who rely on their services.

Government tends to struggle the most compared to the private sector in the critical areas of leadership, merit-based awards, and performance management. Data from both the *Best Places* rankings and from the Office of Personnel Management (OPM) *Federal Employee Viewpoint Survey* (FEVS), on which the Partnership bases *Best Places*, bear this out. On common questions between the private sector survey and FEVS, federal agencies’ scores fall below the private sector on every question by an average of thirteen points. Government trails on leadership-related items like “I have trust and confidence in my supervisor” by 16.7 points, “My supervisor provides me with constructive suggestions to improve my job performance” by 14.9 points, and “How satisfied are you with your involvement in decisions that affect your work?” by a whopping 19.7 points. The statement, “I can disclose a suspected violation of any law, rule or regulation without fear of reprisal” showed a 15.7 point gap, with just under 60 percent of federal employees responding positively.

Despite low scores on questions related to leadership, federal employees remain highly committed to the work and missions of their organizations. Nearly 90 percent of employees believe the work they do is important, while 71 percent say their work gives them a feeling of personal accomplishment. Additionally, 95 percent are willing to put in the extra effort to get the job done. Year after year, the Partnership has found that the extent to which employees feel that their skills and talents are used effectively and get satisfaction from their work is a key driver of employee engagement. In 2016, as in

⁴ Agencies that scored above the private sector average include NASA, FDIC, GAO, Peace Corps, FERC, FTC, FERC, NEA, OPIC, OMB, FMCS, FLRA, and the International Trade Commission

⁵ “Government for the People: The Road to Customer-Centered Services.” *Partnership for Public Service* with Accenture, February 2016, p. 30, <https://ourpublicservice.org/publications/viewcontentdetails.php?id=934>.

⁶ “2017 Deloitte Global Human Capital Trends: Rewriting the Rules for the Digital Age.” *Deloitte University Press*, 2017, p. 58, <https://www2.deloitte.com/us/en/pages/human-capital/articles/introduction-human-capital-trends.html>.

⁷ Meyers, Max, et al. “Employees as Customers: Reimagining the Employee Experience in Government.” *Deloitte University Press*, 31 May 2017, p. 1-2, <https://dupress.deloitte.com/dup-us-en/industry/public-sector/treating-employees-as-customers-in-government.html>.

previous years, the highest scoring workplace category was “Employee Skills-Mission Match”, which measures these feelings. These data show that federal employees enjoy their work and want to do it well.

However, federal employees believe that their agencies have significant room for improvement in performance management. The gap with the private sector is 22.2 points on the survey item “Employees are rewarded for providing high-quality products and services,” where under half of the employees respond positively, and the gap is 23.5 points for “Awards in my work unit depend on how well employees perform their jobs.” Just one-third of federal employees (32 percent) respond positively to the statement, “Promotions in my work unit are based on merit.” Further, only a fifth of employees agrees that “Pay raises depend on how well employees perform their jobs” (20.3 percent). Fewer than half of employees (45.2 percent) are satisfied with the recognition they receive for good performance. These gaps in satisfaction matter, as research by the Merit Systems Protection Board and others, has found that “Employees’ perceptions of the connection between the effort they exert, the success they anticipate, and the rewards they receive can influence their motivation and job performance.”⁸

Employee views that hard work is not properly rewarded or recognized in the federal workplace demonstrate the negative impact of an inflexible and outdated federal pay system. The merit principles enshrined into law as part of the Civil Service Reform Act of 1978 states that “Employees should be retained on the basis of adequacy of their performance, inadequate performance should be corrected, and employees should be separated who cannot or will not improve their performance to meet required standards.” However, as the Partnership noted in *Building the Enterprise: A New Civil Service Framework*, the government’s personnel system dates back to the 1940s. The system “is a relic of a bygone era, reflecting a time when most federal jobs were clerical and required few specialized skills, and when the government’s role in society was smaller and far less complicated.”⁹ The civil service system has failed to adjust its pay system in an enterprise-wide manner to meet the many varied and complex demands of individual agencies or to fully realize the potential of its performance management system, though certain agencies do have carve-outs and exceptions granted to them by Congress. The result is that “employees and managers view performance management as a paperwork exercise, an annual necessary evil that has a little tangible impact on their working lives.”¹⁰ These data reinforce the conclusion that more performance-sensitive performance management systems can unlock incredible benefits in the form of higher engagement, improved performance, and better services for citizens.

Real Reform Requires Good Data

Engaging in any large-scale reform of the civil service system will require actionable data. The *Federal Employee Viewpoint Survey* represents the best barometer of employee attitudes available to federal leaders, Members of Congress, and other stakeholders. I strongly urge Congress, and this Subcommittee, in particular, to strengthen the survey so that it continues to be an effective tool, including through legislative action. OPM has done an excellent job of managing the survey and helping agencies use it to improve employee engagement through tools like [Unlocktalent.gov](https://unlocktalent.gov), and we believe there is more that can be done. I hope the Subcommittee will consider codifying OPM’s role as the lead agency for conducting the survey, in line with current practice. Additional changes might include mandating that survey results

⁸ “Federal Employee Engagements: The Motivating Potential of Job Characteristics and Rewards.” *U.S. Merit Systems Protection Board*, December 2012, p. 30, <https://www.mspb.gov/mspbsearch/viewdocs.aspx?docnumber=780015&version=782964&application=ACROBAT>.

⁹ “Building the Enterprise: A New Civil Service Framework.” *Partnership for Public Service* with *Booz, Allen, Hamilton*, 1 April 2014, p. 7, <https://ourpublicservice.org/publications/viewcontent/details.php?id=18>.

¹⁰ *Ibid.*, 23

be made available within three months of the conclusion of the survey, so that leaders have more time to act on the data, and requiring survey results to include breakdowns by occupation. Both of these recommendations are in line with OPM's current practices around the survey. It would also be valuable to leaders and key stakeholder both within and outside of government if the survey more explicitly measures employee satisfaction with agency performance culture, the job and the workplace, and the quality of service provided to internal and external customers. Finally, the Subcommittee should ask OPM to perform the survey as a full government census. Currently only part of the federal workforce receives the survey each year, which prevents some employees from sharing their views and provides a smaller sample size so that it can include smaller organizations which might not be otherwise.¹¹

New Political Leaders Must Pay Attention to Engagement

The new administration has made a priority of making government work better for citizens. Fortunately, investing in employee engagement offers a ready path for making good on these promises. New appointees now arriving at federal agencies will be looking to career civil servants to implement the administration's agenda, and effectively engaging these employees will be critical to the success of leaders at every agency. Incoming leaders will need to set a positive tone, be open to feedback, and make clear that they value their employees and the work they do.¹²

In *Moving the Needle on Employee Engagement during Presidential Transitions*, the Partnership and Deloitte found that federal employees, as they watch transitions within their organization unfold, feel tremendous uncertainty. Employees are anxious about "the identity of future supervisors, the status of their portfolios, or even the incoming leadership's commitment to their agency's mission. This uncertainty can threaten employee satisfaction and commitment – two vital components of strong employee engagement."¹³ The paper went on to note that, "In times of heightened uncertainty, frequent and effective communication is especially important. Satisfaction with agency leadership and the quality of its communication may be at risk of declining further during the presidential transition, as many federal agencies might opt to reduce communication with employees during unsure times."¹⁴ In other words, career and political leaders at all levels must work especially hard to communicate with employees during times of disruptive change within the organization.

Besides ensuring effective communication, new leaders must also be aware that engagement is an investment. With budgets tight, organizations will be tempted to shy away from typical morale-boosting tools like bonuses. However, improving engagement does not need to have a high monetary cost – it requires only the time and attention of leaders and a willingness to think creatively. For example, at the Department of Agriculture, which experienced the largest increase in satisfaction of any large agency in 2016, a key to improving engagement was simply giving employees a platform to express their views and demonstrating that leadership is paying attention.¹⁵ The Department established Employee Advisory Councils where employees interacted with and gave input to leaders, hosted town halls with employees,

¹¹ Just 889,590 employees out of more than two million received the survey in 2016 with a response rate of 45.8

¹² Eagles, David. "Why President Trump Should Engage and Motivate the Federal Workforce." *Bloomberg Government*, 16 December 2016, <https://about.bgov.com/blog/president-trump-engage-motivate-federal-workforce/>.

¹³ "Moving the Needle on Employee Engagement during the Presidential Transition." *Partnership for Public Service with Deloitte*, 8 August 2016, p. 2, <https://ourpublicservice.org/publications/viewcontentdetails.php?id=1221>.

¹⁴ *Ibid.*, 2

¹⁵ Partnership for Public Service. "Analysis: Agency Profiles." *Best Places to Work*, 2017, <http://bestplacestowork.org/BPTW/analysis/agency-profiles.php>.

and developed new mentoring programs.¹⁶ Each of these activities had a minimal cost but demonstrated real interest on the part of agency leaders in creating more channels for employee ideas and feedback. The results were real: Agriculture saw its employees' views of senior leaders improve by 4.2 points, the most of any large agency.¹⁷ Agencies as diverse as Customs and Border Protection (CBP), U.S. Citizenship and Immigration Services (USCIS), and the Agency for Healthcare Research and Quality (AHRQ) found ways to improve employee engagement. Through low-cost methods such as improving nonmonetary recognition and direct engagement between leaders and employees, leaders improved morale and got employee buy-in for agency initiatives.¹⁸ The Partnership strongly urges Congress to conduct continued oversight of agency efforts to improve employee engagement. Beyond that, the Subcommittee should consider legislation to hold senior political leaders across government accountable in performance plans for managing well, including taking steps to improve the morale of employees within their organizations.

Recommendations

In short, the picture of employee engagement in the federal government is one of overall improvement, mixed with continuing challenges. To further improve morale, I offer the following recommendations:

Improve Performance Management

As noted above, one of the reasons employee engagement in the federal government lags behind the private sector is dissatisfaction among employees with agencies' performance management practices. While overhauling the full performance management process is a complex task, there are concrete steps the Subcommittee can take to address government's performance management challenges:

- **Make better use of the employee and supervisor probationary periods** – The probationary period provides agencies with an opportunity to evaluate an individual's performance and conduct in the job before offering a final appointment, and it is meant to be a continuation of the application process.¹⁹ However, it is far more common for an employee to continue past the conclusion of their probationary period without any meaningful action on the part of the employee's supervisor to ensure that the employee is a good fit for the position and the organization. This phase is critical because, once the employee completes their probationary period, it becomes significantly more difficult to remove them if they perform poorly. Congress should pass legislation requiring managers to make an affirmative decision that an employee or new supervisor has completed the probationary period and hold them accountable if they fail to do so. This additional step will encourage supervisors to be more deliberate in their assessment of employees during this critical time.
- **Provide better training for supervisors and managers on performance management** – Legislation strengthening the probationary period should be combined with better training for managers on how to assess performance, reward high-performing employees, and hold poor performers accountable. Deloitte's *2017 Global Human Capital Trends* report notes that becoming a more dynamic and fast-paced organization requires people who can "build and lead

¹⁶ *Ibid.*

¹⁷ Partnership for Public Service. "Effective Leadership: Senior Leaders." *Best Places to Work*, 2017, http://bestplacestowork.org/BPTW/rankings/categories/large/leadership_sub_leaders_16.

¹⁸ Partnership for Public Service. "Analysis: Agency Profiles." *Best Places to Work*, 2017, <http://bestplacestowork.org/BPTW/analysis/agency-profiles.php>.

¹⁹ "Navigating the Probationary Period after Van Wersch and McCormick." *U.S. Merit Systems Protection Board*, September 2006, p. i, <https://www.mspb.gov/mspbsearch/viewdocs.aspx?docnumber=276106&version=276415&application=ACROBAT>.

teams; keep people connected and engaged; and drive a culture of innovation, learning, and continuous improvement.”²⁰ However, studies by OPM show that many supervisors, while bringing strong technical abilities to the job, often lack a broad array of interpersonal and management skills needed to be successful leaders.²¹ Most agencies meet only the minimum manager training requirements established in 5 CFR Part 412, and many supervisors do not feel like they receive enough training on management skills until well after they have begun leading people.²² Agencies should be required to provide more robust leadership training to new supervisors and managers sooner in their tenures. Training should focus on managing performance, dealing with whistleblowers, motivating and engaging employees, strengthening communication, recognizing high performers, and holding poor performers accountable.

Modernize the FEVS

The Federal Employee Viewpoint Survey (FEVS) represents the most effective tool agencies have to understand and address the concerns of their employees. Updating this tool so that it can provide incoming agency leaders, Congress, and other key stakeholders the information necessary to meaningfully evaluate and tackle workforce challenges will be necessary to address employee engagement or pursue significant reform of the civil service system. The Partnership believes that any reform of the FEVS should codify OPM as the agency responsible for leading the survey. Reform should also mandate that the survey includes additional measures of employee satisfaction with agency performance culture and the workplace, require data on employee satisfaction by occupation as appropriate, and have OPM conduct the survey as a government-wide census on at least a biennial basis. By doing so, Congress will ensure that the survey continues to be a valuable decision-making tool for federal leaders.

Ensure New Political Leaders Prioritize Employee Engagement

The uncertainty brought on by the presidential transition presents both a challenge to new leaders and an opportunity for them to re-energize employees and re-engage them in the mission of the organization.²³ Congress, and this Subcommittee, in particular, can play a critical role in pushing leaders to address engagement. First, I strongly encourage the Subcommittee to continue to conduct oversight of agency efforts to improve morale, whether through hearings like this or by continuing to visit with federal employees. As the subcommittee with jurisdiction over the federal workforce, you have a powerful voice to speak to and for federal employees. Second, I urge you to consider legislation holding political appointees accountable as part of their performance plans for managing their organizations. Appointees represent the highest levels of leadership within federal agencies and play an outsized role in employees’ satisfaction or dissatisfaction with their organization. Given the important role of appointees, they should be held accountable for their contributions like every other employee. These performance plans should address the accountability of political leaders for managing their organizations well and not just implementing policy, and for supporting efforts to recruit and retain highly-qualified talent, develop future leaders, engage employees, and hold subordinate managers accountable for addressing performance. Cascading accountability from the top of the organization would be an important step towards improving performance management and employee engagement.

²⁰ “2017 Deloitte Global Human Capital Trends: Rewriting the Rules for the Digital Age,” p. 78.

²¹ “Supervisors in the Federal Government: A Wake-Up Call.” *U.S. Office of Personnel Management*, January 2001, p. 1, <http://www.au.af.mil/au/awc/awcgate/opm/sups.pdf>.

²² *Ibid.*, 14-15

²³ “Moving the Needle on Employee Engagement during the Presidential Transition,” p. 8.

Promote Innovation

If federal agencies are to accomplish their missions in a fiscally constrained environment, they will need to encourage employee innovation and overcome a risk-averse federal culture that rarely rewards new ways of doing business. Drawing upon employee insights is a common practice in the private sector. Cisco, IBM, GE, Airbnb, and many other companies have used “hackathons” to collect employee ideas and design new approaches to performance management, workplace design, benefits, and rewards.”²⁴ While federal agencies are more constrained in their ability to change personnel policies, there is no shortage of employee ideas to improve agency business processes and mission delivery. Unfortunately, barely more than one-third of federal employees report that their organizations reward creativity and innovation.²⁵ In *Making Government Work for the American People: A Management Roadmap for the Next Administration*, the Partnership and the IBM Center for the Business of Government offer several ways to innovate and improve the way agencies deliver results. An innovative practice might involve creating new incentives for employees to simplify business processes, redesigning customer service systems, or making information more accessible to citizens through better online services.²⁶ Innovation could also involve uncovering a promising practice at one agency and implementing it at scale across government through cross-agency projects or sharing of best practices between agencies. It may even be something not yet designed. The administration’s Office of American Innovation provides just such a place for this creative problem-solving to occur. Innovation allows agencies to use the energy and expertise of their employees and more deeply engage them in the organization’s work, while also improving the way the agency does business.

Congress can also play an important role in encouraging innovation by recognizing that it is, by definition, challenging. At times, the best-intentioned plans will not go as hoped. Giving agencies room to “fail fast,” with the appropriate amount of openness and transparency, would encourage a culture of thoughtful risk-taking in the public interest. As the Partnership’s 2015 report, *Government Disservice: Overcoming Washington Dysfunction to Improve Congressional Stewardship of the Executive Branch* found, while congressional oversight plays a critical role in providing accountability for agency programs, many executive branch leaders feel that oversight is often punitive, which contributes to a risk-averse culture. It is important to recognize the distinction between misconduct and risk-taking and to encourage entrepreneurship in the federal enterprise.

Pursue Broad Civil Service Reform

Federal employees are highly committed to the work and missions of their agencies but in many cases operate within a structure that limits their ability to be successful. The fractured nature of the federal government’s personnel system creates have and have-not agencies in terms of flexibility to pay, reward and manage talent, and forces agencies to compete not just with the private sector but with other agencies as well. As noted above, employees themselves report, through surveys like the FEVS, that they do not believe they are served well by the personnel system. This Committee is uniquely positioned to pursue thoughtful civil service reform that gives agencies the flexibility to hire, support and engage the people they need. The civil service system should help them do so within a framework that respects merit

²⁴ “2017 Deloitte Global Human Capital Trends: Rewriting the Rules for the Digital Age,” p. 57.

²⁵ “2016 Federal Employee Viewpoint Survey.” *U.S. Office of Personnel Management*, 2016, <https://www.fedview.opm.gov/>.

²⁶ “Making Government Work for the American People: A Management Roadmap for the New Administration.” *Partnership for Public Service with IBM Center for The Business of Government*, 12 September 2016, p. 22, <https://ourpublicservice.org/publications/viewcontentdetails.php?id=1291>.

principles and veterans' preference, rather than stand in their way. While comprehensive civil service reform is a complex endeavor, the potential benefits to agency performance and employee morale combined with the pressing need for change, mean that now is the time for reform.

Conclusion

Chairman Meadows, Ranking Member Connolly, Members of the Subcommittee, I appreciate the opportunity to appear before you today to speak to the challenges and opportunities the federal government faces in improving employee morale and engagement. Thank you, and I am happy to answer any questions you may have.