WRITTEN TESTIMONY OF
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BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON OVERSIGHT AND REFORM

SUBCOMMITTEE ON GOVERNMENT OPERATIONS

HEARING TITLED
“THE FUTURE OF FEDERAL WORK”

DECEMBER 1, 2021
Chairman Connolly, Ranking Member Hice and Subcommittee Members:

On behalf of the five million federal workers and annuitants represented by the National Active and Retired Federal Employees Association (NARFE), I appreciate the opportunity to express our views regarding the future of federal work.

**Background on NARFE**

Since our founding in 1921, NARFE’s mission has been to safeguard and improve the earned benefits of federal employees, retirees and their families. We are the only organization solely dedicated to the general welfare of all federal workers and retirees, delivering valuable guidance, timely resources and powerful advocacy. NARFE has the experience and knowledge necessary to contribute to this important discussion on the future of federal work because our members understand what it means to serve.

NARFE members dedicated their careers to the betterment of our nation and want federal service to succeed in its mission well into the future. Our members have seen their service evolve to meet the demands of the nation and understand that more must be done to keep pace throughout the 21st century. The federal government must be able to recruit the next generation of federal workers, and NARFE and its members are here to assist in the passing of the torch to ensure that the critical work of federal employees is completed on behalf of our nation.

**Securing the Future of Federal Work**

An increasingly interconnected yet polarized world, facing rapid technological, environmental and economic change creates new challenges for the federal workforce—like responding to a global pandemic— but also many opportunities to utilize new technologies to better serve the American public. The federal government must ensure that it recruits and retains a federal workforce with the skills necessary to meet its challenges and take advantage of its opportunities.

Unfortunately, federal government personnel practices have not kept up with the pace of change. The last major reform to personnel and performance management laws was 43 years ago, and the executive branch has failed to utilize adequately its existing authorities and capabilities. There is widespread recognition that federal personnel management needs modernization and a plethora of good ideas for how to do so.¹

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As it stands today, federal agencies suffer from mission-critical skills gaps. Since 2001, the United States Government Accountability Office (GAO) included strategic human capital management on its high-risk list, explaining in its 2021 High-Risk report: “Mission-critical skills gaps both within federal agencies and across the federal workforce impede the government from effectively serving the public and achieving results. Skills gaps caused by insufficient number of staff, inadequate workforce planning, and a lack of training in critical skills are contributing to our designating 22 of the 35 other areas as high risk.”

Agencies also face the prospect of a worsening situation. Nearly 28 percent of employees are eligible to retire within the next five years. Yet, there’s a dearth of younger employees being developed to fill the gaps as the older generation leaves – only 8.1 percent of federal employees are younger than 30, compared to 23 percent of employees in the private-sector. This situation is worse than it was a decade ago, as “every single agency has fewer employees younger than 30 today than they had in 2010.” Unsurprisingly, this development coincides with a deterioration of the federal government’s internship programs, as paid internships have decreased from more than 60,000 in 2010 to about 4,000 in 2020.

It’s clear that the federal government must focus on attracting more talented individuals into federal service both in the near term – to address current skills gaps – and in the long term – to ensure that we are developing the next generation of public servants to deliver for the American people. The good news is that there’s no shortage of worthy recommendations for how to do so, from evaluating and elevating the worth of internship programs to shifting to a results-oriented approach to merit system compliance. We agree with the President’s Management Agenda that the government needs an “all of the above” approach.

But that approach must start with recognition of a key source of problems – that current hiring processes are often too complex, leading to “long hiring and background vetting times and low hiring manager satisfaction.” While many of these processes are meant to ensure merit-based hiring, the results show that they are failing to meet hiring objectives to bring in qualified employees in a timely manner. There are ways to reform

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5 Ibid.

6 Ibid.

7 PMA, p. 18.

8 Ibid.
federal hiring while improving fidelity to merit-based principles. It doesn’t have to be one or the other.

There is room for individual federal agencies to improve on their own, but government-wide success will rely on a revitalized and forward-thinking Office of Personnel Management (OPM) that maintains expertise and continuity in its leadership ranks. We are very encouraged by OPM’s initial response to recommendations from the National Academy of Public Administration (NAPA) and the introduction of legislation by Chairman Connolly to institute several of NAPA’s legislative recommendations through the Strengthening the Office of Personnel Management Act. We urge OPM to press forward on implementation of the recommendations. We also urge this committee and Congress to provide support where needed, as well as continued oversight to ensure progress.

Efforts to improve federal hiring must also ensure that the federal government provides competitive pay and benefits. While federal employees are often attracted to the government by a commitment to its mission and a desire to serve the public, they face the same economic realities as other Americans. Even the best hiring practices and most compelling missions will not overcome substantial differences in compensation. The federal government must ensure that pay rates do not fall farther behind the private sector, authorize special pay authorities when needed, and preserve the value of existing benefits, which remain an important tool for recruitment and retention.

Federal agencies may also be able to take advantage of the changing nature of work by expanding telework options over the long term. This approach could save taxpayer money through reduced real estate costs (or revenue from sales), improve services to the American people through increased productivity (in at least some cases), and provide a more attractive work environment for many current and prospective employees.

The federal government faces an important challenge in recruiting employees to fill existing skills gaps and ensuring that the next generation is prepared to serve. We have laid out important considerations here and detail recommendations in the remainder of our testimony, below. The problem is real, and it is past time to find solutions. I thank this committee for tackling these critical issues.

**Improving Federal Hiring Processes**

The future of federal work will rely on recruiting the next generation of employees. But current federal hiring practices and processes are stifling the government’s ability to bring in talent and ensure that the merit-based civil service reflects the population it serves.

Federal hiring is problematic. Recent metrics on federal hiring measure the average time to hire at 98 days, substantially more than that for the private sector, which has

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hiring times measured as low as an average of 36 days. Government-wide OPM hiring data from recent years have shown that more than half of all competitive examining certificates have been returned without a hire being made. Competitive hiring practices are central to the concept of merit-based hiring, yet its ineffectiveness has led agencies to turn to 105 separate hiring authorities for many (or perhaps most) of their hires to meet critical needs. In its report, “No Time to Wait, Part 2: Building a Public Service for the 21st Century,” NAPA explained that agencies used “exceptions to the standard hiring process to fill 55 percent of their mission-critical positions, and they are using just one-fifth — 11 of 51 — of the legal authorities available to them to do so.” All this only adds to the complexity of federal hiring, and renders competitive examinations irrelevant, and therefore ineffective, in ensuring merit-based hiring.

There is no shortage of good ideas to improve federal hiring processes. In its report on OPM, NAPA provided several recommendations to improve federal hiring, such as identifying opportunities to consolidate and unify hiring authorities to help simplify the hiring process, and reevaluating regulations to streamline hiring and reduce administrative burdens. The National Commission on Military, National, and Public Service’s report, “Inspired to Serve,” provided recommendations to improve competitive and noncompetitive hiring processes, modernize federal civil service hiring preferences, and build a workforce pipeline from higher education to public service. The Partnership for Public Service has proposed using attrition modeling to predict future hiring needs, focusing on proactive recruitment, using an interactive hiring dashboard, and more. The U.S. Digital Service effectively piloted a program to ensure subject matter experts partnered with hiring specialists to determine which candidates were qualified for consideration. NARFE has heard numerous complaints about the complexities of civil service laws and regulations being too time-consuming or difficult to navigate. Simplification of rules and regulations and training of human resource professionals could improve the situation. Training could be aided by a certification program, whether government-wide or starting with a pilot program, for various HR functions, including hiring.

The President’s Management Agenda proposed an “all of the above” type of approach. Given the magnitude of the problem and shared underlying assumptions of proposed solutions, we agree. There’s no time to waste testing what works well and what doesn’t.

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11 Inspired to Serve p.64.
12 Ibid.
13 No Time to Wait p.33
14 Elevating Human Capital p.4.
15 Inspired to Serve p.64
The commitment to change must exist throughout the federal government. Surely, a sustained commitment from Congress, the president and OPM would make a world of difference. But every federal agency has an obligation to be part of a larger organizational commitment to progress in recruiting the next generation of public servants.

**Federal Internships – The Next Gen Feds Act**

As another symptom of the larger problem, federal internship programs are failing to live up to their intended missions and are hindering a vital pipeline of talent to federal service. The decline in the number of paid federal internships is stark. As mentioned earlier, the number of paid internships has drastically decreased since 2010.\(^1\) That leads to fewer opportunities to recruit the early-career talent that will be key in addressing the pending retirement wave and loss of institutional knowledge. That is why rejuvenating federal internships is a mission-critical task.

We applaud Chairman Connolly for the introduction of the Next Gen Feds Act and appreciate OPM Director Ahuja’s interest in revitalizing this important recruitment tool. The Next Gen Feds Act makes many important changes that will increase the number of federal internships and aid in the recruitment of early-career employees.

The creation of a Federal Fellowship and Scholarship Center within OPM is a first step in the process of increasing the ranks of paid federal internships. It shows leadership by the federal government’s top agency in human capital development and commitment to bolstering the pipeline of potential future workers. The Center, in combination with an online internship platform and a reinvigorated Pathways Program, would serve as an important tool to tap into a new generation of federal workers and connect qualified individuals with federal agencies.

The legislation would also help convert interns into full-time federal service by giving individuals who successfully complete a qualified federal internship a boost in the competitive hiring process. Those who show an interest and aptitude for public service and have successfully completed all required aspects of a qualified federal internship deserve to have that experience work in their favor. This aspect of the legislation will increase the likelihood of hiring qualified and public-service-oriented individuals, without undermining the intention of other hiring preferences or the merit systems process.

Our only concern is that the one-year length of internship service required to qualify for a competitive examination credit is too high a bar. For some college students who are only able to intern outside of the school year, this requirement may be unreachable. If it is, it would fail to achieve its intent to help convert interns into full-time employees upon completion of a successful internship. We urge the committee to consider a shorter time frame, or even a sliding scale of credit based on the length of the internship.

Finally, the bill’s requirement that interns be paid opens the door to recruiting a more diverse set of individuals who seek to serve their nation. NARFE agrees with Ahuja’s assessment that “When the gateway to a federal career is an unpaid internship, the most likely people to make it through are the ones who can afford to work for free.” The federal government should not be in the business of setting up barriers to internship opportunities. NARFE also supports the inclusion of a pilot program within the Next Gen Feds Act to engage populations underrepresented in federal service to ensure the government is not only eliminating barriers, but also providing opportunities.

**Revitalizing the Office of Personnel Management**

As the central personnel agency, OPM must be an integral part of the solution. To do so, OPM must revitalize itself effectively so it can serve as a leader with a forward-looking approach to federal hiring and human capital management.

The agency has received its fair share of criticism in recent years. The previous administration even attempted to eliminate the agency altogether. In testimony before this committee, I detailed NARFE’s substantial concerns with the previous administration’s proposal to eliminate OPM and reorganize its functions. I also shared NARFE’s views that OPM required modernization, but that we supported efforts to improve its ability to carry out its mission rather than eradicate it through the drastic reorganization plan. Thankfully, there was broad consensus from this committee (on a largely bipartisan basis) and others in Congress, policy experts and stakeholders consistent with our views: OPM should not be eliminated, but it must be revitalized.

From that consensus and with NARFE’s support, Congress included a provision in the FY2020 National Defense Authorization Act (NDAA) directing OPM to contract with NAPA to conduct an independent study to assess how OPM functioned and make recommendations to address its challenges. NAPA’s ensuing report confirmed the consensus that OPM’s challenges would not be solved by the previous administration’s reorganization plan. But it also found that OPM had not served its intended purpose; and “with some exceptions, the agency is viewed as compliance-oriented rather than customer-focused and its credibility and reputation is badly in need of repair.”

NAPA followed up its prognosis with a vision for the future of OPM:

> The need for an independent, enterprise-wide human capital agency and steward of the merit system principles is clear, as is the critical need to rebuild staff capacity, encourage innovation, and adopt a more data

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21 Elevating Human Capital at 1.
driven, accountable, and forward-looking human capital approach. In addition, human capital management must be elevated. The OPM Director—and human capital as a whole—needs a “seat at the table.” The Director should be the principal advisor to the President on human capital, as envisioned in the Civil Service Reform Act, and OPM should be that lead for federal civilian human capital, setting policy, establishing a framework for agencies to manage their workforces, facilitating innovation and the sharing of best practices and lessons learned, and both collecting and using data and data analytics. To execute that role effectively and achieve a strategic vision of elevating and supporting human capital as a strategic priority across the federal enterprise, OPM must reframe its mission, organization, and supporting processes. *It must rebuild the agency’s credibility and staff capacity—and it must reorient its internal culture from a predominant compliance orientation to a more customer-focused, strategic, and forward-looking mindset.* These actions will require the support of the President, Congress, and federal agencies. (Emphasis added.)

We will need an OPM that more closely resembles this vision than the OPM of today. NAPA laid out 23 specific recommendations, focused on organizational modernization through information technology modernization and improved financial management and budgeting and reorienting the approach to ensuring an effective, merit based civil service.

In a very encouraging response, OPM agreed with the “spirit and much of the substance of the NAPA study,” accepting or conditionally accepted “nearly all of the NAPA recommendations.” Conditional acceptance was mainly driven by “resourcing, statutory or implementation concerns.” Of course, this is just the first step. Often, OPM’s acceptance of each recommendation translated into an alignment of the recommendation within its strategic plan. The next step is implementation. We urge OPM to continue to press forward and urge this committee to stay engaged with its efforts.

OPM Director Kiran Ahuja has expressed a commitment to revitalizing the agency and recognized the need to innovate. She noted that OPM’s response to NAPA “highlights OPM’s commitment to innovation and delivering results, from hiring for critical skillsets, to identifying new strategies for employee engagement, retention, and quality of life improvements.” Success in the endeavor will rely on her commitment to implementation of NAPA’s recommendations and staying on the job to bring continuity and stability of leadership to OPM. We have been encouraged by her early statements and action and look forward to partnering with her and the agency to better serve the federal community.

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Congress must play its role in the revitalization of OPM as well. Fortunately, Chairman Connolly has already led efforts to do so. Just last week, he introduced the Strengthening the Office of Personnel Management Act, H.R. 6066, which NARFE supports. The bill would codify several recommendations from the NAPA report that would help solidify OPM’s independence and ensure continuity of leadership and human capital expertise within OPM. The bill represents a common sense first step to improving the long-term stability and effectiveness of the agency. But more will need to be done – by OPM, with congressional support – to revitalize fully the agency, positioning it as the leader in federal human capital that it must be to secure the future of federal work on behalf of all Americans.

Success in this endeavor will not only improve recruitment and retention, but it will also ensure that OPM is able to serve those who serve the nation through its administration of federal benefits programs.

**Competitive Pay and Benefits**

Even as we recognize the need to improve the federal hiring process and federal internship programs and to revitalize OPM to lead these efforts, we cannot ignore the fact that people generally require competitive compensation in exchange for their work. While there’s a substantial element of service to federal work – a commitment to the mission – federal employees are not volunteers. If federal pay and benefits do not keep up with the competition, employees will take their considerable talents elsewhere.

**Federal Pay**

The Federal Salary Council, which analyzes federal pay in comparison to wages in the private sector, has consistently found a substantial disparity between federal and private sector pay rates. Most recently, it estimated that private sector rates outpace federal rates for similar jobs by 23.11 percent. In other words, federal employees are paid 23 percent less than their private-sector counterparts. While it’s fiscally and politically unrealistic to expect this gap to be eliminated, the gap should at least not be widening. The best way to ensure that, absent a change in the federal pay system, is through the authorization of federal pay rate increases based on the most recent change in the Employment Cost Index (ECI) measure of private-sector wages and salaries. This figure also provides the baseline for annual military pay increases. Thankfully, President Biden included that 2.7 percent average pay increase (2.2. percent across-the-board plus 0.5 percent, on average for locality pay) in his alternative pay plan. We urge Congress to allow that increase to go into effect. Or, Congress could do one better and pass Chairman Connolly’s FAIR Act, H.R. 392, which would provide an additional 0.5 percent for locality pay to help reduce the current gap between federal and private sector pay.
Federal Benefits

In addition to ensuring competitive pay, it’s critical that Congress maintain the quality of retirement and health benefits, which ensure federal employees and retirees retain financial and health security. Federal retirement and health benefits often offset the fact that federal employees receive significantly lower pay than their private-sector counterparts and forego the prospect of substantial financial gain. Diminishing overall federal employee compensation will only make it more difficult to recruit and retain the new generation of public servants necessary to meet mission-critical skills gaps.

It’s also essential that Congress honor commitments made to federal employees and retirees regarding their earned benefits. In exchange for years of hard work, federal employees and retirees were promised retirement annuities and retiree health benefits. These benefits were paid for, earned fairly, and are essential to federal employees’ and retirees’ financial and health security. Yet, we have seen too many budget proposals – such as those reducing or eliminating cost-of-living adjustments for federal annuities – that take aim at already-earned benefits for those in and approaching retirement. Even threatening to take these benefits away after they have been earned may affect perceptions of current and prospective employees regarding whether they can count on those benefits. If employees cannot count on them, they lose their value for both recruitment and retention.

Paid Family Leave

Congress should also expand current paid leave policies to aid recruitment and retention, notably through passage of H.R. 564, the Comprehensive Paid Leave for Federal Employees Act. The bill would enable the federal government to attract top talent while simultaneously leading in family-friendly workforce practices.

The bill would provide all federal employees, including U.S. Postal Service employees, with up to 12 weeks of paid family and medical leave in any 12-month period for the care of an ill spouse, child or parent; to deal with a serious personal medical condition; or in response to a spouse, child or parent who has been called to active-duty military service.

Existing federal sick and annual leave benefits may not meet the needs of those dealing with a serious medical condition affecting themselves or a family member. Expanding paid leave for federal workers to cover these situations will improve the federal government’s ability to retain valuable human capital and attract the next generation of workers.

Granting paid family and medical leave would allow federal employees to receive and provide necessary care without fear of being unable to support their families financially. Passing H.R. 564 would correct this longstanding concern and show that the federal government is a leader on this critical benefits topic.
Congress should also promote usage of phased retirement, an appealing tool that grants retiring federal employees the ability to work part-time and transfer their decades worth of institutional knowledge through mentorship of those replacing them. This option became law in 2012, but implementation was delayed by the rule-making process; once available, agencies were slow to offer it to late-career employees, with many agencies still not providing the option to this day. This well-intended and necessary program is not living up to expectations, falling short of the Congressional Budget Office’s estimate of 1,000 participants per year.

More publicly available data is needed from OPM on the number of workers opting for phased retirement to ensure adequate congressional and public oversight and accountability. According to data provided by OPM to Federal News Network, 632 federal workers have opted in as of February 2020. More must be done to promote and implement phased retirement within agencies so that federal workers know it is available to them. Decades-worth of institutional knowledge should not be lost because of unclear guidelines and a lack of communication to employees.

**Telework**

NARFE is glad to see that OPM recognized telework as a recruitment and retention tool in its updated telework guidance to agencies in November 2021 and believes that telework will play an important role in the future of federal work. The COVID-19 pandemic forced agencies to quickly adapt to full-time telework models that were previously thought untenable, with lessons learned. OPM found that “[a] robust and well-practiced telework program improves employee performance and engagement and supports mission productivity and efficiency.” Agencies are now rethinking their telework models with guidance from OPM, but more should be done to unpack the lessons learned from the pandemic. Expanded telework enables the federal government to recruit talent regardless of geographic location, and federal employees say productivity has increased with remote work. There’s a role for Congress in ensuring that federal agencies learn from recent experiences with remote work. That starts with an assumption that many jobs can be done from home – not that they must be done from an office. It should also put in place policies that ensure continuity in telework policies from one administration to the next so that prospective employees can better

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29 “Results | NTEU’s Telework Survey,” National Treasury Employees Union, [www.nteu.org/~media/Files/nteu/docs/public/telework/results-teleworksurvey-v2.pdf?la=en](http://www.narfe.org/)
rely on the assurances of agencies and managers regarding expectations for remote versus in-person work.

Conclusion

Federal government personnel issues may not snag headlines, but there’s a human element behind every government success and failure. If the federal government is unable to recruit and retain the talent it needs to succeed, the American public will suffer the consequences.

NARFE’s members are current and retired federal workers who dedicated their careers to public service. We take great pride in the work we have done and hope to pass the torch to the next generation of employees, just as we continued the tradition of service that began generations before us. We cannot do that if federal hiring processes and internship programs are ineffective; if OPM is unable to fulfill its mission; if federal pay, benefits and personnel practices do not keep pace with the competition for talent.

There is much work to do to secure the future of federal work. This hearing and recently introduced legislation represent good starts, and the administration and OPM appear headed in the right direction. These are first steps in a long journey to achieve real and lasting progress. NARFE looks forward to partnering with those pushing forward to ensure that the next generation of public servants will deliver for the American people.