



PARTNERSHIP FOR PUBLIC SERVICE

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Prepared for

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of the State of the Federal Workforce”**

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Chairman Lynch, Representative Chaffetz, Members of the Subcommittee, thank you very much for the opportunity to appear before you today. I am Max Stier, President and CEO of the Partnership for Public Service, a nonpartisan, nonprofit organization dedicated to revitalizing the federal civil service. We appreciate your invitation to discuss issues affecting the federal workforce. A skilled and dedicated workforce is absolutely essential to fulfilling the many missions of the federal government on behalf of our nation, and we are honored to share with you our perspective on the challenges of building and maintaining a world-class federal civil service.

The Partnership has two principal areas of focus. First, we work to inspire new talent to join federal service. Second, we work with government leaders to help transform government so that the best and brightest will enter, stay and succeed in meeting the challenges of our nation. That includes all aspects of how we manage people, from attracting them to government, leading them, supporting their development and managing performance; in short, all the essential ingredients for forming and keeping a winning team. Given those objectives, we are highly encouraged by this Subcommittee's interest and we look forward to working with you to identify and address the most pressing issues facing the federal workforce today and in the years ahead.

In this testimony, I will lay out what we have identified as the most important challenges affecting our civil service and a series of recommendations for the Subcommittee's consideration.

An Urgent Need for Action

Today, our nation faces challenges of unprecedented complexity – from an economy in crisis to piracy on the high seas, from food-borne illnesses to the search for alternative sources of energy. While intelligent people can disagree on the optimal size of government, or the appropriate reach of government, there can be no disagreement that Americans need and deserve *effective* government -- and the key to good government is good people.

Meeting the challenges before us will require nothing less than a rebuilding and a revitalization of our federal workforce. A record number of experienced federal workers will soon retire, resign or otherwise leave the government and will need to be replaced. At the same time, the federal government's hiring needs are also growing in response to the stimulus legislation, new or expanded programs, and the goal of having federal employees assume some functions currently done by contract employees. We project that the federal government will make over 580,000 full-time, permanent new hires through 2012. Potential applicants are out there – indeed, the number of applications for federal employment doubled this year over last year – but the challenge is to attract and hire the *right* people with the *right* skills that government so desperately needs. Aggressive and immediate action is needed to strengthen the federal civil service, match

new skills to current challenges, and build a government that the public deserves and the times demand.

Mr. Chairman, I believe that we have a once-in-a-lifetime opportunity to revitalize our federal government. What we do now will have major implications for how we cope with immediate crises and how well we ensure our nation's long-term prosperity. And the success or failure of government is linked directly to the health of our federal workforce and its capacity to execute and implement government policies effectively. With the stakes so high, the focus of today's Subcommittee hearing could not be more needed, or more timely.

I. A Time of Opportunity

Our nation just concluded a historic election and inauguration in a time of serious economic and international crises. We know from history that times like these lead to a rebuilding and reshaping of government and the people needed to make it work. The Great Depression and the Second World War created a corps of civil servants that would last into the 1960s, only to be replaced by the '60s generation that is just now cycling out. We now have an opportunity to replenish the civil service with the next generation of talent that will lead to the success, or failure, of government for the next 30 to 40 years.

The nature of government work today has changed dramatically from the work of World War II's "greatest generation." Once a largely clerical workforce, government work today is more specialized than ever before and requires a more demanding set of skills. Engineers, accountants, nurses, attorneys, acquisition specialists and those skilled in foreign languages are just a few of the many professionals needed in federal service today. Attracting, recruiting and retaining them must be a priority for the Obama Administration and the Congress.

It is easy to imagine that improving the state of our federal workforce would have trouble fighting for a top spot on anyone's priority list, with the economy, two wars and a host of other issues competing for attention from our nation's policy makers. But this way of thinking is not just wrong – it is dangerous. Today's challenges cannot be addressed successfully without the expertise needed inside government to get the job done.

A hard look at almost every major challenge facing this country reveals a largely unwritten story about how government's depleted capacity has contributed to the problem and poses an impediment to developing solutions:

- The Office of Thrift Supervision – AIG's regulator – has only one insurance expert on staff;
- The Department of the Treasury is scrambling to develop the expertise needed to price toxic assets;
- The average project manager at the Department of Energy is overseeing 50 projects at one time;

- The Food and Drug Administration is understaffed and unable to inspect imported foods adequately;
- The Consumer Product Safety Commission had only one staff person assigned to inspecting toys imported from China.

Current challenges are changing the way that Americans look at government. Citizens are looking to our government for solutions in numbers not seen since the Great Depression. This is an exceedingly rare opportunity for the federal government to regain the trust of the American people – let’s not waste it.

II. Major Challenges Affecting the Civil Service

The federal government will live up to its potential in serving the American people only when our best and brightest answer the call to federal service and have strong leaders who empower them to perform at their best. We believe that the human capital challenges facing the federal government can best be described as falling into one of two buckets: government’s ability to attract and recruit the talent it needs, and government’s ability to manage the federal workforce so that talented employees stay and succeed in achieving desired results. How Congress exercises its legislative, oversight and appropriations responsibilities with respect to the civil service will be a deciding factor in how our government meets these challenges.

A. Attracting and Recruiting the Right Talent

The government faces significant hurdles in finding, recruiting, assessing and hiring individuals with critical skills that government needs today.

Demographic challenges

In our 2008 “Brain Drain” issue brief, the Partnership reported that by 2012, federal agencies will lose nearly 530,000 employees, the majority through retirement. While this projected number may be slightly smaller today as people defer retirement due to the economic crisis, we can say with confidence that at a minimum, the federal government is facing a drain of experienced talent. At best, these losses could adversely impact the delivery of services to the public; at worst, they could cripple our ability to meet core government functions.

Many of the individuals nearing retirement hold leadership and critical skills positions. Seventy-six percent of the Senior Executive Service – government’s elite cadre of senior managers – will be eligible to retire by 2012. We also project that by 2012, retirements at 23 large agencies will near 20 percent of their workforces. These include agencies that provide direct and highly visible services to the public, such as the Federal Aviation Administration and the Social Security Administration. The Department of Defense, the largest federal agency, is expected to lose close to 20 percent of its more than 600,000 civilian employees through retirement.

The problem is further compounded by an insufficient pipeline of new workers coming into the federal government and by a slow and inefficient hiring process. There simply are not enough young employees to support the future demands of the workforce. According to Bureau of Labor Statistics and Office of Personnel Management (OPM) data from 2008, the federal civil service has a greater percentage of workers over the age of 45 (58.1%) than the overall U.S. workforce (42.2%). A graying workforce makes identifying the next generation of public servants all the more urgent – but young talent is often discouraged by the federal hiring process, discussed later in this testimony.

Lack of information is a barrier to recruitment

Our nation's military spends millions of dollars on highly-targeted marketing campaigns to recruit new uniformed military personnel, but when it comes to attracting young people to the civilian workforce, agencies are largely flying blind. Much more needs to be done to understand how federal agencies can best attract new talent to federal service. The House and Senate Appropriations Committees recognized this fact by providing \$600,000 in fiscal year 2006 to the Partnership and OPM for the *Call to Serve Recruitment Initiative*. The *Call to Serve* program is a joint OPM/Partnership effort to connect federal agencies to the tremendous source of new talent graduating from our nation's colleges and universities. The network includes over 75 federal agencies and over 650 colleges and universities who are doing more to educate young people about internship and job opportunities in the federal government.

To improve the efficiency and effectiveness of federal hiring efforts, the Appropriations Committees funded the *Call to Serve Recruitment Initiative*, a study on five college campuses designed to identify successful, cost-effective agency recruitment practices that are sustainable and replicable across different campuses to increase student awareness of, and interest in, federal jobs. We found that on the whole, college students are very interested in federal service but lack knowledge about federal opportunities. Forty-two percent of college juniors and seniors said that they were extremely or very interested in federal government jobs – only eight points lower than the interest in large private sector companies. The greatest challenge for agencies, however, is that only 13 percent of students said they felt extremely or very knowledgeable about federal jobs. Further, fewer than two in ten faculty and advisors – those who help influence student decisions – felt they were knowledgeable about federal jobs and the process of finding and applying for those opportunities.

According to our survey, students need more information about the types of opportunities that exist in the federal government. They need to understand how to find and apply for a federal internship or job, and they seek information that is tailored to their particular interests and background. In addition, students search for positions where they can do interesting work and where they will have an opportunity to make a difference. Recruiters will be more successful if they can dispel myths about federal service and put a face on government, which is often perceived as overly bureaucratic. (Indeed, 53 percent of students cite bureaucracy as the reason they would not want to work for the

federal government.) Recruiters could also be more successful by highlighting the government workplace flexibilities that contribute to work/life balance, one of the most important job attributes that young employees are seeking.

The Partnership has built on the findings of the *Recruitment Initiative* in several exciting ways:

- We have created the *Federal Service Student Ambassadors* program, which develops a corps of passionate student advocates who actively promote government service on campus following their completion of a federal summer internship.
- We have created www.MakingTheDifference.org, a website dedicated to educating students on finding and applying for federal jobs and internships. This website ranks #1 in a Google search for “federal internships.”
- Our *Annenberg Speakers Bureau* is a dynamic, diverse group of federal employees who educate audiences about the federal workforce and inspire a new generation to serve. Speakers visit college campuses and other student venues to promote public service and provide resources that will raise awareness of federal opportunities among young people.
- We recommend policies that would improve government’s ability to tap into the talent on our nation’s campuses; for example, our recent report entitled *Leaving Talent on the Table: The Need to Capitalize on High Performing Student Interns*, outlines recommendations to help the federal government end its benign neglect of student internship programs and use this valuable resource to hire talented young professionals, improve government performance and better serve the American people.

The college and university population is just one place where the federal government can find new talent; federal hiring needs are so acute that it makes sense for federal agencies to tap many pipelines of talent, including the millions of highly-skilled older workers in all sectors of the economy. This is especially important as many initiatives identified in the stimulus legislation and recovery plans require the skill and talents of experienced workers who, in many cases, need to continue to work.

To help address government’s critical talent needs, the Partnership for Public Service launched the *FedExperience* pilot program with federal agencies, corporate partners, and other stakeholders to match government's critical hiring needs with the talents of experienced, older workers. The good news, according to the Partnership's research, is that there is substantial interest in pursuing federal "encore" employment opportunities among America's tens of millions of baby boomers. Further, these boomers possess the types of skills, experience and commitment our government needs. To take advantage of these interests and skills, the pilot program explores new and expanded means for government to overcome institutional barriers and tap into the growing talent source of experienced workers. This includes the design of specific strategies for marketing federal job opportunities to this talent pool, use of targeted recruitment and enhanced hiring processes to obtain proven talent, and better orientation, onboarding and retention of mature workers so their contributions will continue into the future.

The federal hiring process is broken.

Mr. Chairman and members of the Subcommittee, if you choose one problem to fix in the 111th Congress, I hope it will be the federal hiring process. There is no bigger obstacle to bringing much-needed new talent into the federal workforce.

Long a source of frustration for agencies and applicants alike, the federal hiring process is broken and discourages talent from all sources from pursuing federal service. A Partnership review of hiring at selected agencies revealed that the process for hiring a single employee can include more than 110 steps. Some federal job applicants wait a year, or longer, before receiving a job offer. And some potential workers do not wait at all because the job announcement discourages them from applying in the first place. Often running 10, 20 or even more pages in print form, federal job announcements are frequently confusing and filled with jargon indecipherable to the average person. Federal agencies often require applicants to submit college transcripts in short job application timeframes and to customize resumes to meet specific agency requirements. Also, agencies generally do a poor job of keeping applicants informed of the status of their applications – a basic courtesy that should be afforded to all job seekers. The end result is a difficult, lengthy and complex process that discourages many highly skilled older workers from pursuing federal service.

To its credit, the Office of Personnel Management undertook an interagency effort last year to improve the federal hiring process. Given the nature of the problem, this effort will need to be sustained and given a high priority over an extended period of time. While good progress is being made, there is no time to waste.

We believe that, at a minimum, all agencies should adopt a user-friendly application process (for example, allowing a resume to serve as an application); clear job announcements; timely and useful information about the status of an application; and, a timely hiring decision. We strongly support S. 736, the *Federal Hiring Process Improvement Act*, which was introduced last month by Senator Daniel Akaka (D-HI) and Senator George Voinovich (R-OH). This bipartisan legislation will streamline federal hiring and measure hiring effectiveness. The Partnership strongly encourages the Subcommittee to make legislation to improve the federal hiring process a top priority.

B. *Managing for Results*

Getting the right talent is only half the battle. Perhaps the more daunting challenge for the federal government is fostering the kind of workplace policies and practices that will enable the government to retain a highly skilled, engaged workforce that consistently achieves desired results.

Skills gaps hinder agency performance

Pick up the newspaper on any given day and you will likely find an article about a government failure that can be traced directly to a shortage of the right people with the right skills. Millions wasted in government procurement, poor or nonexistent oversight of bailout funds, an overwhelmed and understaffed Foreign Service – all of these problems and more are caused or exacerbated by a lack of people with the critical skills government needs in the 21st century.

The Partnership for Public Service visited with all major federal departments to learn the positions for which they would be hiring from 2007 through 2009. Our report, *Where the Jobs Are*, revealed that the federal government needed to fill 193,000 positions in mission-critical fields during that two-year period. Finding enough of the right people with the right skills is a daunting challenge and we plan to update our *Where the Jobs Are* report later this year.

We suggest that Rep. David Price's *Roosevelt Scholars Act* could help the federal government meet some of these critical hiring needs. This legislation was introduced in the 110th Congress and is expected to be introduced again shortly. It creates a graduate-level scholarship program in mission-critical fields in exchange for a federal service commitment. The military's ROTC program has been a tremendous source of leadership talent for our nation's armed forces; we believe the *Roosevelt Scholars Act* could become an analogous source of needed expertise for our civilian agencies.

Even federal workforce management itself is hampered by skills gaps. Many federal human resources (HR) professionals are trained in transactions – processing paperwork and managing systems. There is a lack of emphasis on the HR professional as a strategic partner for federal managers seeking to hire the right people for the right jobs. In 2007 and again in 2008, the Partnership interviewed Chief Human Capital Officers in large departments and agencies in a candid, not-for-attribution conversation on the challenges they face and potential areas for improvement. When asked the extent to which HR staff members have the competences needed to help their agency succeed in the future, 71 percent of respondents said their staffs had needed competencies to only a "limited" or "moderate" extent, with less than one-third agreeing that their staffs had the right skills to a "great" or "very great" extent.

The federal acquisition workforce is also struggling to manage today's expanding challenges with yesterday's resources. Consider the exponential growth in federal contracting activity we have experienced since 2000: That year, roughly 106,000 contracting professionals were responsible for managing contracts worth \$207 billion. In 2008, we asked the same number of contracting professionals to manage almost \$532 billion worth of contracts. This consistently understaffed workforce has seen its realm of responsibility expand to include the purchase and management of more and more services, not just goods. The knowledge, skills and abilities required to manage services, like document translation or financial consulting, are fundamentally different than those required to manage the purchase of a keyboard or a radio. To comprehend the impact of

these misalignments between resources and expectations, we need only consider the contracting missteps in connection with the reconstruction of Iraq and the response to Hurricane Katrina.

Lack of meaningful measures and indicators hinder good management

The old adage that “what gets measured, gets changed” still holds true. And when it comes to the federal workforce, not enough is getting fully measured. We applaud OPM for its efforts to establish metrics for the health of the civil service and believe that, in this area, we cannot do enough.

Data available on the state of the federal workforce is not systematically organized, evaluated or disseminated in a way that is meaningful to all of the key audiences. An indicator system for our federal workforce is the logical solution to this problem, and the Partnership is spearheading a first-of-its-kind *State of the Public Service* initiative to develop meaningful indicators for the federal government. In this groundbreaking project, we are working to demonstrate the links between human capital and agency performance, including identifying key workforce drivers of performance.

The value of indicator systems as an effective tool for driving reform has been widely documented. The Partnership has already taken a step toward creating national indicators through our *Best Places to Work in the Federal Government* rankings, prepared in collaboration with American University’s Institute for the Study of Public Policy Implementation. The *Best Places* rankings build upon OPM survey data to provide a comprehensive assessment of employee satisfaction across the federal government’s agencies and their subcomponents.

Employee satisfaction and engagement are two of the necessary ingredients in developing high-performing organizations and attracting key talent to meet our nation’s challenges. The *Best Places to Work* rankings are a key step in recognizing the importance of employee satisfaction and ensuring that it is a top priority of government managers and leaders.

Since the first rankings were released in 2003, they have helped create much-needed institutional incentives to focus on key workforce issues and provided managers and leaders with a roadmap to help boost employee engagement.

The rankings also provide Members of Congress and the general public unprecedented insight into federal agencies and what the people who work in those agencies say about leadership, mission and effectiveness. The *Best Places* rankings can aid Congress in fulfilling its oversight responsibilities by highlighting the federal government’s high-performing agencies and raising a red flag when agencies suffer from conditions that lead to low employee engagement and poor performance. The Partnership has testified several times before House and Senate committees on the performance of federal agencies in the *Best Places* rankings, and we are pleased to note that the 2009 *Best Places* report will be released next month.

Emphasis on good leaders and managers is lacking

The Partnership's *Best Places to Work* rankings consistently indicate that strong leadership is the number one driver of employee satisfaction in the federal government. Employees are more engaged and more satisfied in their jobs when they hold their leaders and managers in high regard. And it is well documented that highly engaged employees are an indicator of better organizational performance. While various leadership development programs exist, there is not a consistent effort across government to develop and support emerging leaders in federal service. Similarly, the federal government lacks any consistently-applied programs to ensure that federal managers are trained in performance management and able to meet core management competencies.

To help address the need for better leadership development, the Partnership created a set of leadership development programs for federal employees. The *Annenberg Leadership Institute* offers two-day seminars and six-month courses to help federal agencies build the long-term, in-house capacity to solve management problems by developing participants' leadership skills through the real-life application of classroom lessons. Our *Excellence in Government Fellows Program* (and its *Department of Homeland Security Fellows* component) is an award-winning training program for talented mid-level federal career executives. The Partnership recently assumed administration of this program from the former Council for Excellence in Government. Over the last 20 years the program has trained more than 2,500 high-performing, results driven leaders in federal departments and agencies.

Existing personnel flexibilities are under-utilized

Federal agencies enjoy many personnel flexibilities that enable them to recruit, retain and manage their workforces. However, use of these existing tools is uneven at best. The tools and authorities available to federal agencies are many, and include recruitment, retention and relocation bonuses; student loan repayment incentives; direct hiring authority; critical pay authority; non-competitive conversion authority; and category ranking, among others.

Not all personnel authorities just mentioned are right for all agencies. Rather, they comprise a "tool-kit" for agencies seeking to shape their workforces and to fit the right talent in the right jobs. Some agencies, like the State Department and the Government Accountability Office, have found that offering student loan repayment is a powerful incentive for young talent considering federal service. Yet, on the whole, federal agencies do not appear to be using these tools to their best advantage.

We will also note that not all of the tools just mentioned require a significant expense. For example, our new report, *Leaving Talent on the Table: The Need to Capitalize on*

High-Performing Student Interns, reported that federal internships are a grossly under-utilized tool for identifying and assessing potential new talent. In 2007, 59,510 students participated in the federal government's largest internship programs, the Student Temporary Experience Program (STEP) and the Student Career Experience Program (SCEP). The vast majority of these students – 45,000 – participated in the STEP program, but only SCEP offers a built-in mechanism that makes it relatively easy for federal agencies to offer permanent employment to interns with desirable skills and aptitudes. Many federal agencies make little use of SCEP, the internship program that provides the best chance for a student to convert to full-time civil service employment. The result is that only 6.6 percent of student interns in these programs were converted to permanent full-time jobs in 2007, a dismal rate when one considers that the private sector hired 50 percent of their interns into permanent positions. Surely, the federal government can and must do better.

Our multi-sector workforce is poorly understood.

Any view of the federal government's workforce today is incomplete if it considers only the civil service. In fact, we have a multi-sector workforce doing the work of government. That includes federal employees and private contractors – both for-profit and not-for-profit.

We are not aware of any data to indicate the true size and impact of the government's multi-sector workforce. The Partnership believes that the Office of Personnel Management is best suited to develop government-wide strategic workforce plans that take into account the multi-sector workforce and how it impacts the work of federal agencies and the quality of services provided to the American people.

Better support and oversight are needed.

The Partnership believes that the way to better government is through people. No federal agency can succeed if it does not have enough of the right people with the right skills to get the job done. While we have long argued that more investment in the capacity of the federal workforce is desperately needed, passage of the \$787 billion stimulus package adds a new sense of urgency.

Federal agencies – and more accurately, federal employees – are being asked to distribute billions of dollars in stimulus money as quickly as possible. While the Obama administration has committed to spending \$350 million on oversight to ensure accountability and transparency, this approach fails to invest in the infrastructure of government that will minimize failures in the first place. It is like calling law enforcement for a smoking engine when what is really needed is a good mechanic. We need an aggressive plan to provide the personnel and tools necessary for our government departments and agencies to succeed, and a new paradigm that imagines the watchdog role as constructive rather than punitive. In other words, smart government should be about getting it right the first time, rather than discovering problems after the fact and

attacking federal agencies, and their employees, for failing to do jobs they were never resourced to handle.

Conclusion

Mr. Chairman, the report of the 9/11 Commission said it best: “[T]he quality of the people is more important than the quality of the wiring diagrams.” The federal government is fortunate to have a workforce that is highly committed to serving the public. The challenge for Congress is to ensure that the government has the personnel and resources necessary to perform at its best.

III. Recommendations

The Partnership is pleased to offer the following recommendations to the Subcommittee as you pursue your legislative and oversight agenda regarding the federal workforce:

1. Better and more frequent data are essential for Congress to conduct necessary oversight of how agencies are managing the federal workforce. We recommend that the Office of Personnel Management conduct the Federal Human Capital Survey on an annual basis, and release the data as soon as its accuracy can be assured. This will enable federal agencies to make real-time course corrections where needed; provide an annual benchmark capability by providing consistent data across agency lines; and provide Congress a more timely and informative oversight tool.
2. Congress should encourage and support department and agency efforts to create learning and development opportunities for their employees. In particular, Congress should encourage and fund leadership enhancement and leadership development programs for federal employees. Improving the skills of existing leaders and developing the next generation of leaders will improve employee engagement and organizational performance.
3. A key criterion for the success of any human capital management system is the presence of highly competent managers, supervisors, and HR professionals. Congress should ensure that federal departments and agencies have the resources, and are making the necessary investments, to select, train, and effectively manage the individuals in these key occupations.
4. Congress should ensure that federal departments and agencies have the resources and personnel necessary to fulfill their missions, and should encourage an oversight approach that is constructive and designed to identify and fix potential problems before those problems become failures.

5. Congress should require all federal agencies to improve their hiring processes. A “federal applicant’s bill of rights” to make the hiring process more understandable and timely would improve the ability of the government to attract needed talent from diverse talent pools. We encourage the Subcommittee to consider S. 736, the *Federal Hiring Process Improvement Act*, which takes important steps in the right direction. Congress should also pass the *Roosevelt Scholars Act* to enable federal agencies to attract mission-critical talent.
6. The Office of Personnel Management should create a government-wide strategic plan for acquiring and retaining the talent that government will need to serve the American people in the years ahead. This requires taking into consideration the entire federal workforce, including the contractors who are doing the work of government and the ability of in-house federal employees to manage those contractors.