



**PARTNERSHIP FOR PUBLIC SERVICE**

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Written statement prepared for

**National Commission on Military, National  
and Public Service**

Hearing entitled,

**“Improving Basic Hiring Processes”**

May 15, 2019

Good morning, Vice Chairs Gearan and Wada and other members of the Commission. Thank you for the opportunity to participate in the discussion today on the future of federal public service and the importance of improving the ways federal agencies recruit and hire talent.

I am Max Stier, President and CEO of the Partnership for Public Service, a nonpartisan, nonprofit organization working to inspire a new generation to serve and transform the way government works through leadership development, government reform and employee engagement.

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 essential ingredients for creating, developing and maintaining a world-class workforce. We run the *Call to Serve* program, the only national network that brings federal agencies together with more than a thousand institutions of higher learning to promote federal service and recruit the next generation of public servants. We produce the annual *Best Places to Work in the Federal Government*<sup>®</sup> rankings to show the correlation between employee engagement and agency performance. 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 incredible contributions that federal employees make every day to help strengthen and protect our country through the annual *Samuel J. Heyman Service to America Medals (Sammies)* program.

I want to start by thanking Chairman Heck and each of you for your own public service as members of the National Commission on Military, National and Public Service. Congress has given the Commission a very broad mandate, and you and your staff have rolled up your sleeves in a way that epitomizes the best of America's public servants. You have covered a lot of ground in a short time -- literally and figuratively -- and have listened to stakeholders all over the country.

Our federal government is a critical part of the foundation of our democracy and our primary tool for collective action to address the major issues facing the nation. No matter one's political persuasion, we all need a competent, well-managed government to protect public health, maintain our infrastructure, respond to natural disasters, support our economy and, above all else, keep us safe in a world of rapidly growing and evolving dangers.

Our government and our public-sector workforce have done and continue to do extraordinary work. Just last week the Partnership announced the finalists for our 2019 *Sammies* awards. Their achievements include pioneering and perfecting a modeling program that predicts where people lost at sea will be found, cutting search and rescue times and saving thousands of lives; implementing facial recognition systems that simplify and fortify airport security; developing a way to quickly locate and assist chronic healthcare patients who are at risk of losing life-sustaining equipment due to widespread power outages; and uncovering and prosecuting the largest bribery and corruption scandal in the history of the U.S. Navy.

Other finalists include those who have revolutionized scientific research and our understanding of the long-term effects of concussions in veterans and athletes; transformed the historic Kennedy Space Center into a globally distinguished multiuser launch site for government and commercial space exploration; discovered six different genetic origins of kidney cancer and

provided the foundation for the development of targeted therapies that have saved thousands of lives; and strengthened our nation's defenses against nuclear and radioactive threats by developing performance standards and tests for detection systems that screen nearly 7 million cargo containers entering U.S. seaports each year.

These extraordinary achievements are all the more remarkable when considered in the context of decades of deferred maintenance on the basic infrastructure of government -- human resource management, acquisition processes, financial management systems, information technology and data analytic capabilities. We live in an increasingly interconnected and complicated world, but the federal government is not fully equipped to deal with the critical problems of today or prepare adequately for the challenges to come. Like our crumbling bridges and transit systems, we have neglected to modernize the institutions that are designed to act for the public good. In short, we have a legacy government that is not keeping up with the world around it.

A few key data points vividly point to the crisis that the federal government faces in attracting, hiring and retaining top talent:

- Only 6 percent of the federal workforce is between the ages of 20 and 29. This compares to about 21 percent in the private sector. In the federal government, the information technology workforce has five times as many employees over age 60 than under 30. Meanwhile, it is not uncommon in Silicon Valley firms for the numbers of employees in their 20's to exceed 50 percent. Clearly the federal government is failing abysmally in attracting the next generation.
- On other end of the spectrum, 45 percent of federal employees are over the age of 50, and 32 percent who were on the payroll at the start of fiscal 2018 were eligible to retire by 2022. The lack of a young talent pipeline makes it extremely hard to plan to replace this expertise.
- The government-wide time-to-hire average was 106 days in 2017, up from an already unacceptable 90 days in 2013. This compares to the 42-day average in the private sector identified by the Society for Human Resource Management. And it certainly makes it hard for the government to compete with innovative companies that are able to make on-the-spot offers at job interviews.
- In 2017, almost half of the people who quit working for the federal government had been there less than two years. This suggests some combination of employees not finding the federal workforce experience fulfilling and the government hiring the wrong people for the job.
- The federal workforce, as a whole, is fairly diverse, but some demographic groups are underrepresented, including Latinos. The senior echelons of the career federal service, though, are sorely lacking in diversity. Women represent slightly over half of the U.S. population yet only 34 percent of the career Senior Executive Service (SES) positions are held by women. Minorities comprise nearly 40 percent of the U.S. population, yet account for just 22 percent of senior leadership jobs, according to 2018 data.

- In 2018, just 40.5 percent of federal employees agreed that their work unit can attract the talent it needs. And only 60 percent of federal employees agreed that they feel encouraged to come up with new and better ways to do their jobs -- a whopping 16 points behind the private sector. The federal government does not present itself as a place where innovators can thrive.
- In 2018, only 43 percent of federal employees agreed that awards in their unit depend on how well employees perform their jobs. This number is almost 21 percent below how workers in the private sector feel. A perception that strong performance is not rewarded in the government undermines recruitment.

The Commission's interim report released in January is right on the mark for several reasons. You have issued a clarion call for leaders at all levels of government to invest themselves in promoting public service. You also have highlighted the need to transform the federal human capital framework and renew a commitment to inspire public service. I welcome the opportunity to discuss how leadership, transformation and inspiration are the foundations for recruiting and hiring the federal workforce of the future.

### **The Importance of Leadership**

Federal agencies are not successful in meeting the complex challenges they face without leaders who take ownership of the agencies they manage. In practice, this sense of ownership requires selecting and then holding accountable leaders who are focused not just on policy but on management and organizational health. Leadership of the federal workforce is multi-faceted:

- **Political appointees:** The political leadership of each agency must "own" its talent, meaning that it is responsible for maintaining and recruiting a workforce to meet current needs and also planning for the agency to meet future needs. Heads of agencies should be prepared to manage their workforces with the support of strong deputies who are capable of serving as chief operating officers. Political appointees should be held accountable with performance plans that include metrics for workforce planning, hiring, development and employee engagement.
- **Congressional leadership:** Congress plays an essential role in ensuring that agency leaders are accountable through its oversight role and as a steward of agency budgets, functions and policies. Members of Congress need to see themselves as responsible for the current and future federal workforce.
- **Career leaders:** The career senior leaders in the SES are the critical link between a president's appointees and the two million person federal workforce, and they are a bridge of continuity between administrations. Efforts to modernize federal hiring should include improvements to the government's processes for developing, selecting and training members of the SES.<sup>1</sup>
- **Enterprise-wide leadership:** Federal leaders must work together across boundaries to deliver stronger outcomes for the American people -- across agencies, across branches,

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<sup>1</sup> The Partnership for Public Service, the Senior Executives Association and The Volcker Alliance have issued a joint policy paper on strengthening the SES, which is available on the Partnership's web site at <https://ourpublicservice.org/wp-content/uploads/2018/09/SES-Joint-Policy-Agenda-1.pdf>.

across sectors and across all levels of government. At the federal level, we need an enterprise-wide approach to building the workforce of the future, not stove-piped, agency-by-agency efforts.<sup>2</sup>

### **Transformation of Recruitment and Hiring Processes**

The federal government's hiring processes have become ossified in layers of statutes, regulations and policies that have built up over the years. The Commission is spot-on in its interim report in concluding that personnel practices are a barrier to public service, and in finding that recruiting and hiring practices are out of touch with the realities of the modern workforce. The government is unable to move nimbly in the fast-changing world. The Partnership and The Volcker Alliance, in a joint submission to the Commission last August,<sup>3</sup> offered a number of recommendations to transform recruiting and hiring, and the Commission's staff memorandum for this hearing is an excellent thought piece that succinctly lays out some bold options.

At the crux of the problem is the need to **fix the federal hiring system**:

- **Revised hiring authorities:** The Office of Personnel Management (OPM) and Congress should review existing hiring authorities (which number over 100) and work together to craft a limited set of new, rationalized government-wide hiring authorities that embody the best features of existing authorities. These authorities should be grounded in the merit system principles and include preference for veterans but also should ensure that agencies are able to hire the best candidate for any given position.
- **The right standard for direct hire authority:** Direct hiring authority is a streamlined hiring procedure that is effective in hiring for hard-to-fill positions. Currently, the standard for justifying use of direct hire authority (found in 5 U.S.C. § 3304(a)(3)(B)) is that there must be a shortage of "minimally qualified" candidates. The standard, rather, should be that there is a shortage of "highly qualified" candidates. Additionally, the agencies themselves -- who best know their workforce needs -- should have latitude to use direct hire authority without prior OPM permission.
- **Strategic hiring:** Strategic human capital is on the Government Accountability Office's High-Risk list because mission-critical skills gaps within the federal workforce pose a high risk to the nation.<sup>4</sup> OPM and agencies should focus on filling these gaps while avoiding blunt, counter-productive, across-the-board approaches such as hiring freezes.

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<sup>2</sup> Failure to implement the Competitive Service Act (Pub. L. 114-137; March 16, 2016) is a prime example of the lack of an enterprise-wide approach to the federal workforce. The CSA authorizes agencies to collectively build and utilize talent pools to fill critical skills gaps. Specifically, the CSA allows multiple agencies to hire individuals off the same "certificate of eligibles" (*i.e.*, lists of the most qualified candidates) to fill a position in the same occupational series and the same grade level. While implementing regulations were issued in 2017, agencies have made little progress in using this authority. OPM should lead an aggressive push to help agencies use the CSA.

<sup>3</sup> The policy paper of the Partnership and Volcker Alliance can be accessed at <https://ourpublicservice.org/wp-content/uploads/2018/10/Renewing-Americas-Civil-Service-policy-paper.pdf>.

<sup>4</sup> *High-Risk Series: Progress on Many High-Risk Areas, While Substantial Efforts Needed on Others*, Government Accountability Office (GAO-17-317), February 2017, available at <https://www.gao.gov/highrisk/overview>.

- **An improved USAJOBS:** While OPM has made important strides in improving the government-wide portal for job applications, the site could be better designed to match individuals with open jobs, narrow pools of applicants for agencies, explain the federal employment process to applicants, and keep applicants apprised of the status of their applications. The site could also be used to provide agencies with information on individuals with noncompetitive eligibility (e.g., Peace Corps and VISTA alumni) as well as interns who are eligible for conversion to the competitive service. Agencies should also be able to target their recruiting efforts to pools of qualified candidates without having to advertise to the entire population, which can overwhelm agencies with applications from unqualified candidates.
- **A strengthened federal HR community:** Agency Chief Human Capital Officers should play an integral role in mission planning, including identifying and closing critical skills gaps. Agencies must maintain strong HR offices to recruit, develop and retain talent, aided by access to technologies that improve recruiting, hiring and management of the rest of the employee life cycle. Continued improvement in the quality and timeliness of security clearance reviews also will improve the ability of the HR community to recruit and hire.
- **A commitment to diversity and inclusion:** Diversity and inclusion in the workplace help organizations innovate and be successful. Agencies should establish diversity and inclusion committees, offer diversity and inclusion training for employees and use recruiting strategies to reach diverse talent and reduce bias in the hiring process. Leaders need to pay particular attention to increasing diversity in the SES.

We also need a **full-on effort to bring young people into government:**

- **Interns as a talent pipeline:** Outside the government, high-performing organizations use internships as a way to recruit and evaluate talent. The federal government, however, lags in its use of internships as a talent pipeline. A key provision of last year's National Defense Authorization Act authorizes government-wide expedited hiring authority for students and recent graduates.<sup>5</sup> The authority is subject to an extremely restrictive cap, though, that makes it essentially unusable. Congress should remove this cap, and concurrently OPM should review regulations for the Pathways intern programs so that they work effectively in tandem with this new authority. Agencies should also be allowed to convert interns who come to the agency through third-party internship programs.
- **Leveraging educational institutions:** The federal government should ensure that colleges, universities and other educational institutions have full awareness of the skills needed in government so they can develop curriculum around those needs and help drive recruitment. And agencies need to show up on campuses to recruit – too often they are absent – and should align their recruitment cycle with the private sector by recruiting on campuses in the fall to reach top talent. Creation of scholarships and other benefits in return for a commitment to public service, modeled on the Reserve Officers' Training

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<sup>5</sup> Section 1108 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Pub. L. 115-232) (August 13, 2018).

Corps (ROTC), could also be a powerful incentive to attract young people into STEM and other mission-critical positions in government.

- **Speaking to a changing workforce:** Agencies need to communicate through channels increasingly used by prospective applicants (e.g., social media) but also in ways that speak to changing expectations about the workplace. In a new report examining changing demographics and shifting attitudes toward work, GAO summarizes what employees seek: meaningful work (i.e., work that can influence the greater society), autonomy within the workplace (i.e., opportunities to develop creative and innovative solutions to complex problems); control over the work environment (i.e., ability to set a schedule and work in a location that provides work-life balance); and career mobility (i.e., opportunities for both upward and lateral mobility, combined with developmental opportunities).<sup>6</sup> Agencies need to explain how their workforce experience can meet these expectations.

Talent management processes, not just recruiting strategies, must be updated to **recognize that today's workers, particularly those in the millennial generation, seek mobility in their careers**. As an employer with diverse missions across the country and around the globe, the federal government should have no problem marketing itself as the employer of choice for professionals who want a variety of experience in their careers. Several changes to law would help the government attract those who want mobility within their federal careers, as well as those who are willing to enter public service for a less-than-lifetime tenure:

- **Public-private talent exchanges:** Providing opportunities for individuals from the private sector to work temporarily in the public sector, and vice versa, is an effective way to cross-fertilize knowledge across the sectors and increase each sector's understanding of the other. Congress should extend government-wide the talent exchange authority already authorized for the Department of Defense.<sup>7</sup>
- **Temporary and term appointments:** Congress should pass legislation that was reported in the last Congress by the Senate Committee on Homeland Security and Governmental Affairs that would enhance the ability of agencies to use temporary and term appointments to address short-term needs.<sup>8</sup>
- **Re-hiring former federal employees:** Congress should amend Chapter 33 of Title 5, United States Code, to allow agencies to noncompetitively rehire former federal employees at the level for which they qualify. Currently, former employees can be reinstated noncompetitively only to a job at or below the grade level they last held, even if valuable experience outside the government has enhanced their credentials or qualifications.
- **Diversity of experience of SES:** A diversity of experience in different sectors or at different agencies should be a prerequisite for qualification for entry into the SES.

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<sup>6</sup> *Federal Workforce: Key Talent Management Strategies for Agencies to Better Meet Their Missions*, Government Accountability Office, (GAO-19-181) (March 2019).

<sup>7</sup> Section 1104 of the National Defense Authorization Act for Fiscal Year 2017, Pub. L. 114-328 (Dec. 23, 2016).

<sup>8</sup> S. 1886, 115<sup>th</sup> Congress, ordered to be reported favorably by the Senate Committee on Homeland Security and Governmental Affairs on Oct. 4, 2017.

Moreover, rotational opportunities for SES benefit both the government as a whole and individual senior executives by promoting enterprise-wide skills. OPM and Congress should expand opportunities for aspiring executives and SES to participate in rotations. Both the administration and Congress have responsibility for ensuring that rotation and reassignment of SES are to enhance the management of government, not to punish, discipline or marginalize career senior executives.

Ultimately, hiring reform is tied to **modernization of the federal government's pay and classification system** and the creation of an occupation-based, market-sensitive pay system. The existing system was created 70 years ago, when federal workforce positions overwhelmingly were clerical. Today, the federal workforce is highly educated and specialized, with over 52 percent of federal employees holding bachelors or advanced degrees, compared to 40.2 percent in the overall labor force. While the government, in most cases, will not be able to match private sector salaries, it will be much better positioned to attract talent to fill critical skill gaps (in cyber, STEM and medical positions, for example) if Congress authorizes a pay banding system that allows agencies more flexibility in setting pay. The Partnership's 2014 report, [Building the Enterprise: A New Civil Service Framework](#), describes how such a system could work.

And while the hiring process is due for an overhaul, some federal agencies have found ways to **innovate within existing rules**. OPM should engage in a myth-busting campaign to highlight that success is possible and help drive best practices government-wide. For example, the Department of Homeland Security has held department-wide hiring fairs and cyber-specific hiring fairs that have allowed in some instances for on-the-spot offers and have promoted a department-wide approach to hiring. The Office of Management and Budget has moved the needle in solving the government's toughest IT problems by bringing experts from the private sector into the U.S. Digital Service for temporary terms.

In the spirit of promoting innovation in hiring, the Partnership for Public Service and Mastercard have joined forces with global companies and federal agencies to launch the [Cybersecurity Talent Initiative](#). This first-of-its-kind public-private partnership will help recruit our nation's next cadre of cybersecurity leaders. This initiative will provide highly qualified recent graduates with professional experience, leadership, and professional development and networking opportunities. After two years of federal service, participants will be invited to apply for positions with corporate partners, and, if hired, they will be eligible to receive student loan assistance of up to \$75,000. As external threats to our nation's digital security grow, it is vital that the public and private sectors work together to address the talent shortage in this mission-critical field.

### **Inspiring Public Service**

Modernizing personnel practices must also be accompanied by a focus on inspiration -- on improving the whole ecosystem for federal service so that Americans are inspired to pursue public service opportunities:

- **Re-branding.** Federal service is highly rewarding and provides an opportunity to work on the biggest challenges our country faces, in areas as diverse as the military, national security, law enforcement, diplomacy, economics, the sciences, and health policy. The government needs to use this to its advantage:



- **Leverage the purpose-driven mission:** The federal government, because of budget constraints, will always have difficulty in competing with the private sector on compensation for critical skills, but agencies most always have an advantage in offering employees a sense of mission. Showing a commitment to mission, over 95 percent of federal employees agree that they are willing to put in extra effort to get the job done -- more than 13 points over the response rate in the private sector. Too often, though, federal job announcements are dry and confusing and fail to connect potential applicants to the important ways that they can serve the American people. The government needs to put mission right up front, in plain language, in its recruiting and hiring strategies.
- **Create a culture of recognition:** Highlighting the amazing achievements of federal employees is one of the best ways to inspire other Americans to serve. This is the purpose behind the Partnership's *Service to America Medals*. Just saying thank you and offering recognition for a job well done often can be a more important motivator than a monetary bonus.
- **Promote employee engagement:** OPM's annual Federal Employee Viewpoint Survey (FEVS), which provides the basis of the Partnership's *Best Places to Work in the Federal Government*<sup>®</sup> rankings, provides the most complete insight into how employees view their jobs and the agencies in which they work. Agency leaders -- both political and career, and in both the executive and legislative branches -- should learn how to mine and take action on this data, which point to best practices but also areas of agency performance in need of improvement.
- **End crisis budgeting:** Lurching from continuing resolution to continuing resolution and under constant threat of shutdown only bolsters the government's reputation as an undesirable employer. The recent 35-day government shutdown played out in total disregard for the public good, our national standing and our nation's civil servants, many of whom worked throughout the shutdown without a paycheck to protect the health and security of our country. Congress should return to the normalcy of regular budget and appropriations cycles.
- **A development path for career leaders and a culture of continual learning:** The military treats personnel as an asset, and the military services assiduously develop leaders through training and careful planning of career opportunities. The rest of government often views personnel as a cost, and civilian agencies devote little time and resources to training and leadership development. The government would do much better in recruiting and retaining the civilian workforce if it would offer paths for career and skill development, including leadership development.
- **Providing the workforce the tools it needs:** The federal government lags far behind the private sector in modernizing IT and data analytics and being able to incorporate the voice of the customer into the way programs are designed and implemented. The President's Management Agenda, building on work of prior administrations, recognizes the interconnectedness of these issues. Modernizing them in tandem will help convince Americans that federal service is the place to be for innovators.

**Conclusion:**

1978 was last time Congress comprehensively addressed the civil service. It did so with bipartisan leadership within Congress and with leadership and cooperation from the President. Since then, the world and the marketplace for talent have changed dramatically but federal personnel practices have not. Over the years, some agencies have convinced Congress to give them special authorities or flexibilities, creating a patchwork of haves and have-nots across the government. As a result, agencies have to compete with each other as well as with the private sector for talent.

The work of the National Commission on Military, National and Public Service provides hope that we can rekindle the bipartisan cooperation that led to the 1978 Civil Service Reform Act. Your work can also rekindle a commitment to leadership and an ethos of public service -- both of which need no basis in legislation. I thank you for the thought leadership you are providing on public service, and I look forward to answering any questions that you may have.