RIGHTSIZING THE FEDERAL WORKFORCE

HEARING

BEFORE THE

SUBCOMMITTEE ON FEDERAL WORKFORCE, U.S. POSTAL SERVICE AND LABOR POLICY

OF THE

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

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RIGHTSIZING THE FEDERAL WORKFORCE

THURSDAY, MAY 26, 2011

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FEDERAL WORKFORCE, U.S. POSTAL SERVICE AND LABOR POLICY,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:39 a.m., in room 2154, Rayburn House Office Building, Hon. Dennis A. Ross (chairman of the subcommittee) presiding.

Present: Representatives Ross, Amash, Jordan, Chaffetz, Gowdy, Issa (ex officio), Lynch, Norton, Connolly, Davis, and Cummings (ex officio).

Staff present: Ali Ahmad, communications director; Robert Borden, general counsel; Molly Boyl, parliamentarian; Lawrence J. Brady, staff director; John Cuaderes, deputy staff director; Linda Good, chief clerk; Jennifer Hemingway, senior professional staff member; Ryan Little and James Robertson, professional staff members; Justin LoFranco, deputy director of digital strategy; Laura L. Rush, deputy chief clerk; Rebecca Watkins, press secretary; Peter Warren, legislative policy director; Nadia A. Zahran, staff assistant; Ronald Allen, minority staff assistant; Jennifer Hoffman, minority press secretary; Lucinda Lessley, minority policy director; William Miles, minority professional staff member; and Mark Stephenson, minority senior policy advisor/legislative director.

Mr. ROSS. Good morning. I would like to call the Subcommittee on Federal Workforce, U.S. Postal Service and Labor Policy to order. As we do in every subcommittee and full committee, we read the mission statement of the Oversight Committee.

We exist to secure two fundamental principles. First, Americans have a right to know that the money Washington takes from them is well spent; and, second, Americans deserve an efficient, effective government that works for them. Our duty on the Oversight and Government Reform Committee is to protect these rights. Our solemn responsibility is to hold government accountable to taxpayers because taxpayers have a right to know what they get from their government. We will work tirelessly in partnership with citizen watchdogs to deliver the facts to the American people and bring genuine reform to the Federal bureaucracy. This is the mission of the Oversight and Government Reform Committee.

I will move into my opening statement.

Last December, the White House's deficit commission outlined a plan of action to address our Nation's fiscal woes. Included in the report was a recommendation to reduce the size of the Federal

work force by 200,000. Recently, the House budget resolution adopted a similar policy, in assuming a 10 percent reduction—via attrition—in the size of the Federal work force.

White House officials have repeatedly stated that they would implement many of the commission's ideas, but they did not incorporate a Federal work force reduction proposal into the President's February budget release, or his recently issued deficit reduction plan. In fact, the President's budget, while acknowledging that the Federal work force has actually grown by 325,000 since President Obama took office, requests an additional 15,000 new Federal workers for fiscal year 2012.

The size of the Federal work force now stands at over 2.1 million, the largest Federal work force in modern history. At the same time, our economy has lost over 4 million private sector jobs and the unemployment rate hovers around 9 percent. According to the Office of Personnel Management, the average pay and benefits of a Federal employee in 2010 was $101,751, a rate of compensation the Nation can no longer afford.

The members of this subcommittee appreciate our talented Federal work force and the critically essential services it provides. However, the current size of the Federal work force is fiscally unsustainable. Congress has an obligation to consider all policy reforms that halt the sprawl of government and force agency heads to make government more efficient.

Several Republican Members have offered bills to shrink the size of the Federal work force. I, myself, have introduced H.R. 821, the Zero Based Budget Act of 2011. This legislation would require all departments and agencies in the Federal Government to provide a funding justification each year, as well as a summary of their cost-effectiveness and efficiency.

Today's witnesses include two distinguished Members of Congress, Representative Lummis and Representative Marino, who have both introduced legislation that would institute tough measures to halt government growth and produce a smaller, leaner Federal work force.

At a time when our economy is in a recession and budget deficits are at staggering record levels, taxpayers can no longer be asked to foot the bill for a bloated Federal work force. This hearing presents an opportunity for lawmakers on this committee to hear important testimony on how best to rightsize the Federal work force.

I thank the witnesses for appearing here today and I look forward to their testimony.

[The prepared statement of Hon. Dennis A. Ross follows:]

Chairman Ross Opening Statement
Subcommittee on the Federal Workforce, U.S. Postal Service and Labor Policy
Hearing on "Rightsizing the Federal Workforce"

Last December, the White House's deficit commission outlined a plan of action to address our nation's fiscal woes. Included in the report was a recommendation to reduce the size of the federal workforce by 200,000. Recently, the House Budget Resolution adopted a similar policy, in assuming a 10-percent reduction – via attrition – in the size of the federal workforce.

White House officials have repeatedly stated that they would implement many of the commission's ideas, but they did not incorporate a federal workforce reduction proposal into the President's February budget release, or his recently-issued deficit reduction plan.
In fact, the President's Budget -- while acknowledging that the federal workforce has actually grown by 325,000 since President Obama took office -- requests an additional 15,000 new federal workers for fiscal year 2012.

The size of the federal workforce now stands at over 2.1 million - the largest federal work force in modern history. At the same time, our economy has lost over 4 million private sector jobs and the unemployment rate hovers around 9%. According to the Office of Personnel Management the average pay and benefits of a federal employee in 2010 was $101,751 - a rate of compensation the Nation can no longer afford.

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Today's witnesses include two distinguished Members of Congress --Representative Lummis and Representative Marino – who have also introduced legislation that would institute tough measures to halt government growth and produce a smaller, leaner federal workforce.

At a time when our economy is in a recession and budget deficits are at staggering record levels, taxpayers can no longer be asked to foot the bill for a bloated federal workforce. This hearing presents an opportunity for lawmakers on this committee to hear important testimony on how best to right-size the federal workforce.

I thank the witnesses for appearing here today and I look forward to their testimony.

Mr. ROSS. I now recognize the distinguished Member from Massachusetts, the ranking member, Mr. Lynch, for an opening.

Mr. LYNCH. Thank you, Mr. Chairman. It is an honor to be here.

Let me just try to reset the discussion that has been put forward here in terms of rightsizing the Federal work force. Let me just put some numbers out there that I think are striking.

We have two types of Federal employees that work for our government, or two types of Federal workers. We have the traditional Federal employees who are the target of this hearing, and then we have a group called private contractors. Now, in common parlance people think of contractors as companies, but in this U.S. Government contractors are people. So rather than hiring under the Bush administration employees, they simply hired contractors.

Now, not only do we have the largest number of Federal employees, 2½ million people, but if you look at the number of folks that we have added to government, the government payroll, by the Bush administration, it comes not to 2½ million, but to 10½ million contractors, people who are working under government contract, instead of employees. So what we are doing in this hearing is we are ignoring 80 percent of the cost. We are completely ignoring the contractor side of this equation, 10½ million people, and we are instead focusing on 2½ million Federal employees.

It strains the limits of credibility to ignore 80 percent of our costs and instead to point the finger of blame on Federal employees. It continues to mystify me in the midst of this recession that while we all are in agreement that it was the folks on Wall Street who caused this mess, we don't have hearings on Wall Street up here. The finger of blame has gone around and around, and where does it fall? It falls on Federal employees. It falls on teachers. It falls on firefighters. It falls on police officers. It falls on their right to bargain over terms and conditions of employment. It is obscene that we are focusing today on the 2½ million employees of the Federal Government while we are completely ignoring the 10½ million contractors and grantees that work for this government.

Bear in mind that there is great need to reduce the costs within our government. There is no question about it. We have to reduce spending. But you have to ask whether we are really serious about it when we choose to ignore 80 percent of the cost. There is not a word in here about reducing the number of contractors.

I have traveled to Iraq and Afghanistan many, many times, 14 times I think in Iraq. I have seen the troop levels go down from 170,000 to 45,000 today. But I still see 100,000 contractors in Iraq. And when you compare what an Army private or a private first class for the U.S. Marine Corps is making per month with what the private contractor costs, or if you compare what the State Department employees are making overseas compared to what these private contractors are making, it is astounding. It is really astounding.

So if we are serious about reducing costs, then we need to look at the contracting community, the 10½ million people out there that are on the government payroll. Just because President Bush decided to hire them as private contractors instead of Federal employees, it doesn't mean the cost isn't there.

In fact, think about this: If we are seeking to reduce costs, if you force a Federal employee out, they are going out, and they are going to collect their pension and probably get health care benefits. If you cut a contractor lose, that is all savings. That is all savings. So why aren't we looking at that?

This will be a great hearing. I have a lot of figures, a lot of data, and hopefully we will get the complete picture out there. But, Mr. Chairman, I am delighted that you held this hearing, I really am.

I yield back the balance of my time.

Mr. ROSS. Thank you, Mr. Lynch.

The chair now recognizes the chairman of the full committee, the distinguished gentleman from California, Chairman Issa, for an opening.

Mr. ISSA. Thank you, Chairman, and thank you, Congressman Lynch, for giving me the opportunity to come after you, and I don't mean come after you personally.

Mr. LYNCH. Have at it. Bring it on.

Mr. ISSA. No, no.

We have two congressional colleagues here and they both have business backgrounds. Congress Marino, like you, I spent decades on the factory floor.

One thing we understand in the private sector, and I think you are going to hear it in their testimony and in any Q and A, we understand in the private sector that you are probably absolutely right on some portion of what you just said; two million people, 10½ million full or part-time contractors, all or part. We are not debating that. They all fall under this committee's jurisdiction.

The real question is, how are we getting the best value? And the one thing I believe that this committee has seen in hearing after hearing after hearing, and we will continue to see until we make real fundamental change is, there is no cost accounting.

Now, in the previous time under President Bush I sat on this committee and other committees and, rightfully so, I saw them not do cost accounting, they simply hired a bunch of people to get us through the early days of the war. And on this side of the aisle and on your side of the aisle we started complaining that, well, where is the cost justification for this and that? Why does it cost hundreds of dollars a gallon to bring a gallon of fuel out to the combat and into the line?

The real question is not is there waste in government. We exist because there is a tremendous amount of waste and we have done very little to deal with it.

Now, as we look at attrition or changes in the Federal work force, including an end to arbitrary insourcing, which is what has been happening under the Bush administration, arbitrary insourcing. They tap contractors on the shoulder, tell them their contract is going to be ending, and we say we will give you a pay raise if you come work for us now. Felony, stupid behavior for anyone to do. And we have business people here who will explain exactly how stupid it is to arbitrarily pay more than you need to.

What this committee needs to do, and, Mr. Lynch, I want to be very much in partnership with you on this committee, we need to cost-benefit both outsourced and insourced costs. We need to move this government toward making a genuine decision about what

makes long-term and short-term sense and to do the kind of analysis.

Additionally, and Chairman Ross I think did a very good job in his opening statement, we need to go to a system in which we justify the individual pay of individual members of the Federal work force, dynamically understanding that some people in the Federal work force are underpaid and their jobs go unfilled and it is difficult. We have seen this before. Some, their jobs become less valuable, but the scale of the system has no flexibility even for new hiring. We need to change that.

The private sector understands that supply and demand varies, that what you have to pay to hire a software programming in 1999 in Silicon Valley is very different than 2001. It was a radical change between you hired people from anywhere and stole them from your competitors to, oh, there was an abundance. That abundance disappears, the price goes up.

I look forward to this committee having an honest dialog, not about what was wrong in outsourcing under the Bush administration or wrong necessarily in insourcing under this administration. We have an obligation to get it right, to figure out how sensible government accounting can in fact put, using your numbers, 12½ million full or part-time jobs to better use at better value for the American people.

I believe this is a good start today. I believe we have the right witnesses to help us set the tone for why it is not about how many workers we have in-house or how many contractors we have outhouse. The question is, are we getting our best value. And until we have a system that we can all be confident on a regular and constant basis makes those decisions, those, if you will, dynamic scoring so that we get the best value, we are not going to rightsize the Federal work force in-house or get the best value from our contractors out of the house.

I look forward to working with this entire committee. This is the most legitimately bipartisan issue we will have on this committee.

I yield back.

Mr. ROSS. Thank you, Mr. Chairman.

I now recognize the ranking member of the full committee, the distinguished gentleman from Maryland, Mr. Cummings, for an opening.

Mr. CUMMINGS. I want to thank you, Mr. Chairman, and I certainly thank our ranking member and want to associate my comments with those of the ranking member.

You know, in listening to all of this, and I am glad we are doing this hearing, but at a time when Congress is looking for ways to cut spending, I certainly appreciate that everything should be on the table. However, I believe that Federal employment in particular has gotten more scrutiny from the majority than it deserves.

While I agree that serious changes must be made to improve our financial footing, I disagree with the viewpoint that Federal employees should shoulder a disproportionate amount of that burden.

As I have mentioned previously before this committee over the past several months, I have been meeting with Federal workers who are rightly dismayed that their jobs and benefits are being used as a political football on Capitol Hill. Federal employees saw

their 2011 pay raises blocked by the recently enacted 2-year pay freeze. They are deeply concerned with the daily barrage of news about the possibility of further congressional action affecting their benefits.

My office has been deluged with inquiries from Federal workers and their families concerned about agency furloughs and reductions in force, wondering how they will keep paying their mortgages and feeding their children if their paychecks are suddenly stopped. These are the same employees that on this side of the aisle took a 5 percent cut and probably will not get another pay raise for the next 4 years. But at the same time, they work on the Hill and they hear our Republican colleagues say that in a fragile economy, we cannot afford to tax the rich, but yet and still they are being cut in pay and, again, their wages are being frozen and they are not making the money that the rich folks are making. Give me a break.

Despite assertions to the contrary, the Federal work force has decreased significantly since the 1960's when measured in terms of the number of workers per capita. According to the Office of Management and Budget, in 1962 there were 13.3 executive branch employees for every 1,000 Americans, while as of 2010 there were 8.4, the lowest level in the past 50 years. Furthermore, we have seen decreases in the Federal work force are often met with increases to the contractor work force, as Mr. Lynch stated.

On this point, I would like to be very clear: Cutting the Federal work force is not a magic solution to our financial troubles. Cutting the Federal work force does not diminish the demand for taxpayer services. For that reason, proposed indiscriminate cuts stand to have two effects: One, increasing the more costly contractor work force; or, two, reducing the efficiency and effectiveness of the services delivered to taxpayers.

Recently in response to Representative Lummis' proposed legislation, Max Stier, the CEO of the nonpartisan Partnership for Public Service, had these simple words to stay. "History has shown that governmentwide hiring freezes result in neither smaller nor more effective government. Indeed, downsizing the Federal work force without strategic work force planning will result in skill gaps and increased reliance on contractors and ultimately a government that is less efficient and effective than the American people deserve." None of the proposals we will consider today have adequately addressed Mr. Stier'sconcerns over blanket cuts.

So I do look forward to the hearing today. I look forward to hearing our witnesses. And I agree with the chairman of the full committee, Mr. Issa. This is a problem that should have bipartisan solutions. These are issues that affect the very people that we work with every day, the very people that we go back to our offices and see in the next hour or so, the ones that get the early bus, the ones that work hard and give their blood, their sweat, their tears, their compassion, to us Americans. And I do want us to stop beating up on our public employees because they play an integral role in all of our society, and I want them to come to work knowing that we appreciate every single thing they do.

With that, Mr. Chairman, I yield back.

Mr. ROSS. Thank you, Mr. Cummings.

Members may have 7 days to submit opening statements and extraneous material for the record.

As you know, we do have two panels today. Based on agreement that I have with our presenters now, we are going to limit their testimony to 5 minutes each with regard to their respective legislation.

I will now recognize the distinguished gentlewoman from Wyoming, Mrs. Lummis.

STATEMENT OF THE HON. CYNTHIA M. LUMMIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WYOMING

Mrs. LUMMIS. Well, thank you, Chairman Ross and Ranking Member Lynch and members of the committee. It is an honor to appear before your subcommittee.

I want to assure the ranking member of the full committee of my deep regard for public employees. I was the State Treasurer in my State. I had a loyal, hard-working work force that contributed mightily to converting our portfolios of savings from $6 billion to over $8 billion during my 8 years as State Treasurer. They are hard-working, dedicated employees, and I see similar skills, abilities, and dedication every day here in the Federal Government. I am proud of public workers. I am proud to be a public worker.

My bill is not designed as an attack or an indictment of their skills. It is recognition of where we are in 2011 with regard to the size of our Federal Government and what we need to do to address the impending unsustainable shortfalls, our debts, our deficits. If we wiped out every single Federal agency that is not interest on the debt and an entitlement program mandatory spending, we still would not have enough money collected in revenues to cover the expenditures of this country.

It is going to take every single program, every single person, every single branch of government, every entitlement, every mandatory spending program in order to solve the problems we have today. So this is a small component of the problem, and I bring it to you because of my experience in Wyoming State Government.

Wyoming has the smallest population in the Nation. We also have per capita the largest cadre of State, local and county government workers. Now, in order to maintain a level of service, but nevertheless adjust to Wyoming's boom and bust economy, since our economy really is just entirely based on minerals, the revenues of the State of Wyoming go up and down as mineral production and mineral prices go up and down. So I have learned to adjust to a growing government and a declining government over the course of my political life as a Wyoming legislator, as director of a State government agency and then as State Treasurer.

Among the tools that we believe works well is the opportunity to up and downsize the State work force in a way that does not hurt the employee, and you do it by attrition. This bill, the bill that I am sponsoring, the Federal Workforce Reduction Act of 2011, H.R. 657, does reduce the Federal work force by attrition.

Under my bill, the Federal Government could hire one employee for every two that retire or separate, for whatever reason. So nobody loses their job. Nobody loses their benefits. These are people that are leaving voluntarily through retirement or separating from

government for whatever reason. And the notion is, of course, is the government could hire one employee for every two that retire or separate.

This notion of attrition has been replicated by the House Republican budget resolution, which assumes a more aggressive three to one replacement rate. It was also proposed, as has been pointed out, by the President's deficit commission which called for a less aggressive three to two replacement rate, and I prefer attrition to rigid firing or hiring freezes. I don't just want smaller government, I want a more efficient and responsive government.

Now, let me give you some of the details of my bill. I did decide to exempt the Department of Defense, Homeland Security, and Veterans Affairs from the new attrition policy. I also included a general national security waiver of the bill's hiring limitations, and I did so to acknowledge the preeminent importance of national security, our constitutional obligations versus our statutory obligations.

Working with Republican staff on the House Budget Committee, we estimate the Federal Workforce Reduction Act would save something in the ballpark of $35 billion over 10 years. The more aggressive attrition policy in the House Republican budget combined with a Federal pay freeze would save $248 billion over 10 years.

I am on the Appropriations Committee, and we talk repeatedly about how we are having to cut programs, and Democrats and Republicans on the committee alike are saying, but we need to know that when we cut programs, we are not just retaining middle and higher administrative positions. We need to know that the people who are actually doing the work in the bowels of government, those workers who are less highly paid, are the ones who are retained and not just the mid-managers and higher level managers in the Federal Government who are highly compensated.

One closing comment, Mr. Chairman: In my home State of Wyoming, if you look at the pay between Federal employees, State employees, county employees, the Federal Government is compensating their employees by far, by far more than State employees and other government workers. So what we are seeing here is an opportunity to return some normalcy as we downsize the Federal Government in order to save our country, and in doing so not inflict pain on people by RIFs and other policies that really do hurt a family's well-being.

Mr. Chairman, I again thank you so much for the opportunity to testify before you today.

[The prepared statement of Hon. Cynthia M. Lummis follows:]

5/26/2011
Statement by U.S. Representative Cynthia M. Lummis
At-Large Member, Wyoming
House Oversight and Government Reform
Subcommittee on Federal Workforce, U.S. Postal Service and Labor Policy
Hearing on
"Rightsizing the Federal Workforce"

I want to thank Chairman Ross and Ranking Member Lynch for inviting me to testify on how to "right size" the federal workforce. As a member first of the House Budget Committee and now the House Appropriations Committee, one of my top priorities is restoring fiscal and economic stability in the United States. I've been listening to Wyoming's common-sense minded people from the feed store to the grocery store. They want Congress and the President to halt this country's spending spree and tackle our long-term debt problem. Your Subcommittee, with its jurisdiction over the federal workforce, will play a critical role in determining how we can make the federal workforce leaner and more efficient in light of our dire fiscal circumstances.

Many American families have had to cut back and make sacrifices to deal with the recession. But even as times got tough for the American people, they look at Washington and see more spending and a booming federal government. The federal workforce has expanded significantly in just the two and one half years since I took office. The Administration's Fiscal Year 2012 budget proposal shows that over 180,000 employees have been added to the federal workforce since President Obama took office. This total excludes temporary workers hired for the census. The President is requesting an additional 15,000 workers for Fiscal Year 2012.

At the same time, our economy has lost millions of jobs and the unemployment rate continues to hover around 9 percent. The $1.1 trillion economic stimulus bill that was supposed to keep employment under 8 percent failed to do so. If the stimulus succeeded at anything it was

creating public sector jobs using hard-earned tax dollars and debt. Creating more government jobs does little to foster sustainable economic growth in the private sector, which is where we need jobs the most and where most Americans want jobs to be created.

In the last election, the American people sent a clear message to Washington that they want a change in the direction of their government, which had responded to economic crisis with more spending and bigger government. I am dedicated to reversing this dangerous trend in which the private sector shrinks and the public sector expands at the expense of the taxpaying public.

I have introduced H.R. 657, the *Federal Workforce Reduction Act of 2011*, to establish a policy of federal workforce reduction by attrition. Under an attrition policy, the federal government would be limited in its replacement of workers who retire, are terminated or otherwise separate from federal service. The replacement ratio specified in my legislation is 2 to 1, so for every two employees that leave federal service, the government could hire only one new employee. This notion of attrition has been replicated by the House Republican Budget Resolution, which assumes a more aggressive 3 to 1 replacement rate, and the President's deficit commission, which called for a less aggressive 3 to 2 replacement rate.

I prefer the attrition approach to a rigid hiring freeze. My goal is not just to reduce the size of the federal workforce; I want our agency heads to be more efficient and better at prioritizing their resources. They should be afforded some measure of hiring flexibility and attrition provides them that flexibility. Additionally, an attrition policy will reduce the workforce without forcing any dedicated civil servants out of the jobs they have now.

Under my bill, the replacement rate would be calculated and applied government-wide, not by individual agency or department. This approach both provides the Executive Branch with

flexibility and forces agency heads to compete with each other to justify their workforce needs. As workers retire or otherwise separate, their positions would be deposited in the new Federal Workforce Hiring Pool. The President would then be charged with distributing these hiring slots among the different departments and agencies. My bill does not micromanage this process. But it does require the President to establish criteria and a competitive process by which agencies would make their case for the hiring slots in the Federal Workforce Hiring Pool. For the benefit of the public, the Executive Branch would be required to regularly disclose to Congress and the American people a list and description of all new federal positions, broken down by federal agency. This disclosure will allow the public to continually monitor their government's hiring priorities.

Finally, my legislation would exempt the Departments of Defense, Homeland Security and Veterans Affairs from the new attrition policy. These Departments would not be constrained by the limitations in the Federal Workforce Hiring Pool. I included this provision, as well as a general national security waiver of the bill's hiring limitations, to acknowledge the preeminent importance of national security and the federal responsibility to care for our nation's veterans.

I do believe that there is room for improved efficiency at our security-related agencies, which like every other agency need to strive towards doing more with less staff and fewer resources without compromising their missions. I am willing to work with the Committee to accomplish this legislatively in the context of my bill, so long as care is taken to ensure the vital missions of these agencies are not jeopardized.

Working with Republican staff on the House Budget Committee, we estimated the savings for H.R. 657 to be somewhere in the ballpark of $35 billion over ten years. This is a meaningful amount of money and we should act to achieve these savings. It might pale in

comparison to current debt limit discussion, in which we all know that we need savings in the trillions and not the billions. But controlling the sheer size and scope of the federal government is a necessary part of the solution because it represents a move towards smaller government in general. We simply cannot afford the government we have now, much less the government President Obama envisions as is outlined in his latest budget submission.

On our current path, the annual interest we pay on our debt will triple to $844 billion over the next decade. Currently policies are not sustainable, and we need to make reforms now to change course. This is no longer a fiscal issue; it is a moral issue because the debt we incur today will be heaped upon our children and grandchildren. I urge the members of this Committee to do their part by working towards a more sustainable and efficient federal workforce.

Thanks you again Chairman Ross, and Ranking Member Lynch, I look forward to working with you on H.R. 657 and other federal workforce issues.

Mr. ROSS. Thank you, Mrs. Lummis.

I now recognize the distinguished gentleman from the Commonwealth of Pennsylvania, Mr. Marino.

STATEMENT OF THE HON. THOMAS MARINO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. MARINO. Chairman Ross, Ranking Member Lynch, and members of the subcommittee, thank you for holding this hearing today and giving me the opportunity to testify, and I also want to pay my respects to Chairman Issa. Thank you.

Our Nation is more than $14.3 trillion in debt, a record high and the equivalent of approximately $46,000 owed by every child born today. It is estimated that in 2011 we will have a Federal budget deficit of more than $1.6 trillion. 2011 will represent the third straight year in which revenues to the Federal Government have fallen below spending by more than $1 trillion. We are borrowing approximately 42 cents for every dollar we spend.

Our current fiscal course is unsustainable and disastrous. The American people have sent a clear message to Washington, and the American people deserve more. We must cut spending, reduce the size and scope of the government, and keep taxes low to grow the economy and create jobs.

Earlier this month I introduced H.R. 1779, the Federal Hiring Freeze Act of 2011, because the time for talk has ended and the time for action is now. We cannot continue down this road of big government and deficit spending.

The general framework for my legislation and the concept that we must put a freeze on Federal spending is not a new idea. President Reagan's first official act upon being sworn in as our Nation's 40th President on January 20, 1981, was signing a Presidential memorandum calling for an immediate freeze on the hiring of civilian employees in the executive branch. In a statement at the signing of the memorandum, he stated that the freeze was a first step toward controlling the growth and size of the government and reducing the drain on the economy for the public sector.

My legislation builds on Reagan's plan by imposing a hiring freeze on Federal employees until the budget deficit is eliminated, and I want to add into this, this includes also contract individuals.

The bill contains specific limited exceptions in which hiring would be permitted, such as time when our Nation is at war, vital national security interests, Federal law enforcement purposes, to honor prior contractual obligations, reassignment of personnel within agencies to fill needed positions, positions to facilitate the orderly transition and operation of a new Presidential administration, and the U.S. Postal Service. These commonsense exemptions assure that the most critical and basic functions of our Federal Government remain unaffected by the freeze. The fact is, we need to manage the government more like we manage our businesses.

I am perplexed that people are opposed to this idea. I recently was informed that we do not need to operate the government like a business because the government can print money at any time. This argument does not resonate with me or my constituents in the 10th District of Pennsylvania.

I worked in a factory until I was 30 years old. I worked my way up into management from sweeping floors. When the revenues weren't coming in, we cut our costs. One of the ways we cut our costs was by not replacing people when they left and asking the remaining employees to produce a little more. And they did. And this isn't about firing or laying off either.

This approach is what we need to do in Washington with Federal employees. My legislation is not an attack on Federal employees or the work that they do. I have the utmost respect for the Federal work force. I am and I was one. As a U.S. attorney, I had the best and the brightest attorneys and staff working for me. This is why I know that Federal workers are willing and able to step up to be a part of the solution to our Nation's problems.

According to the Congressional Research Service, the total cost of the Federal work force in 2010 was $590 billion, with a "B." This accounted for nearly 30 percent of total Federal receipts for that year. We cannot and should not allow the cost of the Federal work force to grow while millions of Americans are struggling.

This legislation calls on the Federal work force to take a prominent role in the process of leading the country out of our current fiscal crisis. Obviously a hiring freeze is not, I repeat, is not the silver bullet that will unilaterally lead us out of this crisis. It is a part, but also it is a start. It is in combination with other efforts that we have started to enact; for example, the step that we took in slashing our own office budgets by 5 percent.

Just because this legislation is not the cure-all for the Nation's ills does not mean that we cannot begin deliberately addressing an issue that is important to most Americans. This bill would be a good faith step toward reducing the size of government, in addressing the out-of-control government spending.

And, again, I want to emphasize, this is a start. This includes not only the permanent employees, but contracting employees, and any other budgeted payout to an individual or an entity. It is not a layoff program. Please don't twist this into a layoff or getting rid of Federal employees. It is by attrition. When they retire, when they leave, for whatever reason, pass away, you name it, that is the position that we do not fill.

The time for action is now.

Once again I would like to thank the chairman and ranking member for giving me the opportunity to provide my thoughts on this important issue. I stand ready and willing to work with the committee and my colleague from Wyoming on any issues or any amendments or any editing of this bill that I submit.

Thank you very much.

[The prepared statement of Hon. Thomas Marino follows:]

STATEMENT OF

HONORABLE TOM MARINO
MEMBER OF CONGRESS
10TH CONGRESSIONAL DISTRICT OF PENNSYLVANIA

BEFORE THE
HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
SUBCOMMITTEE ON FEDERAL WORKFORCE, U.S. POSTAL SERVICE AND LABOR POLICY

ENTITLED
"RIGHTSIZING THE FEDERAL WORKFORCE"
PRESENTED
MAY 26, 2011

Chairman Ross, Ranking Member Lynch, and Members of the Subcommittee, thank you for holding this hearing today and giving me the opportunity to testify.

Our nation is over $14.3 trillion dollars in debt, a record-high and the equivalent of approximately $46,000 owed by every child born today.[1] It is estimated that in 2011 we will have a federal budget deficit of over $1.6 trillion dollars; 2011 will represent the third straight year in which revenues to the federal government have fallen below spending by over one trillion dollars.[2] We are borrowing about 42 cents for every dollar we spend.

The current fiscal course we are on is unsustainable and disastrous.

The American people have sent a clear message to Washington. We must cut spending; reduce the size and scope of the government; and keep taxes low to grow the economy and create jobs.

I introduced H.R. 1779, the Federal Hiring Freeze Act of 2011 because the time for talk has ended, and the time for action is now. We cannot continue down this road of big government and deficit spending.

The general framework for my legislation and the concept that we must put a freeze on federal spending is not a new idea. President Ronald Reagan's first official act upon being sworn in as our nation's 40th President on January 20, 1981 was signing a Presidential Memorandum calling for an immediate freeze on the hiring of civilian employees in the executive branch.[3] In a statement at the signing of the memorandum, he stated that the freeze was a "first step toward

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[1] Information available at http://www.treasurydirect.gov/.
[2] Budget of the United States Government, Fiscal Year 2012, Office of Management and Budget, available at http://www.whitehouse.gov/omb/.
[3] Wallace Jr., Paul S., Congressional Research Service, *Background on the President's Memorandum Regarding Federal Civilian Hiring Freeze*, March 20, 1981. Available upon request.

controlling the growth and the size of Government and reducing the drain on the economy for the public sector."[4]

My legislation builds on the Reagan plan by imposing a hiring freeze on the federal government until the budget deficit has been eliminated. The bill contains specific limited exceptions in which hiring is permitted, such as:

- times when our nation is at war;
- vital national security interests;
- federal law enforcement purposes;
- to honor prior contractual obligations;
- reassignment of personnel within agencies to fill needed positions;
- positions to facilitate the orderly transition and operation of a new Presidential administration; and
- the U.S. Postal Service.

These common sense exceptions assure that the most critical and basic functions of our federal government remain unaffected by the freeze.

The fact is, we need to manage the government more like we run our businesses. I am perplexed that people are opposed to this idea. I recently was informed that we do not need to operate the government like a business because the government can print money at any time. This argument does not resonate with me, or my constituents in the 10th District of Pennsylvania.

I worked in a factory until I was 30 years old. I worked my way up into mid-level management. When the revenues weren't coming in, we cut our costs. One of the ways we cut our costs was by not replacing people when they left and asking the remaining employees to produce a little more; and they did. This approach is what we need to do in Washington with federal employees.

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[4] John T. Woolley and Gerhard Peters, The American Presidency Project [online]. Santa Barbara, CA. Available from World Wide Web: http://www.presidency.ucsb.edu/ws/?pid=43490.

My legislation is in no way an attack on federal employees or the work that they do. I have the utmost respect for the federal workforce; as a United States Attorney I had some of the best and brightest young attorneys working for me. This why I know that federal workers are willing and able to step up to be a part of the solution to our nation's problems.

According to the Congressional Research Service, the total cost of the federal workforce in 2010 was $590 billion dollars.[5] This accounted for nearly 30 percent of total federal receipts for that year. We cannot and should not allow the costs of the federal workforce to grow while millions of Americans are struggling. This legislation calls on the federal workforce to take a prominent role in the process of leading the country out of our current fiscal crisis.

Obviously, a hiring freeze is not a silver bullet that will unilaterally lead us out of this crisis. But it is start. It is in combination with other efforts that we have started to enact, for example the step that we took in slashing our own office budgets by 5 percent.[6] Just because this legislation is not the cure-all for the nation's ills, does not mean that we cannot begin deliberately addressing an issue that is important to many Americans.

This bill would be a small, but significant step towards reducing the size of government and addressing the out of control government spending. The time for action is now.

Once again I would like to thank the Chairman and Ranking Member for giving me the opportunity to provide my thoughts on this important issue. I stand ready and willing to work with the Committee and my colleague from Wyoming. Thank you.

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[5] Curtis W. Copeland., *The Federal Workforce: Characteristics and Trends*, Congressional Research Service, April 19, 2011.

[6] H.Res. 22, *Reducing the amount authorized for salaries and expenses of Member, committee, and leadership offices in 2011 and 2012*, Rep. Greg Walden. Passed the House of Representatives January 6, 2011.

Mr. ROSS. Thank you, Mr. Marino. Mrs. Lummis, thank you as well.

We will now take a short recess as we prepare for our second panel. Thank you.

We will now reconvene and welcome our second panel of witnesses. We have Dr. Andrew Biggs, who is a resident scholar at the American Enterprise Institute for Public Policy Research, and Mr. Bill Dougan, national president of the National Federation of Federal Employees and chairman of the Federal Workers Alliance. Welcome.

Pursuant to committee rules, all witnesses will be sworn in before they testify. If you wouldn't mind, please stand up and raise your right hands.

[Witnesses sworn.]

Mr. ROSS. Let the record reflect that all the witnesses have answered in the affirmative. Please be seated.

In order to allow time for discussion, which we should have plenty of time, please limit your testimony to 5 minutes, and please note that your entire written testimony has been entered into the record and made part of the record.

Mr. Biggs, you are recognized. Thank you.

STATEMENTS OF ANDREW G. BIGGS, RESIDENT SCHOLAR, AMERICAN ENTERPRISE INSTITUTE FOR PUBLIC POLICY RESEARCH; AND WILLIAM R. DOUGAN, NATIONAL PRESIDENT, NATIONAL FEDERATION OF FEDERAL EMPLOYEES, CHAIRMAN OF THE FEDERAL WORKERS ALLIANCE

STATEMENT OF ANDREW G. BIGGS

Mr. BIGGS. Thank you very much. Chairman Ross, Ranking Member Lynch, and members of the committee, thank you for the opportunity to discuss efforts to rightsize Federal employment going into the future.

Academic economists agree that Federal employees receive higher salaries and benefits than private workers with similar education and skills. Much less is known, however, regarding the appropriate number of Federal employees. Is the Federal work force larger than necessary to provide the services Americans require? There are no definitive answers, but several points may be helpful in considering these issues.

First, how does today's Federal civilian work force compare to that of the past? In 1969, there were 67 Americans for each Federal employee, while in 2009 there were 111 Americans per Federal worker. However, this does not necessarily imply that today's Federal work force is too small. If the productivity of the Federal work force followed that of the economy as a whole, each Federal employee today would be capable of serving around 135 Americans, just as each private sector employee today provides more goods and services than he did in 1969.

Moreover, there is a large shadow work force of Federal contractors who are not included in work force statistics. Indeed, there are few good estimates of the total number of Federal contractors, nor is it easy to say whether overall they offer better or worse value to the taxpayer than career civil service employees. However, the

rise of the contracting work force does imply that the total number of Federal employees may be significantly higher than official statistics indicate.

Second, how do Federal staffing levels compare to those in the private sector? The answer is that we simply do not know, principally because Federal activities often do not have clear private sector analogs. At the State and local level, such comparisons are easier to make. We know, for instance, that private schools often have less administrative overhead than public schools, allowing them to focus more resources on teachers in the classroom. If overstaffing is most likely to occur in places where it is most difficult to detect, then it could occur at the Federal level. We cannot know for certain without further analysis.

Third, we can compare the United States to other countries, although because countries differ in how they delegate responsibilities along levels of government, only measures of the total public sector work force are truly meaningful.

Compared to other OECD countries, the U.S. Federal, State and local work force is slightly above the median. However, most OECD countries spend more than the United States, making raw comparisons potentially misleading. Compared to governments that spend around the same as the U.S. Government, which is around 36 percent of gross domestic product, the United States does have an unusually large public sector work force. Of the seven OECD countries of similar economic size to the United States, public employment averaged 11 percent of the total work force versus 14 percent in the United States.

Policymakers hoping to reduce the size of the Federal work force have focused on attrition, which seems a fair and less disruptive way to reduce the labor force if desired. Ordinary Federal turnover is very low compared to the private sector. However, the Federal work force is around 5 years older than the private sector average and is generally eligible to retire at younger ages. Thus, there is the potential to reduce the size of the Federal work force without firings and layoffs through the gradual process of retirement.

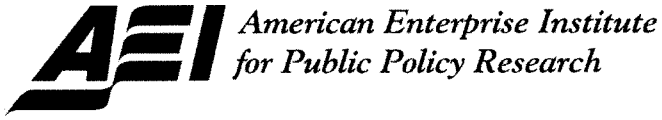
When we think of rightsizing the Federal work force, we need a clearer idea of what the right size will be. A 10-percent reduction in the Federal work force, as recommended by the President's Fiscal Commission, is not a hard number. The appropriate number could be higher or lower. On the other hand, given the State of the Federal budget, there is also the danger of studying the issue to death without doing anything to address it.

Gradually reducing the size of the Federal work force while commissioning further analysis of the best size of total Federal employment and the best allocation of employees between agencies has the potential to shift staffing levels in the right direction without the danger of dramatically overshooting in the short term. Along the way, policymakers should monitor the effects of work force reductions on the productivity of the Federal Government.

I am confident that we can do more with less, but lawmakers should work together to find ways in which to do so.

Thank you very much.

[The prepared statement of Mr. Biggs follows:]



Statement before the United States House of Representatives

Committee on Oversight and Government Reform

Subcommittee on Federal Workforce, U.S. Postal Service and Labor Policy

Hearing on Right-Sizing the Federal Workforce

Andrew G. Biggs

Resident Scholar

American Enterprise Institute

May 26, 2011

Chairman Ross, Ranking Member Lynch, and Members of the Committee. Thank you for granting me the opportunity to discuss the size of the federal workforce and efforts to right-size federal employment going into the future.

A score of academic studies have confirmed that individual federal employees receive significantly higher salaries than private sector workers with similar education and experience. My own work with Jason Richwine of the Heritage Foundation has extended the analysis to benefits and job security - including benefits, the federal pay premium reaches 35 percent, and adding the value of better federal job security raises the premium to 54 percent.[1]

However, much less is known regarding the appropriate size of the federal workforce. Do federal agencies carry larger staffs than similar private entities? Is the U.S. government workforce large relative to that of our economic competitors? These questions are more difficult than assessing the pay of individual workers and far less research has been done in these areas.

One area to start is to compare the federal workforce today to levels in the past. It is true, as some have noted, that the ratio of federal employees to the overall U.S. population has declined in recent decades. In 1969, for instance, there was one federal employee for every 67 Americans, whereas in 2009 there was one federal employee for every 111 Americans. But this should not be understood as implying that the federal government is understaffed. Assuming that the productivity of the federal workforce rises faster than the population, fewer public sector workers *should* be able to adequately provide services for a growing population. If productivity

[1] Biggs, Andrew G. and Jason Richwine. "Comparing Federal and Private Sector Compensation." American Enterprise Institute Working Paper. May 2011 update forthcoming.

in federal services tracked productivity in the economy at large, each federal employee today would produce almost twice as much as in 1969. This would allow a federal workforce even smaller than today to provide federal services at levels comparable to the past. That is, if federal productivity tracked the economy at large, a workforce around 16 percent smaller than today's could provide services comparable to those of federal employees in 1969.

However, we lack solid data on federal productivity growth, in part because productivity is difficult to measure in a non-market environment. My old agency, the Social Security Administration, increased output by around 2.3 percent annually from 1976 through 2009, if measured by the number of beneficiaries each SSA employee services. However, this figure does not account for capital investments toward computerization, which the agency is aggressively pursuing as a means to handle the surge of Baby Boom retirements, nor does it control for changes in labor costs. Such comparisons are possible for an agency such as SSA, which performs large numbers of discrete services on behalf of the public, whose speed, quality and accuracy can be measured. For other agencies that are not as customer-oriented as SSA, productivity is harder to measure. And importantly, when something is difficult to measure, it is more difficult to improve.

We also lack data on how federal staffing levels compare to those of private sector entities, principally because federal activities often do not have clear private sector corollaries. At the state and local level such comparisons are easier to make; we know, for instance, that private schools often have less administrative overhead than public schools, allowing them to focus more resources on teachers in the classroom. Similarly, some local governments have outsourced activities such as trash-hauling to private firms who can offer the same services as lower costs. I suspect that overstaffing is most likely to occur in places where it is most difficult

to detect, meaning that it could occur at the federal level, but the difficulty of detection itself obviously makes this suspicion hard to confirm.

Comparisons to our economic competitors are possible, although the American distinction of placing so much government activity at the state level means that the most meaningful comparisons of public sector workforce size encompass all levels of government, including state and local government. By this standard, the U.S. is around the middle of the pack. As of 2005, the total United States government workforce at all levels equaled around 14.1 percent of total employment, versus an OECD median of 13.5 percent. The U.S. public labor force is larger than that of 56 percent of OECD countries, meaning that it is slightly above the median. Our level of public employment is similar to that of Australia, but also matches that of Greece and Italy. The United Kingdom has significantly higher public employment at 19.1 percent of the workforce, though presumably a large part of this is attributable to the fact that nearly all U.K. health providers are employed by the government through the National Health Service. In Germany public employees equal 10.5 percent of the labor force while in Japan government workers equal only 5.5 percent of the workforce. More recent data is not available, so it is not clear how the financial crisis and other factors may have affected relative employment levels in recent years.

While the U.S. does not have an unusually large or small public sector labor force relative to all other countries, the American public workforce *is* large compared to governments whose expenditures match our own. The U.S. is a relatively low-spending country compared to other OECD nations, with total government expenditures in 2006 equal to around 36.4 percent of GDP. Compared to other countries whose governments spend around the same share of GDP, the total U.S. public workforce – again, federal, state and local – is on the high end. For instance, of

the seven OECD countries that spend within plus/minus 3 percent of GDP relative to the U.S. (that is, between 33.4 and 39.4 percent of GDP), public employment in 2005 averaged 11 percent of the total workforce, versus 14.1 percent in the U.S. This seems unusual given how large a share of U.S. government outlays are essentially cash transfers either directly to individuals (Social Security) or to healthcare providers (Medicare, Medicaid).

One possible explanation for a relatively larger U.S. public sector workforce could be our larger military. However, while we spend more on our military than other nations, and in most cases spend more even relative to the size of our economy, this spending appears to be centered on equipment and other expenditures rather than a large standing Army. As of 2008, the U.S. had active military manpower of 1.385 million individuals, according to the CIA World Factbook, making up 0.3 percent of working age individuals. In Japan this figure is 1.1 percent and in Australia and Canada is 1.9 percent. Thus, it appears likely that our large relative public workforce compared to governments of similar size is due to non-military personnel.

When we consider the size of the public sector workforce, we also should bear in mind the increasing use of contract workers rather than civil service employees. Some, such as Brookings Institution scholar Paul Light, have argued that when contractors are included the total federal workforce has increased in size. Given the paucity of hard data, conclusions are difficult to reach – but it is clear that contract employment is large and has risen significantly in recent years. In addition to raising question on the aggregate size of federal employment, lawmakers must decide whether contract employment provides better value to taxpayers than permanent civil service employees. This is difficult to say, given the poor current analysis of civil service pay conducted by the Office of Personnel Management and the lack of pay data on contractors. While it is often argued that contractors are more expensive than permanent federal employees,

hard conclusions await hard data. The fact that contract employees can be discharged or reassigned more easily provides what economists call an "option value" to contract employment, while permanent employment makes it more difficult to reduce the federal workforce or recast the skill-set of federal employees according to changing needs.

Policymakers hoping to reduce the size of the federal workforce have focused on attrition, which seems a fair and less disruptive way to reduce the labor force if it is desired. However, ordinary federal turnover is quite low compared to the private sector, in part due to the relatively generous pay and benefits provided in federal employment. According to the Bureau of Labor Statistics Job Openings and Labor Turnover Survey (JOLTS), federal employees are only around 29 percent as likely as private sector workers to be involuntarily discharged or voluntarily quit their positions. This implies that altering the size of the federal workforce through attrition would be slower than in the private sector.

At the same time, however, the federal workforce is around 5 years older than the private sector average (45 years versus 40 years) and is generally eligible to retire at younger ages. Almost 88,000 federal employees retired in Fiscal Year 2009, and the Office of Personnel Management estimates that almost one quarter of federal and postal employees are currently eligible to retire. Even larger percentages will be eligible for retirement over the next 10 years. Thus, there is the potential to reduce the size of the federal workforce without firings or layoff, through the gradual process of retirement.

However, when we think of right-sizing the federal workforce we need a clearer idea of what the right size will be. The President's Fiscal Commission recommended reducing the federal workforce by 10 percent over the next decade, through a process of hiring only one

replacement worker for each employee who leaves federal service. Some Members of Congress have endorsed that policy. On one hand, a 10 percent reduction in the federal workforce is not a "hard" number; the appropriate amount could be higher or lower. On the other hand, given the state of the federal budget and the rising national debt, there is also the danger of studying the issue to death without doing anything to address it.

There appears to be some consensus on both sides of the aisle that "right-sizing" the federal workforce makes sense. The challenge is in determining what the right size of the federal workforce may be and implementing steps to achieve it. While no definitive answer is likely, one approach might to be to implement a gradual downsizing of the federal workforce while tasking the Government Accountability Office, Congressional Budget Office or other organizations with undertaking comparisons of the size of the federal workforce relative to private entities and relative to the public sector workforce in comparable countries. Along the way, policymakers should monitor the effects of workforce reductions on the productivity of the federal government. I am confident that we can do more with less, but lawmakers should work together to find ways in which to do so.

Mr. ROSS. Thank you, Mr. Biggs.

Mr. Dougan, you are recognized for 5 minutes for an opening.

STATEMENT OF WILLIAM R. DOUGAN

Mr. DOUGAN. Thank you, Chairman Ross and Ranking Member Lynch, for inviting me to testify today. I am here on behalf of the National Federation of Federal Employees and the 110,000 Federal workers we represent, as well as nine member unions of the Federal Worker Alliance on which I serve as chairman.

If I can leave you with only one message today, let it be this: You do not measure the size of government by the number of Federal workers; you measure the size of government in dollars and cents.

This hearing is called "Rightsizing the Federal Workforce." Implicit in the hearing's title is the insinuation that the Federal work force is too big. While it may seem logical that if you reduce the Federal work force you have also reduced the size of the Federal Government, I can assure you that arbitrary reductions in Federal agency staff do not truly reduce the size of government at all. Reducing an agency's work force without a corresponding reduction in the agency's mandate actually tends to increase the size of government because arbitrary staffing limitations tend to cost Federal agencies more than they save.

How is that possible? Federal work force reductions without corresponding decreases in the work expected of agencies force agencies to rely on contractor employees to meet their work force needs. However, relying on contractors in this way generally costs taxpayers more than simply maintaining and properly staffing an in-house agency work force.

Contracting, though useful and economical in many cases, has some characteristics that make it expensive for agencies. Contracting out requires the government to conduct contractor oversight, which adds costs if done properly, but is sure to be expensive if not done properly. Private firms have to pay executive salaries, which make private firms more expensive than in-house staff. On top of that, contractors have to make a profit. All these factors make it difficult to deliver contractor services at the same value to the American taxpayers that the civilian Federal work force can.

This is particularly true for work that is has not already been contracted out. The contractor work force is currently about five times the size of the civilian Federal work force. What is left in government is here for a reason. That is precisely why during the Bush administration's competitive sourcing initiative, in-house Federal workers won the vast majority of public-private competitions, 100 percent of them in some agencies.

In the end, there are generally no savings derived from arbitrary staff reductions. Rather, a cost shift moves resources away from the Federal work force to contractors. This is a pointless exercise that reduces government efficiency, hurts the services that Federal agencies provide, and sticks taxpayers with a bigger bill. Of course, a bigger bill for taxpayers means bigger government, regardless of the impact on the size of the Federal work force.

As I said before, you do not measure the size of government by the number of Federal employees. You measure the size of government in dollars and cents. This is precisely why we are opposed to

proposals that take a non-strategic, broad-brushed approach to cutting Federal jobs.

Here are just a few we have seen recently. The Federal Workforce Reduction Act, H.R. 657, aims to reduce the size of the Federal work force by allowing Federal agencies to hire just one employee for every two that leave the Federal service. The Federal Hiring Freeze Act, H.R. 1779, would abruptly freeze practically all hiring in Federal agencies with very few exceptions. The Bowles-Simpson proposal included a provision to arbitrarily reduce the Federal work force by 200,000 FTEs by 2020 through allowing agencies to hire two new employees for every three that leave Federal service. Finally, the U.S. House of Representatives passed their fiscal year 2012 budget resolution which called for an attrition policy in the Federal Government that permits Federal agencies to hire only one new employee for every three workers who leave Federal service.

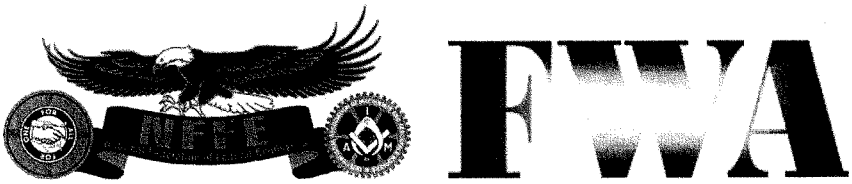
We strongly oppose all of these proposals to arbitrarily and non-strategically reduce the Federal work force while showing little regard for the impact it will have on the services that the American people will lose as a result or the net budget impact when all costs are considered. However well-intentioned these proposals may be, they do not save taxpayers money and therefore they do not shrink the size of government.

That is not to say that we are opposed to all Federal Government downsizing. The realities of our Federal budget situation are such that downsizing in some Federal agencies is appropriate. We understand that. However, if Congress is serious about truly reducing the size of government, then lawmakers are going to have to make the tough choices about which programs to reshape, scale back or discontinue altogether.

A non-strategic, broad-brushed approach to cost cutting that simply mandates significant personnel reductions in Federal agencies will fail to achieve savings and will cause wastefulness and disarray in numerous agencies throughout the government. Again, you do not measure the size of government by the number of Federal employees; you measure the size of government in dollars and cents.

I appreciate the subcommittee's decision to hold a hearing on this matter, and I thank the subcommittee for the opportunity to provide testimony.

[The prepared statement of Mr. Dougan follows:]



STATEMENT OF

WILLIAM R. DOUGAN

NATIONAL PRESIDENT
OF
THE NATIONAL FEDERATION OF FEDERAL EMPLOYEES

AND

CHAIRMAN
OF
THE FEDERAL WORKERS ALLIANCE

BEFORE

THE HOUSE SUBCOMMITTEE ON THE FEDERAL WORKFORCE, U.S. POSTAL SERVICE, AND LABOR POLICY

REGARDING

"RIGHTSIZING THE FEDERAL WORKFORCE"

MAY 26, 2011

Introduction

On behalf of the 110,000 federal employees represented by the National Federation of Federal Employees (NFFE) located throughout the United States and abroad, at 40 different federal agencies and departments throughout the federal government; and also on behalf of eight member unions of the Federal Workers Alliance (FWA), which is composed of 22 unions that collectively represent more than 300,000 federal workers, I thank the Subcommittee for holding this hearing and for giving me the opportunity to submit testimony today on the size of the federal government.

The FWA member unions that have endorsed this testimony include: Federal Education Association/NEA; International Association of Firefighters (IAFF); International Brotherhood of Electrical Workers (IBEW); International Federation of Professional & Technical Engineers (IFPTE); International Organization of Masters, Mates & Pilots; Metal Trades Department, AFL-CIO; National Association of Government Employees (SEIU/NAGE); and SPORT Air Traffic Controllers Organization.

Summary

How do you measure the size of government? You measure it in dollars and cents. This hearing is called, "Rightsizing the Federal Workforce." Implicit in the hearing's title is the insinuation that the federal workforce is too big. While it may seem logical and intuitive that if you reduce the federal workforce you have thereby reduced the size of the federal government, I can assure you that arbitrary reductions in federal agency staff do not truly reduce the size of government. In fact, in most cases, reducing

an agency's workforce without a corresponding reduction in the agency's mandate actually increases the size of government. How is that possible? Reductions in staffing force agencies to contract-out work, which generally costs tax-payers more than simply maintaining the in-house federal workforce. In the end, there are generally no actual savings derived from arbitrary staff reductions; rather a cost-shift moves resources away from the federal workforce to contractors. In my opinion, this is a pointless exercise that reduces government efficiency, hurts the services that federal agencies provide, and sticks tax-payers with a bigger bill. A bigger bill for tax-payers means bigger government, regardless of the impact on the actual size of the federal workforce. You do not measure the size of government by the number of federal employees; you measure the size of government in dollars and cents.

If Congress is serious about truly reducing the size of government, then lawmakers are going to have to make the tough choices about which programs to reshape, scale back, or discontinue altogether. A non-strategic, broad-brushed approach to cost-cutting that simply mandates significant personnel reductions in federal agencies will fail to achieve savings and will cause wastefulness and disarray in numerous federal agencies throughout the federal government. In a time of soaring deficits and lean budgets, we cannot afford the ills of politically expedient, but ultimately ineffective, cost-cutting schemes.

You Measure the Size of Government in Dollars and Cents

You measure the size of government in dollars and cents. I am reiterating this point again and again because it is so very crucial to understanding how to go about

reducing the true size of government. The number of full-time equivalent (FTEs) at federal agencies is nothing but a number. It has very little to do with the true size of government because the contractor workforce that federal agencies rely on is enormous, and arbitrarily reducing the civilian federal workforce often leads to a simple shift in work to contractors. A Brookings Institution study conducted by Paul C. Light in 1999 revealed that the true size of the federal government was several times larger than commonly thought when the millions of tax-payer funded contractor jobs were figured into the total number of government jobs. Light's most recent calculations from data collected in 2005 revealed that there were 10.5 million jobs outside the military, postal service, and civil service that derived funding from federal contracts and grants. This means the contractor workforce is roughly five times the size of the civilian federal workforce. Despite accounting for hundreds of billions in government spending each year (nearly $500 billion in 2005), this group tends not to be mentioned when discussing the size of the federal bureaucracy. That is not to say that federal contractors and grantees do not serve an important purpose. These groups are a critical resource that every major agency relies on, often for a wide variety of services and expertise. The critical point is that you cannot measure the size of government simply by the size of the federal workforce when the federally-funded contractor workforce is several times its size. You do not measure the size of government by the size of the federal workforce; you measure the size of government in dollars and cents.

The Federal Workforce is smaller today than in 1967

Everyone knows that the federal budget has greatly expanded in the last several decades. As a result, there is an assumption that the civilian federal workforce is currently larger as well. However, the notion that the federal workforce has grown as agency budgets have expanded is a myth. Cutbacks to staffing at federal agencies have been so stiff that the federal workforce is smaller today (2.1 million workers) than it was as far back as 1967 (2.2 million workers) despite having a larger mandate and 100 million additional Americans to serve. Even during the Reagan Administration, when small government was a key piece of the domestic policy agenda, there were still between 2.1 and 2.2 million federal workers. In fact, the federal payroll actually increased approximately 95,000 federal employees during the Reagan Administration. Overall, the size of the civilian federal workforce has remained remarkably constant over the last several decades.

This fact confirms the inadequacy of using the size of the federal workforce as a measure of the size of government. If the size of the civilian federal workforce was a reliable measure of the size of government, we would have seen virtually no increase in the size of government since 1967. But an increased reliance on contractors has masked the fact that government has expanded considerably over the last several decades, even as the civilian federal workforce has remained constant. Again, you do not measure the size of government by the size of the federal workforce; you measure the size of government in dollars and cents.

Federal Agencies Are Currently Understaffed

One of the major reasons federal employment has been held relatively constant over the years is that federal agencies are understaffed. Due to decades of lean budgets and government downsizing, most federal agencies have far too few employees to complete their missions. Instead of talking about cutting the federal workforce, we need to focus on those areas in the federal government that are understaffed.

One example of this is at the Indian Health Service (IHS), where NFFE, as well as FWA member union LIUNA, have members. The IHS has problems recruiting and retaining qualified health care professionals, in part because these positions are often in rural areas and pay much less than private health care facilities. One way the Agency attempts to address this issue is by over-reliance on expensive contract health workers, which not only puts workers unfamiliar with the tribal patient population in charge but also wastes federal resources.

These kinds of shortages are not limited to IHS. The Department of Veterans Affairs (VA) has constantly dealt with understaffing due to budget constraints. Passport Agency has seen staffing levels impact the workload of Passport adjudicators, giving them less time to review passports for fraud and misuse which can impact our national security.

We see staff shortages like these in practically every agency throughout the federal government. Nursing shortages due to understaffing at the VA is well known and documented. The federal government's failure to fully staff the civilian police workforce has also been an issue for years. The understaffing of federal agencies is critical because most federal agencies cannot adequately sustain additional staff cuts, much less broad

cuts that significantly reduce staffing. Federal agencies simply will not be able to absorb the staff reductions and still meet their mandate. Therefore, they will be forced to contract-out in order to fill the void left by departing civilian federal workers. The result of this forced contracting-out will be decreased services and an increased burden on taxpayers.

A Human Capital Crisis

The understaffing at federal agencies is a great concern, and it is exacerbated by the fact that a retirement wave is about to hit the federal government. Baby Boomers are fast reaching retirement age, and pretty soon those working in federal agencies are going to start retiring in droves. When that happens, federal agencies are going to be faced with a serious human capital crisis, as decades of institutional knowledge and expertise walk out the door in a short period of time.

The retirement wave has been talked about for many years, and it still has not fully arrived. But make no mistake, this retirement boom will hit us eventually, and it probably will begin to hit us hard within the next couple of years. More than half of the federal workforce will be eligible to retire in the next five years. One factor making the federal government's human capital crisis imminent is that many federal employees have lost the incentive to stay with the federal government for additional years now that a pay freeze has gone into effect. A major incentive to stay with the federal government after reaching retirement eligibility is to increase one's "high-three" for calculating one's retirement benefit. However, a pay freeze means most federal workers will be unable to achieve a pay increase of any kind each year that will increase his/her high-three.

We are hearing concerns from across the country from federal workers who are getting close to retirement and are concerned that they have no one to pass down the specialized knowledge and skill that it has taken decades for them to acquire on the job. Federal agencies are currently not filling vacancies at a fast enough rate, and further workforce reductions will only stifle necessary hiring. Rather than being concerned about the size of the federal government, Congress' immediate concern should be with billions of dollars in knowledge assets walking out the door, with the American people having nothing to show for it and suffering as a result of it. Reduction of the federal workforce is not just about reducing the number of jobs – it's really about reducing the number and level of services to the American people.

Some lawmakers have gone so far as to call the pending retirement boom a "good opportunity" to reduce the size of government. That is a wasteful and imprudent way to view the issue. The federal workforce is about to experience the greatest exodus of knowledge and skill this country has ever seen. It will be a great travesty if we allow that knowledge – that was paid for with American tax-dollars – to walk out the door without handing it down to the next generation of federal employees. If we allow that to happen, we will experience a brain-drain in the federal government that will be impossible to quantify, but the American people will surely feel the effect of, for decades to come.

We Oppose the Federal Workforce Reduction Act (H.R. 657)

H.R. 657, introduced by Representative Cynthia Lummis and others, is a dangerous scheme aimed at reducing the size of the federal workforce by allowing federal agencies to hire just one employee for every two who leave the federal service or

retire. This bill would cause federal agencies, many of which are already severely understaffed, to endure a personnel crisis that will greatly reduce the federal government's effectiveness and reduce services on which the American people rely. Furthermore, this bill would not save taxpayers money because it does not reduce in any way the services expected of federal agencies. This bill would simply cause a cost shift from the federal workforce to contractors, which have proven to be more costly than the federal workforce and less accountable. Agencies will simply be forced to hire contractors to pick up the slack of federal workforce cuts.

Federal agencies would share a hiring pool so that some agencies could maintain staffing levels or even grow staffing while others would receive steep staffing cuts. The net impact for all agencies in the pool would be one employee hired for every two that leave the federal service or retire which would do nothing but exacerbate already serious understaffing. Serious problems at federal agencies would result from this policy because most agencies are already significantly understaffed due to decades of shrinking budgets. Most federal agencies cannot adequately sustain any significant staff cuts, much less broad cuts that would replace one employee for every two that leave the federal service.

Passage of this bill would result in a logistical nightmare for federal agencies that would ultimately impact the American public they serve. Reducing the federal workforce through an arbitrary 1-for-2 replacement policy will greatly reduce the services agencies provide to the American people. Passports would take months to get. National parks and forests enjoyed by millions would be forced to close. Federal response to forest fires, hurricanes, and other natural disasters would be significantly slower and less effective.

Public safety employees such as nurses and police officers mandated to work overtime, in many instances, pulling double duty would be less effective due to lack of sufficient rest thereby posing real risks to the public that depends on their services. These are just a few examples of the countless number of ways an arbitrary staff reduction in the federal government would impact Americans.

Not only will this bill shortchange the American people on the vital services they receive from experienced federal workers every day, it will likely result in merely a cost-shift away from federal workers to contractors who have proven to be more expensive and operate with less transparency and oversight. Forced contracting out due to staff shortages is a non-strategic approach that will in all likelihood cost tax-payers more than it will save.

This bill would also have a negative impact on the overall economy. Forcing federal employees onto unemployment will further strain state and federal unemployment programs, costing the tax-payers billions on top of the loss in key federal services.

This bill does carve out three agencies from forced staff reductions: Departments of Defense, Homeland Security, and Veterans' Affairs. The legislation also calls for exceptions due to emergency or national security. Ultimately, these carve outs are political cover for what remains a very harmful bill. The work performed by federal employees at these three agencies resonates clearly and directly with the American people, but the American people support the work of federal employees working in the vast majority of federal agencies as well. Are we really going to scale back inspections of our food and water supply that keep our families and communities safe? Are we going to reduce the number of men and woman we have battling forest fires that threaten

hundreds of communities throughout the country every year? That is the reality of what these arbitrary staff cuts mean for the American people. For all the stated reasons, we strongly oppose H.R. 657.

We Oppose the Federal Hiring Freeze Act (H.R. 1779)

This bill, introduced by Representative Tom Marino, represents a dangerous scheme to reduce the size of the federal workforce by abruptly freezing all hiring in federal agencies with very few exceptions. This would cause federal agencies, many of which are already severely understaffed, to endure a personnel crisis that will greatly reduce the federal government's effectiveness and critically reduce services on which the American people rely. Furthermore, this bill would not save taxpayers money because it does not reduce in any way the services expected of federal agencies. This bill would simply cause a cost shift from the federal workforce to contractors, which have proven to be more costly than the federal workforce and less accountable. Agencies will simply be forced to hire contractors to pick up the slack of federal workforce cuts.

Similar to H.R. 657, H.R. 1779 makes exceptions for a state of war or national security, but unlike the Lummis Bill, H.R. 1779 does not have agency-specific carve outs. The negative impact of this legislation is much the same as H.R. 657, so I will not repeat myself. It will suffice to say that this non-strategic, broad-brushed attempt to eliminate federal workers will be disastrous for the federal workforce, the agencies they work for, and most importantly, the American tax-payers who rely on the services federal agencies provide. For all the stated reasons, we strongly oppose H.R. 1779.

We Oppose the Bowles-Simpson Recommendation to Arbitrarily Reduce the Federal Workforce by 200,000 FTEs by 2020

In December of 2010, the chairmen of President Obama's fiscal commission, Erskine Bowles, former chief of staff for President Clinton's White House, and Alan Simpson, former senator from Wyoming, proposed major cuts in federal agency workforces as part of a larger package of cuts that also included a three-year pay freeze for civilian employees and significant reductions in agency budgets. The Bowles-Simpson proposal, which did not garner enough votes necessary for a final report to be agreed to by the commission, proposed cutting the federal workforce by 10 percent using a 2-for-3 replacement rate (two new employees hired for every three that leave federal service). This proposal would reduce the federal workforce by 200,000 by 2020 according to the commission's report. While this recommendation is not a rigid hiring freeze, the impact of this proposal would be much the same as H.R. 657 and H.R. 1779 in that it would arbitrarily and non-strategically reduce the size of the federal workforce without corresponding cuts to specific programs necessary for agencies to absorb those staff reductions.

Like the legislative proposals just discussed, the Bowles-Simpson proposal allows the President discretion to exempt certain agencies if national security were impacted, as long as the overall workforce targets continued to decline and reach the target of 200,000 by 2020. While this recommendation is more gradual than H.R. 657 and H.R. 1779, it would ultimately have the same kind of impact. Agencies would be forced to contract out their work in order to fulfill their mandate at greater expense to the American tax-payers. Ultimately the services that agencies provide would suffer. For all the stated

reasons, we strongly oppose the Bowles-Simpson Recommendation to Arbitrarily Reduce the Federal Workforce by 200,000 FTEs by 2020.

We Oppose the House-passed Fiscal Year 2012 Budget Resolution Provision to Arbitrarily Reduce the Federal Workforce by 10% by 2014

On April 15, 2011, the U.S. House of Representatives passed their Fiscal Year 2012 budget resolution, which called for an attrition policy in the federal government that permits federal agencies to hire only one new employee for every three workers who retire. It is estimated that by 2014 this hiring constraint would produce a 10 percent reduction in the federal workforce. Consistent with our position on other proposals to arbitrarily reduce the size of the federal workforce, we strongly oppose this method to reduce the size of the federal workforce put forth in Fiscal Year 2012 budget resolution. This non-strategic, broad-brushed attempt to eliminate federal workers will be disastrous for the federal workforce, the agencies they work for, and the American tax-payers who rely on the services that federal agencies provide. For all the stated reasons, we strongly oppose the House-passed Fiscal Year 2012 budget resolution provision to arbitrarily reduce the federal workforce by 10% by 2014.

We Support an Informed, Thorough, and Transparent Agency-by-Agency Approach to Strategic Resource Reallocation that Does Not Unfairly and Disproportionately Burden Federal Workers With Closing the Nation's Budget Deficit, and Matches Reductions in Federal Agency Staffing, when Necessary, With Specific Reductions in Services that Agencies Provide

The realities of our federal budget situation are such that some down-sizing of federal agencies is both necessary and proper. We understand that fully. However, in addressing the budget deficit, it is critical to objectively look at all the factors that are contributing to the budget shortfall, not simply those factors that are most politically expedient. Federal employees make easy rhetorical targets, but the reality is that they provide services that the American people greatly appreciate, approve of, and depend on. Federal employees perform those services at great value to American tax-payers.

In any effort to achieve the optimal size of the federal government, particularly in the case of down-sizing the civilian federal workforce, we strongly recommend that the following principles be strictly adhered to:

- Since both civilian and contractor employees carry out government programs, both civilian and contractor employees should share the burden if downsizing is deemed necessary due to budget constraints.
- The ultimate measure of the size of government is the number of dollars spent to deliver government services. Decisions should be made to the extent practicable to maximize tax-payer value on the services government institutions provide. Reductions in civilian federal workers without a corresponding reduction in tax burden due to a cost-shift should be unacceptable.
- Arbitrary, broad-brushed quotas that force a non-strategic approach to downsizing the federal workforce should be avoided because it has proven to cause a cost-shift and does not actually achieve cost savings.
- When reductions in civilian agency staffing are made, those cuts should correspond with reduction in services.

- Recommendations to reduce agency staffing should be considered on a case-by-case basis so that a strategic approach to achieving the optimal size for an agency's workforce can be achieved. A one-size-fits-all method of staff reduction is not a sound approach to efficient agency reorganization.
- The process by which lawmakers decide to make the tough cuts should be transparent, and the ultimate decision should be well-informed.

Once again, I appreciate the Subcommittee's decision to hold a hearing on this matter. I thank the Subcommittee for the opportunity to provide testimony.

Mr. ROSS. Thank you, Mr. Dougan. I will now recognize myself for 5 minutes for questions.

The National Commission on Fiscal Responsibility's report states "Although the Nation's economy continues to struggle, there is no recession in Washington."

Mr. Biggs, would you agree with that?

Mr. BIGGS. Sure. The Federal Government has grown during a time of recession, and there is some understandable reasons for that. Federal outlays on things like unemployment benefits are countercyclical, and there has also been an increase in employment due to the Census. At the same time, though, it is difficult on taxpayers and a burden on the economy if the Federal Government is growing in size and the Federal work force is growing in size at a time when the rest of the economy is least able to support that. So the burden is difficult for the private economy when that economy is in recession and they have to support a larger government.

Mr. ROSS. Mr. Dougan, would you agree?

Mr. DOUGAN. If you could restate it?

Mr. ROSS. No problem. The National Commission on Fiscal Responsibility's report states "Although the Nation's economy continues to struggle, there is no recession in Washington." Would you agree with that statement?

Mr. DOUGAN. I am not an economist, but I can tell you for purposes of the Federal works force, about 85 percent of the Federal work force lives and works outside of Washington, DC.

Mr. ROSS. Let me ask you this: The quit rate for Federal employees is about 1.57 percent, meaning that about 1½ percent of all Federal employees quit, which is by way of attrition. Would you not agree then that attrition is a good start in terms of trying to reduce the size of the Federal work force?

Mr. DOUGAN. I think if your goal is strictly to downsize the work force, then certainly attrition is a good tool. But, again, if you are downsizing the work force without looking at the work that is going to be left or that you expect the remaining work force to do, I am not sure that it makes sense to reduce a work force until we have a discussion and an agreement on what the work is that is to be done and let the work dictate the size of the work force that you need to accomplish that.

Mr. ROSS. On that point, Mr. Biggs, Mr. Dougan stated in his testimony, and I kind agree with this, that you don't assess the Federal work force by its numbers but rather by dollars and cents. And in light of the fact that our national debt has reached $14.3 trillion, the fact that we have spent $400 billion last year in interest payments alone, we face difficult tradeoffs in trying to balance our budget. Can, or let me ask you this, should the Federal Government do more with less?

Mr. BIGGS. Sure. I think the Federal Government has no choice but to do more with less because we are facing an increasing burden in the future. And if you look at the Federal budget today, we are borrowing something like 35 cents out of every dollar we spend. So we have to fix that and deal with the challenges of entitlements and other issues going forward. I think the size of the public sector work force is something that needs to be addressed. It will not by itself fix these problems. I think we all recognize that.

Mr. ROSS. And reducing the size of the Federal work force through attrition, would it disrupt critical functions of the government services?

Mr. BIGGS. Well, obviously that depends on what your view of critical functions is. I remember that when the President took office, he said he was going to go through the Federal budget line by line and eliminate wasteful or non-critical spending. Obviously in their point of view there wasn't very much there. My opinion would differ on that.

I think we can maintain staffing and maintain effectiveness for the programs and the agencies that people clearly see as the most important. We have to make difficult decisions going forward about certain activities. Are these things the Federal Government is no longer going to do or no longer needs to do. Those are the tough choices we face.

Mr. ROSS. Do you have any examples of the jobs that could be better performed by the private sector at a cost savings to the taxpayers?

Mr. BIGGS. Well, I would think things like say computer service support, things like that, activities where you have clear private sector analogs to what the Federal Government does. I fully acknowledge that many Federal workers have a skill set which is unique and which differs from what private sector workers do. Those are hard to outsource. At the same time, though, the Federal Government runs computer systems, it has upkeep and maintenance just as private sector plans do. And I strongly suspect from my work on Federal pay issues that the Federal employees in many of those areas may be overpaid relative to what private sector workers receive.

Mr. ROSS. Thank you.

Mr. Dougan, on April 8, 2011, you wrote a letter to the White House asking them to hold firm against Federal pay cuts in fiscal year 2011 budget negotiations. In the letter you stated, "Federal workers are in fact severely underpaid."

Given the fact that as of December 2010 the average Federal compensation, according to OPM, including benefits, was $101,751, is it still your contention that they are underpaid?

Mr. DOUGAN. Well, I think there obviously has been a lot of debate on this issue, both on Capitol Hill as well as in the media, and I think the question begs or the answer begs what data sets you are looking at. When you look at the Department of Labor's Bureau of Labor Statistics data, they show a pay gap of approximately 24 to 26 percent, I believe, with respect to the compensation for private sector workers versus the compensation that Federal workers make in similar types of jobs. So, again, the data is going to lead you to different conclusions depending on where you get your data.

Mr. ROSS. Thank you. I see my time has expired.

I now recognize the ranking member of the subcommittee, the gentleman from Massachusetts, Mr. Lynch, for 5 minutes.

Mr. LYNCH. Thank you, Mr. Chairman. Just following up on that note on the cost of Federal employees, I looked at those numbers and what they have done is they have basically double counted. If you look at the cost figure, $101,000, that is the pay. That is also unemployment. You can't get your pay and unemployment at the

same time. It is hospitalization benefit. You can't get your pay and unemployment and hospitalization benefit at the same time. And a death benefit. And you can't get your pay and your health benefits and unemployment and a death benefit, obviously, if you are dead, at the same time. So they have multiplied the costs.

Now, the employee does not get those all at one time, but they have lumped those together to reflect what the cost would be for the Federal employee. I agree that is an expenditure for the Federal Government, each one of those, but that doesn't go to overpayment of the Federal employee. They don't get all that at once. They cannot. It is physically impossible.

I do want to ask you, Mr. Dougan, the President—well, we have a couple of bills up here before us today that are the focus of this hearing. Mrs. Lummis' bill I think is the more aggressive one, and it purports to save $13 billion over 5 years.

The President's proposal, now that focuses just on, "Federal employees," the people that you represent. The President's proposal looks at the other 80 percent of the work force, the contractor work force, and it proposes cutting contractors from the payroll, and that is a savings of $40 billion per year; not $13 billion over 5 years, but $40 billion per year. That is the President's proposal by cutting loose contractors.

Help me with this. If we are interested in saving money, and, Mr. Biggs, I would open this up to you as well, wouldn't that seem to be the more impactful approach to take, given the fact that we have 10½ million Federal contractors and grantees and you have only 2½ million Federal employees.

Mr. BIGGS. What the Congressional Budget Office calls the fiscal gap, which is the change we have to make between our revenues and our outlays, is around 20 times higher than the $40 billion figure you cite. We would have to make up around $800 billion.

Mr. LYNCH. How much multiples is it of the $13 billion?

Mr. BIGGS. I am bad at math.

Mr. LYNCH. It is a lot more.

Mr. BIGGS. But the point is if you pose this as an either/or, my point is it has to be both and then a lot more. Put those two together, multiply by 10 or so, and you are still not there. The point is we have to look at both of these.

I would not be opposed at all to looking at contractors. I think not enough is known about how the contract work force functions, whether we are getting good value for our money. My point is the fiscal gap we face is huge. So if we think we can look at one group of employees or another group of employees, we are just kind of kidding ourselves.

Mr. LYNCH. I think you raise a great point about the little we know about value on the contractor side. I remember one of our earlier hearings when I was new to this committee asking the Defense Department audit agency how many auditors we had in Iraq. We were spending $10 billion a month. And they said actually zero. And I said, give me that again? They said, well, we don't actually have auditors in Iraq. We have them in Virginia and we are auditing Iraq from Virginia. That is what led to my repeated travels to Iraq. So it is very difficult to do the oversight of these contractors and we are not really set up to do that.

Mr. Dougan, any comments on that?

Mr. DOUGAN. Yes. I mean, I think both the contracting work force and the Federal work force need to be on the table with respect to looking for places to save money. There is no question about that.

But the biggest concern with that is if all we are interested in doing is saving money and we are not looking at the consequences of slashing budgets or doing away with a certain percentage of the work force and not accounting for the work that is not going to be done or the reduced delivery of services to the taxpayers, I mean, that doesn't ever seem to be a part of any discussion when we talk about, you know, either cutting the salaries or freezing wages or, you know, rightsizing or downsizing the work force through attrition or whatever other means.

There is no accountability for what is the impact to the services, what is it that we are not going to do or we are going to do less of, and nobody seems willing to make decisions on that. That is the concern that I have.

Mr. LYNCH. Thank you.

Mr. Chairman, if I could, our friends, the National Treasury Employees Union and the National Active and Retired Federal Employees Association have submitted comments in opposition to reducing the size of the Federal work force in a haphazard fashion, and I would like those reports, those comments to be entered into the record, if you would.

Mr. ROSS. Without objection, they are entered.

[The information referred to follows:]

Statement of Colleen M. Kelley

National President

National Treasury Employees Union

Subcommittee on Federal Workforce, U.S. Postal Service and Labor Policy

House Committee on Oversight and Government Reform

"Rightsizing the Federal Workforce"

May 26, 2011

Chairman Ross, Ranking Member Lynch and members of the Subcommittee, thank you for the opportunity to submit this statement on behalf of the 160,000 federal employees represented by NTEU. I appreciate the opportunity to discuss the important contributions our federal employees make to serve the public in towns and communities all across the nation, including every congressional district represented by members of this subcommittee. Eighty-five percent of federal employees work outside of Washington, D.C. Your constituents and the public at large deserve the excellent services their government has promised them, whether it be in the national security area, in those areas that affect their health and well being such as in social security and safe food, or through safeguarding their financial systems. The United States has the most successful corruption-free civil service in the world, and its employees must continue delivering the services the public relies on. To downsize for the sake of political expediency is unwise and will only hurt our nation in the long run.

Unfortunately, some in Congress, have proposed radically reducing the numbers of employees in the federal government to achieve deficit reduction, despite the fact that federal employees are not responsible for the nation's deficit, and are the only group already singled out and working under a 2-year pay freeze. Should bills be enacted as proposed by Representatives Lummis (H.R. 657), Brady (H.R. 235), Jordan (H.R. 408), and Marino (H.R. 1779) – bills proposing downsizing and freezes through different formulas and complicated attrition schemes –the federal government, and most importantly the public will suffer the consequences. According to the Office of Personnel Management, in 2012, 45% of the workforce will be eligible to retire. By 2016, almost 61% will be eligible to retire. Should these talented public servants, who best know how to deliver services from their agencies, chose to retire, this is the worst time for freezing and eliminating the spots behind them. Most assuredly the public will

pay the ultimate price in reduced services when there is no one on duty to do the work. NTEU opposes these bills and urges the subcommittee to reject them.

We also reject the notion that an across the board cut in the federal workforce of ten percent that was included in H. Con Res. 34, the Ryan House-passed budget resolution, is warranted.

NTEU believes there are two fallacies associated with the downsizing bills as well as the Ryan approaches: 1) the size and work load of government is misrepresented; and, 2) shifting work to expensive contractors is not counted.

Size of Government and Work Load

Proponents of hiring freezes and federal downsizing like to say that there are more government workers today. Yet, according to the OPM Director's testimony of March 9, 2011 before this very subcommittee, "Despite the complex challenges we face, the Federal civilian workforce is virtually as small today as it has been in the modern era. In 1953, there was one Federal worker for every 78 residents. In 2009, it was one for every 147." According to OPM's historical tables the total executive branch in 1968 had 2,289,000 non-postal executive branch employees and in 2009, it had 2,094,000, almost 200,000 fewer. Interestingly, three cabinet departments – the Departments of Defense (DOD), Veterans Affairs (DVA) and Homeland Security (DHS) account for about 60% of the total executive branch civilian workforce as of December, 2010 *(CRS RL34685)*. Proponents of the bills under consideration would have the general public believe that government size is inflated and is causing the deficit to soar. While one of the bills under consideration (H.R. 657) exempts the three big agencies, and NTEU

certainly supports our security agencies and veterans, the idea that the remaining 40% of employees would be responsible for deficit reduction is misguided and unrealistic.

In addition, authors and proponents of the bills considered today make no mention of the "hidden workforce," an estimated 10.5 million jobs that are accounted for by federal contracts and grants, according to Paul C. Light, an expert in government personnel. From 2004- 2005 alone, the expansion in contracting employees accounted for $50 billion. *(FedDaily, October 18, 2006)* Surely, the "hidden workforce" should be examined by the subcommittee prior to moving other bills to cut or freeze the federal civil service workforce.

In addition, the federal government has many more responsibilities today. Many federal agencies, including those represented by NTEU, are already hindered in efforts to meet rising workloads by a lack of sufficient staffing. For example, since the beginning of the economic downturn, social security claims and disability appeals have skyrocketed. In the 25-month period ending in October 2010 the number of claims pending a disability medical decision rose from 556,670 to 851,812, an increase of 53 percent. Wait times for disability claims were reduced from 532 days in August, 2008, to 377 days in October 2010. Cutting personnel will likely halt that progress.

In 1995 the IRS had a staff of 114,018 to administer the tax law and process 205 million returns. Today, they have just 94,346, yet must process approximately 236 million much more complicated tax returns. The IRS continues to bring in record amounts of enforcement revenue despite enforcement staffing that remains almost 20,000 below mid 1990 levels. In particular, the number of revenue officers and revenue agents – two groups critical to closing the tax gap and thereby reducing the federal budget deficit –shrunk by more than 15 percent. Revenue officers

went from 8,139 to 6,142 and revenue agents fell from 16,078 to 14,264. Clearly, further cuts to the IRS workforce will increase, not decrease, the deficit since every dollar spent on the IRS returns four dollars to the Treasury.

FDA's enormous responsibility to monitor our food supply has been seriously challenged, as the recent scares with tomatoes; lettuce, spinach and pet food have shown. In 1978, resources allowed 35,000 food inspections. Last year that declined to approximately 7,500. FDA's Medical Device Center personnel, shrunk from over 1,450 in 2003, to just 1,350 last year.

The Transportation Security Administration, (TSA) and Customs and Border Protection (CBP) – two agencies with enormous homeland security responsibilities – already face a lack of adequate staffing. At TSA, staffing levels are so low that baggage personnel are routinely pulled off the line to help screen passengers at the checkpoints when lines get long. That leaves baggage dangerously understaffed. At CBP, the Government Accountability Office visited seven major points of entry to the country and found "(insufficient) staff, morale problems, fatigue, lack of backup support and safety issues when officers inspect travelers—increasing the potential that terrorists, inadmissible travelers and illicit goods could enter the country."

Shifting Work to Expensive Private Contractors

The second fallacy in the argument of those who wish to downsize, freeze, and reduce personnel, is that many agencies will simply contact out the work to private companies – raising, not lowering costs— and that is overlooked. The bills under consideration today propose to use savings to help reduce the deficit. Yet the fact is that any savings generated would simply be

shifted to private contractors who generally cost more, are less accountable, and are unable to do the work of the federal government as well or as efficiently as federal workers.

Under the prior administration, the jobs of federal employees were targeted for public-private competition. Competitive sourcing was one of its top initiatives. As part of that Administration's efforts, the rules of competition were overhauled, quotas set for competed jobs, and grades given to agencies on their efforts in conducting competitions. The changes undoubtedly had the desired effect: since 2001, spending on Government contracts has more than doubled, reaching over $500 billion in 2008. The explosion in contract spending has also led to a drastic increase in the size of the contract workforce which increased by more than 2. 4 million between 2002 and 2005, and now exceeds the size of the federal workforce. According to OMB, this excessive reliance on contractors has eroded the in-house capacity of agencies to perform many critical functions and has undermined their ability to accomplish their missions. In its final recommendations, the Deficit Review Commission did recognize that the contractor workforce was far larger than necessary and recommended cutting back the workforce by 250,000 at a savings of more than $18 billion.

Alternative to Hiring Freezes and Personnel Reductions

NTEU believes there are better ways to save. We recognize that in the current fiscal crisis, it is critical that the federal government look for ways to maximize its resources and to root out waste, fraud and abuse wherever they find it. One way in which NTEU believes that the federal government can best accomplish this is to reform the broken competitive sourcing process, and bring contracted work back in-house. By ensuring federal employees are able to compete for work with contractors on an even playing field, and identifying areas in which the

government could perform this work more effectively and efficiently, the federal government will be better able to provide high quality services and will save taxpayer dollars. The Office of Management and Budget has already begun to reform federal contracting by requiring federal agencies to cut wasteful contract spending, reduce overreliance on contractors, and improve oversight and accountability. These efforts are expected to result in $40 billion in annual savings by the end of 2011 which could be used to ensure agencies have the necessary resources and staffing.

NTEU strongly opposes efforts to freeze or cut the federal workforce. We oppose the bills under consideration and believe that such action will not produce savings, but will shift and increase costs by expanding the use of expensive, unaccountable contractors.

Conclusion

NTEU cannot support the hiring freeze bills; bills to replace two or three retirees with only one or two workers; bills to bring the federal workforce down to the 2008 levels or lower; bills to target federal employment cuts to deficit reduction schemes; or similar bills, which will only have the effect of raising costs to the federal government through unbridled contracting out. These include H.R. 235, H.R. 657, H.R. 1779, and H.R. 408. NTEU also opposed adoption of the Ryan Budget Resolution which also freezes federal pay for five years, cuts the workforce by 10%, and increases employee contributions toward their pensions for up to a 6% pay cut. Instead, the subcommittee should look for savings in the contractor world, where jobs are bid low and finished at high, while frequently delivering inferior work. Billions of dollars in savings can be found there.

Federal employees are already working under a two year pay freeze, and doing their best to contribute their enormous talents to our country. They are delivering services to your constituents. Federal employees are working on processing tax refunds, protecting the food supply, safeguarding our borders, processing social security disability claims, and much, much more. Yet they are being called lazy, selfish and greedy, and now they are told they should handle their jobs with far fewer staff. I urge you to reject the downsizing bills before you today.

NTEU members understand that the country faces challenges and although they did not cause the fiscal crisis, they are willing to work to help solve it. Federal employees have good ideas about how to do the work of the federal government more efficiently. They care deeply about successfully accomplishing the missions of their agencies. These bills would make that much more difficult.

STATEMENT BY
JOSEPH A. BEAUDOIN
PRESIDENT
NATIONAL ACTIVE AND RETIRED FEDERAL EMPLOYEES ASSOCIATION
BEFORE

THE HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM SUBCOMMITTEE ON FEDERAL WORKFORCE, US POSTAL SERVICE, AND LABOR POLICY

HEARING ON
DOWNSIZING THE FEDERAL WORKFORCE

MAY 26, 2011

Mr. Chairman and members of the Committee, I am Joseph A. Beaudoin, President of the National Active and Retired Federal Employees Association (NARFE). I am submitting testimony today, for the record, on behalf of more than 4.6 million federal workers and annuitants. I appreciate the opportunity to share our concerns about legislative proposals to make across-the-board reductions to the federal workforce. These proposals do not take into account the human resource capabilities needed to perform the federal government's many important missions, from caring for wounded veterans to ensuring the food we eat and the water we drink are safe to finding cures for deadly diseases.

Simply put, cuts to the federal workforce represented by H.R. 657, H.R. 1779, and other similar proposals are more about politics than good human resource management. While we welcome the consideration of proposals that encourage greater efficiency and cost savings in government, this legislation does not offer thoughtful reform. Instead of taking the time and effort to assess where and to what extent the federal government could perform its mission with fewer employees, the proposals seek across-the-board cuts without consideration for facts on the ground.

Arguments to reduce the size of the federal workforce seem to rely not only on an erroneous assumption that the workforce is too large, but also that it is larger than it has been in the past. In 1946, there was one federal employee for every 67 residents of the United States. In 1989, there was one federal employee for every 110 residents in the United States. Now, twenty years later, there is only one federal employee for every 147

residents. The size of the workforce has decreased over time relative to the population it serves and yet the demands upon government have increased dramatically.

Whatever the total number of federal employees and whatever the size of the workforce relative to the size of the population, the real question is how many employees we need, as a country, to perform the federal government's extraordinary missions. The number of doctors and nurses we need to care for our veterans depends on how many sick and wounded veterans we have. The number of food inspectors we need depends on how many it takes to effectively monitor our nation's food safety. These are not arbitrary numbers pulled out of thin air.

Furthermore, I challenge the assumption that reducing the number of federal employees will necessarily save money. People may not love tax collectors, but when you pay your taxes you expect others to do the same. If reducing the number of Internal Revenue Service (IRS) agents results in lower revenue collection from individuals and corporations that pay less than they owe, you are not saving money for the law-abiding taxpayer. Generally, if you reduce the number of employees tasked with rooting out waste, fraud, and abuse, it would be no surprise if the result was more waste, fraud, and abuse, and higher costs to taxpayers. Across-the-board cuts will not only reduce the numbers of these federal employees, but could also reduce the amount of taxpayer money they save in the work they do.

Members of Congress should not make federal employees and the citizens they serve the victims of a separate fight regarding the scope of government. If you think the federal government should reduce spending by discontinuing a program or policy, discontinue the program or policy. But don't arbitrarily reduce the workforce for all programs and policies, even the ones you support. We need federal employees to perform the tasks Congress has mandated they perform.

Federal workers protect us from infectious diseases, warn us if a bad storm is coming, support our military and care for its wounded soldiers, and gather intelligence in our fight against terrorism. Thoughtless across-the-board reductions to their numbers would harm the performance of these critical missions.

Mr. Chairman and subcommittee members, I urge you to consider the consequences of proposals such as H.R. 657 and H.R. 1779 on critical (and often uncontroversial) government missions. Thank you very much for receiving this testimony.

Mr. LYNCH. Thank you.

Mr. ROSS. I now recognize the distinguished gentleman from Virginia, Mr. Connolly, for 5 minutes.

Mr. CONNOLLY. Thank you, Mr. Chairman, and thank you for having this hearing.

I would note that I represent the third largest number of Federal employees in the United States. I also probably represent the largest number of Federal contractors in the United States, and I think they are both doing a wonderful job. But I also believe, as does Chairman Issa, based on his statement today, that this ought not to be a matter of theology.

The idea that somehow platonically there is some ideal size for Federal employees, the number of Federal employees and/or the number of Federal contractors, gets us into the realm of theology rather than analysis, and I think Congress needs to insist on rigorous analysis, not arbitrary goal setting that has no basis in any kind of analysis that tells us what our needs are or what value we get for our dollars.

If I understood the testimony of our colleague, Mrs. Lummis, she would exempt civilian employees from her attrition plan in DOD, Veterans Administration, and DHS. If that is a correct understanding, that exempts 66 percent of the entire civilian work force, meaning that the attrition she talks about to achieve the goals she wishes falls disproportionately on those remaining civilian agencies, many of which, by the way, operate in her home State of Wyoming. And I would—I thought, Mr. Dougan, you made a very telling point. The title of this hearing, a very biased title, is Rightsizing the Federal Workforce, as if there apparently is some right size all of us subscribe to. I would like to know what that is.

Mr. Biggs, do you have some idea about what the right size the Federal Government ought to be in the 21st century?

Mr. BIGGS. Well, the technically economist answer would be you hire Federal employees until the gain produced by the additional Federal employee equals the cost of the Federal employee. The marginal benefit equals the marginal cost. And when we think about the productivity effects of downsizing the Federal Government, we think if we lose that employee, are we losing services to the public sector for the cost of that employee.

Mr. CONNOLLY. Fair enough. But would you not agree, though, frankly in the public sector—in the private sector, we have to do some differentiation. For example, how you measure productivity of border security guards is different than how you measure the productivity of some lab scientist in FDA trying to protect public safety. There is health, foodborne illnesses and pharmaceuticals.

Mr. BIGGS. You are exactly right. It is far, far easier to measure productivity and output in the private sector because you have dollars and cents attached. If somebody is not willing to pay for a good and service, you say it is not worth what is being charged. I think that is one reason, though, why we want to have more activities conducted in the private sector where you do have a much more rigorous cost-benefit analysis.

Mr. CONNOLLY. So you would actually like to increase outsourcing with Federal contractors?

Mr. BIGGS. In theory, yes.

Mr. CONNOLLY. You don't think we have done enough of it in the last 10 years?

Mr. BIGGS. The raw numbers are troubling. If outsourcing is done in essence to cover up Federal hiring, you don't want to admit you are hiring Federal employees and you say, well, let's just do contracting instead, that is a wrong thing. But if you say that a contractor provides better value for money on a year-to-year basis, but also provides, which I think is extremely valuable, the ability to recast the Federal work force according to changing needs, then it may make sense. A contractor can be let go and you can hire new contractors in different areas. We want fewer people in Iraq and more people working in health care, we can't do that with the current Federal——

Mr. CONNOLLY. Well, what percentage of the current work force is eligible for retirement in the near future?

Mr. BIGGS. I think over the next 10 years or so a majority—I believe the number is around 60 percent.

Mr. CONNOLLY. Do you think it is reasonable to say that if 60 percent of the entire Federal work force is eligible for retirement—of course, this Congress seems to be doing everything in its power to want to incentivize and accelerate retirements where possible—and we are going to have attrition at the rate of two to one, do you think the Federal work force can actually do its job, especially when we are exempting 66 percent of it. With that kind of attrition rate, given the pending retirements we are looking at?

Mr. BIGGS. I don't believe the proposals are to replace all retiring people forever at a one-to-two or one-to-three ratio. I believe the proposals are to do it until you reach some level, say 10 percent, below the current work force.

Mr. CONNOLLY. Would it surprise you to learn that one of the major employers in Congresswoman Lummis' home State, Wyoming, is the Federal Government?

Mr. BIGGS. Not at all.

Mr. CONNOLLY. And would it surprise you to know in fact it is the dominant employer in many small rural places because of the Forest Service putting out fires, attending to the protection of federally protected land?

Mr. BIGGS. That wouldn't surprise me at. In many ways, particularly out West, the Federal Government is a larger presence in many ways than it is on the East Coast.

Mr. CONNOLLY. Thank you. I see my time is up, Mr. Chairman.

Mr. ROSS. Thank you, Mr. Connolly. I now recognize the distinguished gentleman from Illinois, Mr. Davis, for 5 minutes.

Mr. DAVIS. Thank you very much, Mr. Chairman. I thank the witnesses for coming. I admit that I must be put in the column of those who are trying to figure out what is right. I am trying to be as rational as I can.

I remember my mother used to tell us that right is right if nobody is right, and wrong is wrong if everybody is wrong. And so trying to figure out what would be the right size of government it seems to me begs the question, because the first question that has to be answered is what do you view as the role and function of government? What is the purpose? What is the mission? What are you

trying to accomplish? And I guess if we can answer those questions, then it gets easier to decide what the right size would be.

It seems to me that the purpose of living, quite frankly, is to try and improve the quality of life and to make living more qualitative than what it is. And it has always been my opinion that if we are not doing that, then we are just kind of taking up space and perpetuating a world that we accept.

But let me ask you, Mr. Biggs. You state in your testimony that the U.S. public sector work force is around the middle of the pack—and I am quoting—when compared to other developed countries, that 14.1 percent of total employment. In making these comparisons you include State and local governments. Of course, we here in Congress cannot control what goes on in State and local government size. Many other comparisons, when you talk about other countries, are not necessarily including State and local government, though if one was to exclude State and local governments and make it a straight comparison with other developed countries, where would we then rank?

Mr. BIGGS. The figures I cited were total government. And the reason I cited those figures, one, is that is the only data available. But second, the United States is different from other countries—and all countries differ in the activities and responsibilities they allocate to the central government versus state versus local governments. So because of those difference in how we allocate different activities, looking at one sector of government between countries could give you a very, very misleading point of view. We could look very big, we could look very large. It doesn't stand up analytically.

So the point I made is a limited point where I can look only at combined State, Federal, and local work forces relative to other countries. And compared to countries that spend around the same share of their economies as us, our total public sector work force is somewhere around 30 percent larger. Some of that is accounted for by the military, but I don't believe very much of it.

Mr. DAVIS. Mr. Dougan, let me ask you. If in fact our work force is larger than other countries' public work forces, what difference do you see that making in terms of the economy of the countries?

Mr. DOUGAN. Well, again, I think the focus needs to be on coming up with an answer to the question that you posed at the beginning of your statement, what is the work that we are about? And I don't believe that we have a definite answer to that. I think we have some notion of what all of the Federal agencies currently do in terms of the work that they provide and the goods and services that they provide to taxpayers. But the question on the table is, do we want and expect all of those agencies to continue to provide those goods and services? Or is there some different mix of goods and services that we are looking for? Until you answer that question, I don't see any utility in talking about the numbers of Federal employees, because we have to decide what work it is that they are going to do and what the cost of that work is, and then ask ourselves can we afford that? And if we can't, then we are going to have to decide what work it is we are not doing. And that is the conversation that hasn't been taking place in this country. And from my perspective, if we are going to get serious about reforming

our financial house, that is the first piece of business that needs to be done.

Mr. DAVIS. I see my time is up. Thank you very much, Mr. Chairman.

Mr. ROSS. Thank you. I wish to thank the witnesses for testifying today and taking time from your busy schedules to do so.

That being all, this committee stands adjourned. Thank you.

[Whereupon, at 10:50 a.m., the subcommittee was adjourned.]

[The prepared statement of Hon. Gerald E. Connolly follows:]

Statement of Congressman Gerald E. Connolly
"Rightsizing the Federal Workforce"
May 26th, 2011

Chairman Ross, thank you for holding regular hearings on the federal workforce. It is appropriate that we seek to determine the right size for the federal workforce, but we also will need to determine the training, skills and resources necessary to equip our civil servants to deliver services efficiently. Of course, our inquiry cannot start with a presumption that right sizing necessarily means downsizing, or that the number of employees is the primary determinant of federal efficiency and performance.

Over the past thirty years we have shifted a significant proportion of federal work into the private sector, resulting in over a half billion dollars in annual contract expenditures. The shift to contract employees has allowed the federal government to maintain a workforce that is smaller as a percentage of population than at any point in the last half century, and smaller in absolute terms than it was 20 years ago. In 1953, there was one federal employee per 78 American residents. In 2008, there was one federal employee per 155 residents. By these metrics, the federal workforce is already quite small.

Today we have the privilege of hearing from Congresswoman Cynthia Lummis and Congressman Tom Marino. I had the opportunity to serve with Ms. Lummis on the Budget Committee during the last session, and we have collaborated on a National Scenic Trails bill during each of the last two sessions. I appreciate her willingness to work across the aisle on issues of mutual interest, and though we may disagree with respect to workforce policy her comity is much needed in this House.

At today's hearing, we will examine four bills to freeze hiring and reduce the federal workforce arbitrarily. The premise of these bills is that a priori the federal workforce is too large. I hope we can examine this premise, because I believe it is baseless. There is a tangible cost to slashing the federal workforce on the unexamined assumption that there are too many federal employees. Recently, we have experienced unprecedented wildfires and extreme weather. Forest Service employees are our first responders to forest fires. The Corps of Engineers is responding to floods as we hold this hearing. While I appreciate Ms. Lummis' acknowledgement that we cannot constrain DOD/DHS' ability to respond to disasters, the reality is that other federal agencies also play a daily role in public safety. We cannot allow arbitrary workforce cuts to endanger Americans.

I would request that this Subcommittee hold subsequent workforce hearings that examine strategies to improve the capacity and efficiency of the federal workforce, as well as measures to improve federal recruitment and retention. For example, I have introduced legislation to improve federal internships. Other legislation which could improve federal efficiency, hiring/recruitment, and retention would include Mr. Moran's Federal Supervisor Training Act, Ms. Maloney's Paid Parental Leave Act, Mr. Lynch's FEHBP Prescription Drug Integrity, Transparency, and Cost Savings Act, or my FEGLI Transparency Act.

This Subcommittee should engage in a balanced examination of the federal workforce that includes training and technical capacity, competitive salaries and benefits, and hiring, recruitment and retention. Rather than passing simplistic, arbitrary legislation that cripples the workforce and public services, we should be focused on policies that will help fill the void by retiring baby boomers, since 48% of federal employees will be eligible for retirement within the next five years.

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