



**STATEMENT OF**

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**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 taxpayers. 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.

Committee on Oversight and Government Reform  
Witness Disclosure Requirement – “Truth in Testimony”  
Required by House Rule XI, Clause 2(g)(5)

Name: William R. DOUGAN

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2008. Include the source and amount of each grant or contract.

N/A

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

National Federation of Federal Employees - National President  
Federal Workers Alliance - Chairman

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2008, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

N/A

I certify that the above information is true and correct.

Signature:

William R. Dougan

Date:

05.20.11

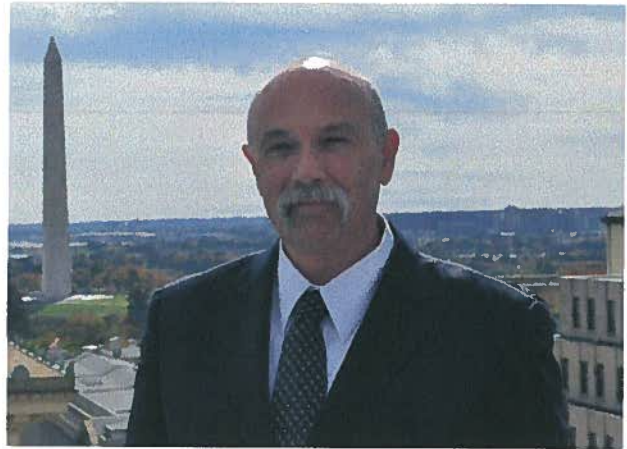


# **WILLIAM R. DOUGAN**

**National President**

**National Federation of Federal Employees**

William R. (Bill) Dougan assumed the office of NFFE National President in July of 2009. A dedicated unionist and 32-year member of the National Federation of Federal Employees, he has served in a number of leadership positions at the Local, Council and National levels.



Throughout his tenure as National President, Dougan has played a key policymaking role in a number of governmental and non-profit forums. As a founder and the elected Chairman of the Federal Workers Alliance, he leads the collective effort of 22 unions representing over 300,000 federal employees in shaping government-wide workforce policy. As an appointed member of the National Council on Federal Labor-Management Relations, Dougan has worked with top administration and agency officials to build strong labor-management forums at federal agencies. Dougan also serves on a number of other federal and non-profit groups, such as the Employee Thrift Advisory Council, the Federal Employee Education and Assistance Fund, and the Federal Advisory Council on Occupational Safety and Health.

Internally, President Dougan has overseen the revitalization of the union's organizing and communications strategies. Under his leadership, these efforts have increased the union's membership. He has committed a great deal of time and resources to rebranding the union through effective communication with current and future members. Promoting a mixed strategy that utilizes traditional and new media, modern promotional materials, and multi-faceted employee outreach, Dougan has expanded the union's voice to new individuals and forums nationwide.

As NFFE National Secretary-Treasurer from 2007-2009, Dougan took innovative measures to get the union's financial house in order, overseeing the cleaning up of the backlog in membership records, and instituting changes to accounting and financial records which vastly improved NFFE's financial health. He also steered the union through the untimely loss of its beloved former President, Richard N. Brown.

Earlier, Dougan served over 4 years as President of NFFE's Forest Service Council, which represents approximately 95 Forest Service Locals with over 30,000 permanent and seasonal bargaining unit members. With a focus on membership growth, training of union officials, and lobbying, the Forest Service Council became the largest in NFFE. Within the halls of the Senate and House, the Forest Service Council became established as a respected advocate for issues important to those it serves. During this time he also served as the union team leader on the negotiations of the Forest Service national master collective bargaining agreement which is often recognized as one of the best in the federal sector.

Dougan began his federal career in 1976 as a temporary employee with the National Park Service. He then worked for the Forest Service as a firefighter and tree planter, and became a permanent employee (and NFFE member) in 1979. He worked as a forester on National Forests in Washington, Oregon, and Alaska. He served as President of Local 454 on the Siuslaw National Forest in Oregon and as President of Local 251 on the Tongass National Forest in Sitka, Alaska. He retired from the Forest Service in 2007 after a 30-year career.

Dougan was born November 20, 1953 in Los Angeles, CA. He is a graduate of Humboldt State University in Arcata, CA with a Bachelor of Science in Forest Management, and has completed graduate studies at Oregon State University, Washington State University, and the University of Washington. He and his wife, Libby, have four sons.

## Affiliations and Associations

- **Federal Advisory Council on Occupational Safety and Health** – Secretary of Labor appointment as member 2010
- **National Council on Federal Labor-Management Relations** – Presidential appointment as member 2010
- **Federal Workers Alliance (FWA)** – elected Chairman 2010 to present
- **Federal Employee Education and Assistance Fund (FEEA)** – vice chairman and member of Executive Board 2009 to present
- **Employee Thrift Advisory Council (ETAC)** – member 2009 to present
- **Federal Salary Council** – member 2009 to 2010
- **Society of American Foresters** – member 1978 to present
- **National Association of Retired and Active Federal Employees (NARFE)** – member 2005 to present
- **American Association of Retired Persons (AARP)** – member 2005 to present