

STATEMENT OF

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BEFORE THE

**SUBCOMMITTEE ON FEDERAL WORKFORCE, POSTAL SERVICE AND
THE DISTRICT OF COLUMBIA**

HOUSE COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

ON

**PUBLIC SERVICE IN THE 21ST CENTURY: AN EXAMINATION OF THE
STATE OF THE FEDERAL WORKFORCE**

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Mr. Chairman and Subcommittee Members: Thank you for the opportunity to testify on the issue of public service in the 21st century, particularly regarding the need for the government to overcome obstacles to the hiring of the next generation of federal employees. My name is John Gage and I am the National President of the American Federation of Government Employees, AFL-CIO (AFGE). Our union represents more than 600,000 federal employees across the country and around the world, and our members work in almost every agency of the federal government.

AFGE supports several policies that we believe would do much to facilitate and expedite the recruitment and retention of the next generation of federal employees:

1. Restore through insourcing adequate numbers of federal human resources professionals to provide the administrative support necessary for a hiring process that adheres to veterans' preference and the merit system principles.
2. Reform and streamline federal job applications and processes; in particular, focus on alternatives to the controversial "knowledge, skills, and abilities" portion of the application process.
3. Train agencies to focus as much attention on hiring from within their current ranks as is placed on attracting external candidates.
4. Take steps to close the pay gap between federal and non-federal pay for both General Schedule and Federal Wage System employees.

One of the myths that has haunted discussions of hiring over the past decade has been that in contrast to the federal government, hiring in the private sector is virtually instantaneous and trouble-free. To listen to proponents of direct hiring, the mighty private sector descends upon college campuses, conducts rapid and enjoyable interviews of the multitudes of highly qualified and young people who are eager to join them, and hires them on the spot. These "best and brightest" start their fabulous private sector careers the next morning, and they all live happily ever after. Meanwhile, the federal agency representatives can barely find their way to campus, burdened as they are by the heavy load of red tape they carry around, and scare off most prospective hires with their boring-sounding jobs and thick application materials. Then they offend the courageous few who express an initial interest by forcing them to fill out numerous forms listing their qualifications and then tell them they will have to wait, sometimes months, while the information they provide is validated, and while candidates who might have a higher status by virtue of their military service to our country edge them out of the competition.

Neither of these caricatures is accurate, of course, but they do reflect what many seem to believe is a vast gulf in hiring methods between the private sector,

which we're told to emulate, and past practice in the federal sector, which is condemned as a matter of course. AFGE strongly supports hiring policies that expedite and facilitate recruitment of talented new employees; after all, they are our future members. However, we believe that the problems with federal hiring are in no way a result of a scrupulous adherence to the merit system and veterans' preference. As such, we will continue to oppose proposals that evade these standards, no matter how compelling the arguments for expediency may sound.

We recognize that application processes can be streamlined without sacrificing the high standards that the merit system imposes on federal agencies. Many prospective employees point to the lengthy sections of employment applications that require them to describe in great detail their "knowledge, skills, and abilities (KSAs)." We have also seen the demoralizing effect on current employees who must produce these lengthy KSAs when they are applying for internal promotions. It has been suggested that only those who pass an initial level of scrutiny be invited to fill out those forms. If that procedural reform were adopted, those asked to reveal their "knowledge, skills, and abilities" would at least know that they had successfully navigated the first hurdle in their quest for federal employment, and may perhaps be somewhat less resentful of the task. In any case, there is reason to believe that improvements in the applications job candidates are required to fill out would increase both the quality and quantity of applicants.

But another problem with federal hiring is that even when applicants meet the qualifications that are required and posted on the vacancy announcement, it is all too common for agencies to conceal additional accreditation requirements which are even more critical to the position. These hidden accreditation requirements prevent applicants from qualifying for further consideration for the job, which is particularly infuriating when they learn about them after the fact, and after they have spent hours filling out a KSA.

While it is critical that the Office of Personnel Management focus extensively on efforts to correct the problems with federal hiring, there are many proposals that should be off the table. The previous administration had three answers to the challenge of federal hiring: rehire annuitants without competition, hire directly without competition, and hire contractors without competition. In the meantime, they were consolidating and privatizing human resources functions across the government, undermining the ability of agencies to utilize the normal competitive merit system hiring process with any semblance of speed or efficiency. These policies either evade or worsen the federal government's hiring prospects.

We also believe strongly that contracting out to the private sector for "hiring services" is another Bush era approach that should be rejected. Recall the debacle at the Transportation Security Administration (TSA) when it

contracted with NCS Pearson to hire airport screeners, and auditors ended up challenging \$300 million of the \$741 million that Pearson charged for its services. In a 2005 report on contracting abuses in various federal agencies issued by Representative Henry Waxman, then-Chairman of the House Committee on Government Reform, there was a thorough description of the audit that showed that the private contractor billed the government for \$48 per hour for temporary workers it paid \$20 per hour, allowed subcontractors to take out \$5,000 at a time in petty cash without requiring any supporting documentation, spent more than \$377,000 on unsubstantiated long distance phone calls, spent more than \$500,000 on tents that didn't hold up in a rainstorm, and charged \$4.4 million for "no show" fees for job candidates who never appeared to take their tests. The coup de grace was a Pearson subcontractor who paid herself \$5.4 million for nine months "work," along with a \$270,000 pension.¹

The decision to contract out for hiring would have been just as wrong if the Bush Administration had not been following its customary practice of handing private contractors blank checks (President Obama's recent policy announcements on federal contracting indicate that he will work to end the practice of indulging contractors' egregious pricing practices). But the more important point is that no contractor should ever have been hired at any price for this work because the core function of selecting the people who will make up the federal workforce should only be performed by federal employees who know the agency's mission, and who can assess job candidates' ability to carry out that mission.

Hiring the next generation of federal employees is a serious undertaking. Those charged with the task have both a legal and social responsibility to conduct federal hiring in the most open, fair, and competitive way possible, and the plain fact is that openness, fairness, and competition take time. Federal agencies have a legal and moral responsibility to honor veterans' preference. Internal candidates who were selected into career ladder positions must be given the opportunities they have been promised. Background checks, and in some cases, security clearances, have to be conducted. Information regarding education and prior employment must be verified. Working for a federal agency is not the same as working at a private firm, and it takes time to make sure an applicant meets the standards and requirements our society expects the federal government to uphold.

Federal Hiring and Federal Human Resources Personnel

One of the many complaints one hears about federal hiring is that it is slow. One explanation for the slowness, apart from the requirement for being thorough I have described above is the fact that in the indiscriminate downsizing

¹ Contracting Abuses Under the Bush Administration, Rep. Henry A. Waxman, Ranking Minority Member, Committee on Government Reform, U.S. House of Representatives, September 20, 2005, page 2.

of the 1990s, and the massive privatization conducted by the Bush Administration, agency personnel offices were decimated. There are far too few personnel to handle the duties related to hiring in an expeditious way. We believe that the single most important and effective step in speeding up the hiring process would be to re-establish adequately staffed on-site personnel offices.

The rhetoric surrounding the issue of federal hiring is reminiscent of the rhetoric that was used to justify the acquisition reform of the early 1990's. The government's pre-reform procurement regulations were derided as being unnecessarily complex. Acquisition rules, especially those that required open competition and verification of the ability of contractors to perform the government work they sought, were described as overly bureaucratic, sluggish, inefficient, and out of step with "best practices" in private industry. It was claimed that it took too long for agencies to complete simple transactions or hire contractors for routine services.

The "acquisition reform" that resulted from these complaints made it very fast and easy to hire contractors. The much maligned "red tape" that had earlier required compliance with rules regarding everything from open competition to veterans' and small business preferences, to cost constraint, to quality verification were tossed aside in the name of efficiency and modernism. The legacy of that deregulated, "efficient" system, as we have learned at great expense to our treasury and the integrity of federal programs is scandal, cost overruns, sole-source contracts, corruption, and litigation. Yes, since acquisition reform, it has been easier to hire a contractor than a federal employee, but that ease has come at a very high price.

The analogies between acquisition reform and the campaign for hiring reform are more than just apparent. The downsizing of the early 1990's effected the elimination of tens of thousands of federal positions that had been assigned to enforce acquisition laws and regulations. Once those positions were eliminated and federal agencies had few employees left who were able to oversee the contracting process or force compliance, the "efficiency" of what was left of the acquisition workforce soared. No more red tape – contractors could be hired in a flash, and no time-consuming competitions or scrutiny could slow anybody down.

The Bush Administration set the stage for a similar "hiring reform" through its Lines of Business Initiative that centralized and privatized almost all federal human resources functions. All federal agencies were required to outsource their human resources functions to "centers of excellence" selected and certified by the Office of Personnel Management (OPM). Even those that were nominally located within federal agencies were mostly contracted out. The rationale was that "back office functions" like human resources were not core to any agency's mission, and should be handled by third parties that excelled at the function.

Our union recently had an experience with one such “center of excellence” that amply illustrates the problems with this approach, even though the problem was not one related to hiring. AFGE discovered that federal blue collar workers at the Federal Correctional Institute in McKean County, Pennsylvania had been placed in the wrong wage area; they were being paid Pittsburgh, Pennsylvania rates when, according to regulation, they should have been paid the prevailing rates of Buffalo, New York. The administrative process for making the change was undertaken, a new regulation was promulgated, and instructions were sent to the Department of Justice (DoJ) from OPM. But DoJ had outsourced its HR function to the Department of Agriculture’s National Finance Center in Louisiana. When the changed wages did not appear in workers’ paychecks on schedule, the keystone cops episode began. Management at the prison at first pled ignorance of the change and then said they didn’t even know who or where to call to find out what was going on. Management officials in the Bureau of Prisons (BoP) likewise did not know who or where to call to find out what was going on. Management officials in the DoJ’s Department of Justice did not know who or where to call to find out what was going on. OPM tried to help, but likewise did not know whom to contact at the National Finance Center, or how to find out. The “back office function” of human resources was a thousand miles away, entirely unreachable, unaccountable, and unknowable. I do not think the new wage rates have been implemented even now, more than two months after what was supposed to be the effective date.

We can tell that story because it involved workers represented by our union who were in a position to push to have an administrative issue addressed. And in the course of our efforts to force the agency to apply the new regulation, we learned the operational “cost” of the agency’s having outsourced its human resources function to an entity that was as remote physically as it was operationally. Applicants and hiring officials rely just as heavily on “back office” human resources functions as do those with pay administration issues.² And if our experience teaches us anything, it is that there is very little support available in the area of human resources. At best, it is bureaucratic, inaccessible, unresponsive, and extremely, painfully slow. At worst, it is as if it isn’t even there. Expedited hiring will inevitably require a re-organization and insourcing of human resources functions throughout the federal government.

Another story, Mr. Chairman, that I hear repeatedly in my travels across the country is that agencies prefer to bring in outside candidates at a grade just one level higher than the top grade for the incumbent workforce. For example, in an agency that has computer programmers ranging from grades 5-12, most of

² www.empowhr.gov The National Finance Center’s web page notes that its services range from “hire to retire” and include “personnel action processing, payroll transaction processing, time and attendance processing, benefits processing, administration of bonus and monetary awards programs, leave administration, garnishment processing, policy interpretation, and reporting...competency management, position management, job analysis and sourcing, *candidate evaluation and selection*, employee performance management, and employee development needs assessments...”(emphasis added)

whom have worked in those positions for years, that agency will bring in a new computer programmer from the outside at a grade 13 because it is easier for them to fill a grade 13 position than to backfill the grade 5 entry position. The result is that opportunities for career development for internal candidates are cut off. They are left to train the newcomers who now hold the position to which they had aspired. This practice has a devastating impact on morale.

Rehiring Annuitants is Not the Answer

Another Bush Administration initiative that has resurfaced in this Congress is a proposal to respond to recruitment and retention challenges by authorizing all agencies to rehire annuitants on a part-time basis. Rehiring annuitants might seem at first glance to be a good interim solution to the challenges of the moment. Bringing back federal annuitants who have already ably performed the jobs that need to be filled seems like a logical and cost effective idea. Since they are annuitants, agencies save money by not having to pay for health insurance, the accrual of retirement credits, matches to the Thrift Savings Plan, or any other benefits. There are no training costs, since the employees are already trained and experienced. The employees are known entities, and would not be invited back if they had not proven themselves to be reliable and competent.

Unfortunately, the proposal is seriously flawed. First, it encourages agencies to put off for tomorrow what they need to be doing today. Procrastination about succession planning may be understandable, but it should not be encouraged or incentivized. Eventually, new employees must be hired and trained. There is no good reason why agencies should not plan to have retiring employees assigned to help train their replacements and prepare for the transition to the next generation before they become annuitants.

Another problem with the annuitant solution is its selection process. The rehired annuitants would be beneficiaries of very lucrative dual compensation waivers. The legislative proposals for rehiring annuitants give managers complete discretion to decide which annuitants will be brought back. There is no competitive process proposed, and none is used where dual compensation waivers currently exist. In this context, there is every reason to believe that favoritism and prejudice will govern the selection of annuitants to be rehired. The “hiring” in this context will inevitably violate merit system principles, veterans’ preference, and fairness. It is a recipe for cronyism, and as such, it will serve neither agencies’ nor taxpayers’ interests.

Providing dual compensation waivers in order to rehire annuitants in emergency or extraordinary situations is already commonplace, and we have no objection to this practice. The Office of Personnel Management has an extremely efficient process for approving agency requests for authority to waive dual compensation restrictions in cases where there are positions that have proven exceptionally difficult to fill or where an agency needs the particular

expertise of an annuitant for a project or an assignment. The Department of Homeland Security (DHS) has utilized this process successfully in the past for its Citizenship and Immigration Services division; turnaround time between the agency request and OPM's response has been as fast as two weeks. OPM officials have reported that they always approve agency applications that demonstrate a need to hire an annuitant and provide a dual compensation waiver. Thus, there is no need to expand the rehiring of annuitants into a government-wide program to address the retirement of the baby boom generation.

The members of AFGE have had a uniformly negative response to the prospect of government-wide authority for rehiring annuitants because they understand how it will function to block off opportunities for lateral moves and career advancement. In agencies where rehiring annuitants with dual compensation waivers is common (such as the Department of Defense), active employees feel as though the practice routinely deprives them of opportunity for advancement. Workers who have had their eye on a position may have waited for years for an incumbent to retire, during which time they might have worked to accumulate the skills and the degree necessary to compete for the job. Imagine the disappointment when the retiree returns to the workplace the day after his retirement as a part-time rehired annuitant? The employee knows that the agency can hire two half-time annuitants and save on the cost of benefits rather than open a full-time position to competition, and that is just what happens.

The day of reckoning for hiring the next generation federal workforce cannot be put off indefinitely. Although there will always be annuitants eager to return to part-time work as long as they don't have to sacrifice any of their annuity by doing so, this should not be Congress' answer to the hiring problems facing federal agencies. More than three million Americans have lost their jobs in the last five months (and more than five million lost since December 2007, according to the Bureau of Labor Statistics); many are likely to be interested in federal employment and many would undoubtedly have much to contribute to federal agencies and programs.

Policies to Attract Workers to Federal Employment

Last year, Defense Secretary Robert M. Gates changed the Department's rules regarding answers to "Question 21" in the Questionnaire for National Security Positions, which asks candidates whether they have sought care for mental illness at any time over the past seven years. The new rules allow an applicant to say "no" to that question as long as the care has not been ordered by a court and was "strictly related to adjustments from service in a military combat environment."³ This change is intended not only to encourage military veterans to seek care for various "psychological" wounds of war, but also to encourage them to seek federal civilian employment in the Defense Department and

³ "Military Stressing Veterans' Counseling," by Ann Scott Tyson, *The Washington Post*, May 2, 2008.

elsewhere in the federal government. AFGE applauds this change, as we do not believe that seeking medical care for post-traumatic stress disorder, depression, anxiety, or other conditions should disqualify anyone from federal employment.

The federal government has sent mixed messages over the past several years that may have consequences for hiring in the indefinite future. On the one hand, there has been evidence of a sincere desire to hire a new generation of employees to replace the retiring baby-boomers, the most important of which was the passage of the Federal Workplace Flexibilities Act of 2006. This law enabled agencies to entice both internal job candidates, and candidates who were not yet federal employees, with large bonuses equal to as much as 100% of salary for recruitment, retention, and relocation and promises of help with student loan repayment. But not only has there been no funding so that those flexibilities could be used, the Bush Administration's war with its own workforce on issues ranging from pay to outsourcing to union recognition to politicizing what should be absolutely apolitical government work to refusing to engage in constructive negotiations with employee representatives did considerable damage.

Of all the issues in that long list where the past Administration was at odds with its workforce, its pay policies were the most self-defeating with respect to the government's hiring goals. Politicized pay for performance schemes and below market salaries have hurt both recruitment and retention. For the General Schedule (GS) and the Federal Wage System (FWS), successive administrations have refused to follow the law with regard to market comparability even during periods when the budget was in surplus and the economy was at full employment. And in the past three years, the size of the measured pay gap between federal and non-federal salaries has actually grown according to the Federal Salary Council and the President's Pay Agent. The reason for its growth is in part because full comparability raises have not been implemented, and also because the Salary Council has adopted a more detailed and accurate measure of the gap, one that includes far more actual job matches between the private and federal sectors. The new measurement includes jobs at various supervisory levels, and far more professional and technical jobs. Thus it provides a truer, richer and a more relevant picture of how much federal salaries lag behind those in the private sector. The pay gap cannot be ignored in any discussion over the obstacles to federal hiring.

Although much emphasis is placed upon external candidates for federal jobs, the retention of current employees should also be a priority. Current employees often make the best candidates for federal job openings. The federal government's policies should encourage the employees in whom it has already invested to look for career development possibilities within the government rather than outside it. The hostile federal workforce policies of the Bush Administration had their most deleterious impact on this group. Far too many federal employees reacted to the harshness of the Administration's contracting out and union-busting agenda by leaving as soon as they gained enough experience or skill to

move to a similar or higher position outside – not inside—the federal government. I always encouraged them to stay and fight to make things better, and most did, but the bitterness is a legacy of the Bush Administration that will be felt for years, especially in the area of hiring. I am optimistic that the support for public service shown by both the Obama Administration and the new Congress will help turn this around, but there is much work to be done in this area.

Every time I see or hear an advertisement on radio or television for the military, I wonder why federal agencies are not permitted to do the same thing for civilian federal employment. The commercials for the Army, Navy, and Marines are so compelling, so professionally produced and placed on the air at times when they are likely to have the greatest impact. I have no doubt that these advertisements have contributed greatly to the military's ability to recruit even in a time of war. In contrast, federal agencies are limited to using relatively inexpensive media and placing their on-air advertisements at inauspicious times, with predictable results.

One common theme to almost all of the obstacles to hiring that I have discussed is money. Hiring adequate numbers of federal employees to handle job applications expeditiously costs money. Improving and streamlining the application process itself, with more upfront interviewing, costs money. Funding recruitment and retention bonuses, and student loan repayment programs costs money. Paying federal employees salaries that are comparable to those paid in the private sector costs money. Training current employees so that they will have the skills necessary to move up to the next job being vacated by a retiring federal employee costs money. Producing good advertisements and showing them on television or radio when people are watching and listening costs money.

Fortunately, ending the relentless push to outsource and privatize federal jobs saves money – lots of money. Insourcing human resources jobs saves money. Eschewing hostility toward unions and engaging in constructive negotiations with us saves money. Perhaps these three things alone will save enough to help fund many of the policies that would facilitate hiring.

That concludes my statement. I will be happy to respond to any questions.