



PARTNERSHIP FOR PUBLIC SERVICE

**Statement of Max Stier
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The House Committee on Oversight and Government Reform

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**“Workforce for the 21st Century: Analyzing the President’s
Management Agenda”**

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I. Introduction

Chairman Gowdy, Ranking Member Cummings and members of the Committee, thank you 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 that works to revitalize our federal government by inspiring a new generation to serve and by transforming the way government works.

The Partnership works to inspire and educate mission-critical talent on the importance and rewards of public service. We work with government leaders to prepare them to build strong teams, drive innovation, and work across organizational boundaries to deliver results for America. Our work includes all aspects of how the federal government manages people – attracting them to government, leading and engaging them, supporting their development, managing performance – all the essential ingredients for creating, developing and maintaining a world-class workforce. We provide information and resources through our Center for Presidential Transition to help new administrations get off to a strong start. We also honor the important contributions that federal employees make every day to help strengthen and protect our country through our annual recognition of excellence in the civil service with the *Samuel J. Heyman Service to America Medals* program. Profiles of the 2018 medal finalists are at the end of my testimony so you can learn more about the impressive accomplishments of these innovative and accomplished public servants.

We appreciate this opportunity to share the Partnership's views on the President's Management Agenda (PMA), the administration's blueprint for improving the way that our government operates at both an agency and enterprise level. The president's management agenda is not a new phenomenon; it was born out of the efforts of prior administrations to improve government operations, increase efficiency, improve citizen services and spend less money, and has been a fixture of the last three administrations. When it comes to government management, continuity and continuous learning are essential. Improving government is hard work, and defies easy fixes. It may take years to achieve desired results, and the path to get there will rarely be in a straight line. Learning from, and building on, the hits and misses of prior administrations is the only way to make steady progress and allow a new administration to, as one official said, "make *original* mistakes."

The President's Management Agenda also stems from Congress, which established the Deputy Director for Management position at the Office of Management and Budget, created C-suite executive positions across federal agencies, and enacted legislation like the Government Performance and Results Act, the Digital Accountability and Transparency (DATA) Act, the Federal Information Technology Reform Act (FITARA), the Modernizing Government Technology (MGT) Act, the Program Management Accountability and Improvement Act (PMIAA), and many other laws meant to make the government more accountable and capable. The Oversight and Government Reform Committee has a rich legacy of bipartisan legislation and oversight around government management, and we are encouraged that you continue this tradition with today's hearing.

Management agendas, executive actions and laws are only meaningful, however, when they are implemented effectively. I am pleased that in Margaret Weichert and Jeff Pon, the government has leaders who are committed to working collaboratively with each other, with federal agencies and with federal employees to identify and address the implementation challenges of the PMA. They also bring relevant experience, which has not always been the case. Dr. Pon brings more federal human resources experience than any recent Office of Personnel Management Director, and Deputy Director Weichert has vast private sector management expertise that applies directly to the challenges that face our government every single day. They also believe in the value of merit-based public service and respect the nonpartisan expertise of the career professionals who serve our nation as public servants. This spirit of cooperation and collaboration will be essential to ensuring that the president's management agenda makes a positive difference.

Our government must function in ways that serve the 21st century needs of the American public. The president's management agenda will be critical to the success of this administration given the mounting and complex challenges facing our government, the speed with which change is taking place and the need to govern effectively. We applaud the PMA's emphasis on the federal workforce, IT modernization, and data and transparency as the three drivers to transform how our government operates.

Implementation of the president's management agenda will require collaboration and cooperation from both ends of Pennsylvania Avenue. Congress has not holistically updated federal personnel rules in 40 years, and the government's pay structure is almost 70 years old. Federal management and compensation systems are largely outdated, which stifles innovation and discourages top talent from joining the government. To address these challenges, the Partnership is collaborating with the Volcker Alliance, also a nonprofit dedicated to promoting excellence in government management, to identify specific, actionable steps to modernize the civil service framework. The joint recommendations of our organizations for addressing the challenges facing the civil service are appended to the end of my statement. We believe there is ample ground for bipartisan cooperation in addressing the archaic civil service statutes, rules and processes that have become obstacles to a well-functioning government. Many of the president's proposals provide a good starting point.

One common feature of the president's management agenda across administrations is the desire to bring the best practices of the private sector to government. This approach has increased efficiency and modernized operations in many ways, and will continue to do so. But let us remember that federal agencies are not private sector organizations. For one thing, they have you – 535 Members of Congress and a collection of committees, caucuses and outside auditors like the Government Accountability Office who can examine every aspect of agency operations and affect everything from size and mission to whether an agency will continue to exist. They also operate in a political environment with unique risks, foremost of which is the potential politicization of the government workforce. The protection of a merit-based civil service is not necessary in private sector organizations, but it is essential in government and must remain a priority for Congress.

II. The Need for Civil Service Modernization

Much of the current civilian personnel system dates back to the 1940s. It was designed at a time when most government jobs were clerical. It sets pay and grade level based on an arcane and arbitrary formula, bearing little relationship to private sector compensation. Simply put, it is disconnected from today's larger talent market for knowledge-based professional jobs.

Americans who want to serve our country and enter public service confront a slow, disjointed, unresponsive hiring process that is difficult to understand, frustrating to navigate and fails to meet the needs of agencies or applicants alike.

In response to these frustrations, some agencies have convinced Congress and OPM, over the years, to authorize agency-specific systems and flexibilities. These numerous special authorities have had the negative, unintentional government-wide effect of balkanizing the civil service. To get great talent, agencies have to compete not only with the private sector but with other federal agencies.

Layered on to these fundamental structural challenges is the reality that senior leaders in government are usually preoccupied with policy and often lack experience in the effective management practices that characterize healthy organizations. In government, the importance of people to an organization's mission is almost an afterthought, whereas in the private sector leaders know that people are their greatest asset, and that they own responsibility for talent. In the private sector – and in the military – leaders treat people as an asset. In the civilian government sector, they treat people as a cost. This has been a fundamental failure of leadership in government for a long time.

Former Secretary of Defense Robert Gates noted in his memoir, *A Passion for Leadership*, that this broken system, when combined with attacks on public service more broadly, “discourage young citizens with desirable and needed talents from entering public service.”¹ There is a rich body of thought leadership backing up Secretary Gates' concerns and showing a broad consensus that modernization of the civil service framework is long overdue, starting with a 1989 National Commission on Public Service raising alarm about the government's ability to attract talent, and the concurrent erosion of the public's trust in government.²

Strategic human capital management has been on the “High Risk” list of the Government Accountability Office since 2001. In 2003, a new National Commission on the Public Service was blunt in its assessment, saying, “The need to improve performance is urgent and compelling...A government that has not evolved to meet the demands of the early 21st century risks being overwhelmed by the even greater demands that lie ahead.” The Partnership's broad review of the civil service in its 2014 report, *Building the Enterprise: A New Civil Service Framework*,³ also found that while the nation has some of the brightest, most dedicated

¹ ABC News. "Book excerpt: Robert Gates' 'A Passion for Leadership'" *ABC News*. ABC News Network, 29 Jan. 2017. Web. 20 Mar. 2017.

² *Leadership for America: Rebuilding the Public Service*. Report of the National Commission on Public Service, 1989.

³ *Building the Enterprise: A New Civil Service Framework*. Rep. Washington, D.C.: Partnership for Public Service,

professionals among its ranks, they often succeed in spite of the current civil service system, not because of it. And just last year, the National Academy for Public Administration issued a comprehensive report again showing the need for developing a human capital system that is responsive to today's needs.⁴

There is a recurring theme to all these reports – current systems are outdated, make it hard for employees and agencies alike to perform at their best, and erode the public's trust in our government. But rest assured, one need not read a whole library of reports to know there is a problem; one need only to consult a few key data points:

- Only 6 percent of federal employees are under age 30, while that age demographic represents 24 percent of the of the total U.S. labor force. The government has 5 times as many full-time information technology workers over 60 as in their 20's.
- One-quarter of the federal workforce is already eligible to retire, and this number will grow given that almost 29 percent of federal employees are age 55 or older.
- On average, the federal government takes 106 days to hire an employee. This compares to the 42-days average in the private sector identified by the Society for Human Resource Management.
- Under 41 percent of federal employees agree that their work unit can attract the talent it needs.
- Only 28.2 percent of federal employees agree that their work unit takes steps to deal with poor performers who cannot or will not improve.
- Almost half of the people who quit working for the federal government in 2017 had been there less than two years.
- Just under 41 percent of federal employees agree that awards in their work unit depend on how well employees perform in their jobs – over 23 percent lower than the response in the private sector.
- Only 47.1 percent of federal employees think they have the needed resources (people, budgets, materials) to get their job done – a whopping 23.9 percent lower than the response in the private sector.
- In 1950, roughly 62 percent of the federal workforce performed clerical tasks. Today, just 5 percent of employees are engaged in clerical work. Yet we have a pay and job classification system designed for the 1950 workforce.⁵

We have ample evidence of the problems. It is time to turn to solutions.

III. Recommendations

True reform will require a thoughtful framework, strong leadership, employee buy-in, investment in agency human resources offices and a continuing commitment to the principles and practices enshrined in the 1978 act that help make America's civil servants among the most admired in the

⁴ *No Time to Wait: Building a Public Service for the 21st Century*. Report by the National Academy of Public Administration, July 1, 2017.

⁵ "GovCloud: The Future of Government Work." *Deloitte United States*, www2.deloitte.com/insights/us/en/industry/public-sector/the-future-of-the-federal-workforce.html.

world. The Partnership offered just such a blueprint in our 2014 report, *Building the Enterprise: A New Civil Service Framework*. In that report, we proposed a comprehensive, fundamental overhaul which offered ideas on how to speed hiring, modernize compensation, simplify job classification, strengthen employee accountability and develop effective leaders. Our overarching goal was to create a unified federal enterprise that balances merit principles and common policies across government with agency flexibility to tailor personnel systems to their unique missions. Agencies ultimately know best how to hire, support and engage the people they need, and the civil service system should help them do so rather than stand in their way.

Here are ten ways that Congress, executive branch leaders and employees themselves can begin to transform the federal civil service:

Hold leaders accountable

Cabinet secretaries, senior political appointees and senior career leaders are all responsible for talent. The cross-agency priority goals for the workforce are an important tool to hold senior leaders accountable for building the workforce for today and planning for the workforce of tomorrow. Human capital planning must also be a central part of any agency's strategic plan.

We also suggest that political appointees have performance plans and be held accountable for their performance and contributions like every other employee. Performance plans should address each appointee's responsibility for recruiting, hiring and retaining highly-qualified talent; training and developing future leaders; engaging employees; upholding the principle of merit; creating a culture of recognition; and, holding subordinate managers accountable for addressing employee performance issues. Each of these criteria plays a role in building a high-performing workforce and will drive leadership attention to the pressing workforce and management issues within agencies and across government. Cascading accountability from the top of the organization in this way would be an important step towards improving performance management and employee engagement.

Congress has an incredibly important role to play here too. Each and every committee of jurisdiction in Congress should hold agency leaders accountable for talent management. This would include developing a working knowledge of the agencies they oversee and conducting routine oversight of their organizational health – ideally before solvable management problems become catastrophic management failures. The House Committee on Oversight and Government Reform and the Senate Committee on Homeland Security and Governmental Affairs have a special role in ensuring government-wide stewardship of human resources. Congress needs to give OPM and federal agencies the tools they need to be successful, but it also must act when agency leaders misuse the authority Congress has provided. Rank-and-file federal employees will never embrace transformational change if they believe leaders will use their authorities in their own self-interest.

Fill critical vacancies

Political appointees play a crucial role by providing leadership and setting priorities for cross-government initiatives and individual agencies and programs. Vacancies in key presidential appointments, including Senate-confirmed positions, often leave agencies in a holding pattern where officials serving in an “acting” capacity are not empowered to make key decisions and new agency heads are left without a politically appointed leadership team to work with career executives and employees.

The Partnership and the Washington Post have been tracking the status of nominations and confirmations for 658 key positions requiring Senate confirmation.⁶ For these positions, as of May 15, 2018, 315 nominees have been confirmed, 130 have been nominated but not yet confirmed, and 4 have been announced but not formally nominated. There are no announced nominees for the other 209 positions. The administration and Congress should work together to ensure that important political appointments are filled with qualified individuals, and consider eliminating positions that add layers without adding value. Congress should also consider whether some political appointments, particularly those requiring management expertise, should be converted to career positions with performance contracts. There are currently around 4,000 political positions in the U.S. government, including 1,200 positions requiring Senate confirmation, which far exceeds the number in other major democracies.

Fix the hiring process

Over the years, the rules governing how federal agencies hire talent have become overlaid with regulations and processes. On average, it takes the federal government 106 days to hire a new employee. We need to maintain the longstanding merit principles and grant veterans a well-deserved preference in hiring while enabling a new, nimble hiring process that lets agencies get the right talent at the right time. With only a paltry 6 percent of federal employees under age 30, we owe particular attention to recruiting young people, starting with greater use of the Pathways Internship Program and passage of S.1887, sponsored by Senator James Lankford, which would authorize “direct” (i.e., streamlined) hiring authorities for students and recent graduates.

There are additional short-term changes to the hiring process that, while not a fix for a broken system, would help make it better. For example, government could make it easier for agencies to fill mission-critical roles by adjusting the standard for use of direct hire authority, or authority to streamline and shorten the hiring process to recruit candidates with needed skills or expertise. Currently, agencies must demonstrate that there exists a shortage of “minimally-qualified” candidates for hard-to-fill jobs—a standard that is extremely difficult for agencies to meet. Yet, our government should not be seeking “minimally-qualified” talent but instead candidates that are highly qualified. We believe this is the appropriate standard for OPM to use in authorizing direct hiring. Further, to show a lack of minimally qualified candidates, an agency must go through the full hiring process *before* applying to OPM for such authority, adding a minimum of

⁶ “Trump Nominations Tracker.” *The Washington Post*, WP Company, www.washingtonpost.com/graphics/politics/trump-administration-appointee-tracker/database/?utm_term=290435e23dfa

six months to the process. Therefore, we propose that Congress change the standard that an agency must meet to use direct hire authority for any position to a demonstration of a shortage of *highly-qualified* talent. We were encouraged to see that this provision was included in the Flexible Hire Act, legislation introduced by Senator Heidi Heitkamp last year.⁷

We also recommend additional autonomy for federal agencies in hiring. Agency heads should have the authority to grant direct hire authority to components or for positions where it is needed, with proper OPM oversight. Agencies know best what their talent needs are and where the roadblocks to reaching that talent lie, and should be empowered to address those situations.

The federal government also needs to get better at branding itself. Public service in the federal government offers experiences that often are not available anywhere else, all with the opportunity to feel proud every day about helping to make our country stronger. However, according to a 2017 Universum survey of more than 81,102 college students, only 14 percent said their preferred industry was the public sector and government agencies. Agencies need to do a better job of promoting their missions and the exciting career opportunities that they offer. The federal government should make sure that colleges, universities, and other educational organizations have full awareness of the skills needed in government so that they can develop curriculum around those needs and help drive recruitment.

Overhaul the pay and classification system

The government's 1949 pay and classification system was designed for clerical workers, not for the highly professional, specialized skills that are needed in today's civil service. The OPM *Handbook of Occupational Groups and Families* contains 407 separate job series.⁸ The sophisticated cyber, IT, data science and STEM skills that the government so badly needs were barely envisioned when the system was created. We need broader pay-banding that allows agencies the flexibilities to set more market-based, occupational-specific salaries. Unique pay systems like that created under the authority of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 are an acknowledgement that a rigid pay system does not work. While the federal government will never be able to match private-sector salaries for many positions, broader pay bands would enable agencies the flexibility to attract the most critically-needed talent.

The Partnership's report, *Building the Enterprise: A New Civil Service Framework*, laid out a new pay-setting process for the federal workforce. The modernized pay system would establish broad pay bands for employees rather than rigid grades, better align salaries and benefits on an occupation-by-occupation basis, set salaries based on those comparisons and give agencies the flexibility to bring talent in at the appropriate salary level. While this is a long-term effort, allowing market-based pay for specific mission-critical occupations in the near term is a place to start and would help attract and retain needed talent.

⁷ Flexible HIRE Act, S. 3180, 114th Cong. (2016).

⁸ Neal, Jeff. "Replacing the General Schedule: Meeting the Needs of the 21st Century Federal Workforce." *ChiefHRO.com*, 1 Apr. 2014.

Develop great career leaders

The civilian side of government needs to take cues from the military and great companies, which cultivate leaders rather than just hoping they emerge.

Appropriate training should be a prerequisite for manager and supervisory positions. Studies by the Office of Personnel Management, the Merit Systems Protection Board and others, however, show that many supervisors, while bringing strong technical abilities to their jobs, are often not provided with the “soft skills” needed to successfully manage people.^{9 10} In many cases, this is because the only way for capable technical experts to advance is to take on supervisory or management roles, though they may not have the skill or desire to do so. While agencies are required to provide training to new supervisors, most meet only the minimum training requirements established in 5 CFR Part 412 and many supervisors do not feel as though they receive sufficient training on critical interpersonal and leadership skills until well after they have begun leading people. Agencies should be required to provide more robust leadership training to new supervisors and managers at the beginning of their tenures—ideally within the first 90 days. Training should focus on hiring great talent, managing performance, working with whistleblowers, motivating and engaging employees, improving communication, recognizing high performers and holding poor performers accountable. For those employees who are technical experts and do not want to pursue supervisory roles, Congress should create a separate promotional track.

Also, Congress and the executive branch should work together to make the Senior Executive Service what it was intended to be – a class of first-rate managers who can work across government to solve the most pressing problems. Career executives are the most senior non-political leaders in federal agencies and an important interface between appointees and the career workforce. A strong executive corps is critical to the effective and efficient operation of federal programs and agencies. Strengthening this cadre will require streamlining the hiring process to make it more attractive to external candidates, improving professional development for internal candidates and current executives, and strengthening performance plans. The administration, working with Congress, should also reward outstanding performance by providing additional performance pay to top performers through the Presidential Rank Awards and other means, and consider non-monetary prizes to recognize individuals who are leading innovative change in government.

Address accountability

Federal employees are, as a whole, highly capable and deeply committed to the work of their agencies and to serving the American people. The stories of the finalists for the Partnership’s *Service to America Medals*, announced last week, demonstrate just some of the incredible work that our public servants do every day. However, in cases where an employee has unambiguously failed to uphold their oath, agencies can and should be able to take timely action to sanction that

⁹ U.S. Office of Personnel Management, *Supervisors in the Federal Government: A Wake-Up Call*. January 2001

¹⁰ U.S. Merit Systems Protection Board, *A Call to Action: Improving First-Level Supervision of Federal Employees*. May 2010

conduct, in accordance with merit system principles. The federal government's performance management and accountability system is complex and cumbersome for employees and managers alike. Federal employees consistently express dissatisfaction with the way their agencies deal with poor performance in the Federal Employee Viewpoint Survey (FEVS). The PMA rightly makes addressing government's performance management a priority. To support these reforms, Congress should take steps to require that supervisors make an affirmative decision to keep an employee beyond the end of their probationary period and simplify the appeals process to ensure timely resolution of adverse actions and other grievances.

Make it easier to move in and out of the federal workforce

While the public benefits from individuals who want to spend their whole career in public service, the system disfavors those who are willing to lend their talents for shorter tenures. Congress should pass S. 1886, sponsored by Senator James Lankford, which would allow agencies to more easily bring in temporary and term-appointed talent. We also need to find ways to enable talent exchanges between the public and private sector, which would promote learning, understanding and problem-solving between the different sectors. Congress should also change the counterproductive provision that allows agencies to rehire a former federal employee noncompetitively only at the same (or lower) grade level that they held when they left government service, even if the individual may qualify for a more senior position due to valuable higher-level experience outside the government. The current framework unnecessarily discourages talented former federal employees with valuable non-government experience from returning to government service.

Enable great customer service

Customer service is at the heart of much of what government does. Federal employees provide a broad range of services to citizens, from veterans receiving care at a VA medical facility to travelers applying for passports and students filling out FAFSA applications. Providing high quality service is not just about ensuring happy customers—it is essential to mission success. If the federal government is going to provide the caliber of service that citizens have come to expect from the private sector, agencies must be empowered with the tools, resources and expectations to provide that service. The customer service CAP goal in the PMA is an important step in this direction. The committee took an important step earlier this year when it reported the *Federal Agency Customer Experience Act of 2017* (H.R.2846), which creates a limited exemption to the Paperwork Reduction Act for the collection of voluntary feedback from citizens and requires federal agencies to publicly report customer satisfaction data. We urge Congress to pass legislation exempting voluntary customer feedback from the Paperwork Reduction Act so it is easier for agencies to hear the voice of the citizens they serve.

Get to know federal employees

Civil servants themselves can be an excellent source of ideas for modernizing the federal workforce. Members of Congress should get out to visit agencies and their employees and hear from those of the front lines, as some members of this Committee have done. Visiting federal employees where they work, whether at headquarters or in the field, is one of the best ways to

understand both the deep challenges facing the federal workforce and the incredible work that the federal government does on behalf of the American people every day. Better yet, the vast majority of federal employees are located outside of Washington, in every state and congressional district – so they are also your constituents.

Engaging with federal employees and learning about their successes and challenges is a valuable way to create direct lines of communication between Congress and the executive branch and build relationships that will help Members of Congress make more effective and informed policy decisions. In the Partnership's experience, the best policy outcomes happen when the Congress works with agencies and their employees in a spirit of collaboration and honest dialogue about what is working, what is not and how to fix it. There will always be tension between the branches, but agencies and Congress can accomplish important things when they build a level of trust and work toward the shared goal of serving the American people. Congress and the federal workforce are on the same side.

We urge the Committee to work constructively with federal agencies to address challenges facing the workforce and to recognize the vast majority of federal employees who are hard-working, patriotic public servants who have dedicated their professional lives to serving America at home and abroad. The public image of the government workforce as a non-partisan source of expertise that supports political decision-making and execution, which Congress has a hand in shaping, plays as important a role in supporting recruitment and retention as any single initiative or hiring tool.

Last week was Public Service Recognition Week. I hope each one of you made a point to meet a public servant working in federal service to find out more about what they do, what their challenges are and how you as a Member of Congress can help.

Use data

The government has access to a tremendous amount of data that it should be using to build the workforce of the 21st century. I have already mentioned the Federal Employee Viewpoint Survey (FEVS), administered by OPM, which is a gold mine of information that points to areas in need of improvement. I want to applaud OPM for conducting this year's survey as a government-wide census, not just a sample. This year's survey will be the first employee viewpoint survey of all federal employees since 2012.

The Partnership releases the annual *Best Places to Work in the Federal Government*[®] rankings of federal agencies based largely on the results from FEVS. We rank agencies by size and function, and we also analyze the key drivers of employee engagement – in other words, the factors that have the biggest impact on how employees view the agencies in which they work.

Employee engagement and commitment are two necessary ingredients in developing high-performing organizations and attracting top talent. The rankings are also an important tool for congressional oversight and for ensuring that employee engagement is a top priority for government managers and leaders. They provide a mechanism for holding agency leaders accountable for the health of their organizations, serve as an early warning sign for agencies in

trouble, offer a roadmap for improvement and give job seekers insight into how federal employees view their agencies.

The government should also use benchmark data from both within and outside the government to show how individual agencies are performing compared to other agencies and outside organizations. Data should be driving decisions on where and how the government recruits, how to address current talent gaps and anticipate future gaps, how to retain high performers and how to structure a market-sensitive, occupation-based pay system. And, as discussed above, data should drive efforts to improve the customer experience.

IV. Conclusion

Chairman Gowdy, Ranking Member Cummings, and members of the Committee, thank you again for the opportunity to share the Partnership's views on the president's management agenda, the need to modernize the civil service framework, and our recommendations on the path forward. We look forward to being of assistance to you as we all work together to build the workforce of the 21st century.