

Testimony
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Committee on Homeland Security and Governmental Affairs
Subcommittee on Regulatory Affairs and Federal Management
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21st Century Ideas for the 20th Century Federal Civil Service

**Statement of
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Chairman Lankford, Ranking Member Heitkamp, and Members of the Senate Homeland Security and Governmental Affairs Subcommittee on Regulatory Affairs and Federal Management:

My name is Patricia Niehaus and I am here today on behalf of the Federal Managers Association (FMA), representing over 200,000 managers, supervisors and executives in the federal government. Thank you for this opportunity to present our views on the management of the federal workforce before the Subcommittee. As federal managers, we are committed to carrying out the mission of our agencies in the most efficient and cost-effective manner while providing necessary services to millions of Americans.

I am the National President of the Federal Managers Association. In my professional life, I am the Chief of Civilian Personnel for Travis Air Force Base in California. I have completed 32 years of federal service in the Department of the Air Force, the last 29 of which were in the human resources field. I began my tenure as a GS-04 Secretary and worked my way up to my present position in the Civilian Personnel Office. During my career, I have spent time in the General Schedule (GS) and the National Security Personnel System (NSPS), and have worked with managers under four separate pay systems – the Federal Wage Grade, GS, the General Manager system, and NSPS. Additionally, I was involved with NSPS as a member of the NSPS Implementation Team for Travis AFB, as a trainer, a pay pool facilitator and as an employee rated under that system. Please note that I am here on my own time and of my own volition representing the views of FMA and do not speak on behalf of the Air Force.

Established in 1913, the Federal Managers Association is the largest and oldest association of managers and supervisors in the federal government. FMA was originally organized to represent the interests of civil service managers and supervisors in the Department of Defense (DOD) and has since branched out to include more than 40 different federal departments and agencies. We are a nonprofit, professional, membership-based organization dedicated to advocating excellence in public service and committed to ensuring an efficient and effective federal government. As managers and stakeholders in the federal government, we appreciate the opportunity to appear before you today at this vital hearing to examine the challenges facing the federal government in the 21st century and to have a robust discussion on ways we can improve on behalf of the American people.

The face of America's workforce in the 21st Century has changed dramatically. The General Schedule was implemented in 1949 – sixty six years ago – and the federal government has dramatically grown and changed since then. The workforce tackles much more diverse issues and functions. While the federal workforce was previously made up primarily of administrative and clerical employees, today's federal government is comprised of experienced professionals performing highly technical jobs that require a strong knowledge and skills base, forged through years of higher education and experience. In his 2015 Presidential Proclamation for Public Service Recognition Week, President Barack Obama noted today's civil servants are "scientists and teachers, social workers and first responders."

The federal civil service no longer reflects the standards today's job seekers expect. FMA supports changes that establish increased flexibilities, accountability and performance results. Below are FMA's views on challenges facing the federal workforce and policy changes that we recommend in order to modernize the federal government in the areas of recruitment and hiring, retention, performance management, termination, and compensation.

RECRUITMENT, HIRING, AND RETENTION

USAJobs

In order to become a member of the federal workforce, most applicants must utilize USAJobs.gov. Currently in its third version, the website, as run by the Office of Personnel Management (OPM), requires applicants to complete an application that is often far more cumbersome and complex than what is expected in the private sector. In November 2011, the House Subcommittee on Federal Workforce, U.S. Postal Service and Labor Policy examined USAJobs and its ability to assist in the hiring process and adequately screen applicants for actual qualifications. In his opening statement, then-Chairman Dennis Ross (R-FL) expressed concern that USAJobs users found the website frustrating and discouraging. At the same hearing, Patrick Manzo, Executive Vice President of Monster Worldwide, Inc., which managed the USAJobs website between the years 2003 and 2011, commented on the challenges federal agencies face in human capital management. He stated, “The federal hiring process is cumbersome and the time to fill mission critical positions is significantly higher than in the private sector. As the Administration noted when embarking on federal hiring reform in May 2010, the complexity of today’s federal hiring process deters many highly qualified individuals from seeking and obtaining jobs in the federal government.”

As I noted, in my professional career I am the Chief of Civilian Personnel for Travis Air Force Base and have spent almost thirty years working in human resources. In my own experience, I have found that USAJobs does not live up to the promises made by OPM. Questionnaires are poorly written and often very confusing for applicants. This dissuades qualified applicants from applying for federal jobs. As many federal agencies and departments are currently under reduced staffing, it is necessary that hindrances are removed to ensure agencies can obtain a fully functioning workforce. We cannot impede ourselves in the initial stages of the hiring process and expect a sustainable federal workforce that can meet the demands of congressionally-mandated missions and goals.

Veterans Preference

FMA regularly hears from its members that the federal hiring system is too complex and time-consuming. Part of that involves agency-specific rules and practices but part of it also involves the complex and confusing federal hiring laws, particularly pertaining to veterans preference. We do not advocate for the reduction of benefits provided to our veterans – in fact, FMA is working with a bipartisan team of legislators in both the House and the Senate on legislation to assist our veterans to enter into federal workforce, as I will discuss later in my testimony.

However, the mishmash of laws and regulations concerning the veterans preference program is burdensome. FMA recommends that these rules and regulations be merged into one consolidated regulation that spells out very clearly the entitlements owed to our veterans. That would not only benefit the hiring officials and their Human Resources Offices, but veterans themselves who would have more coordinated guidance.

Competitive Service Act

In 2010, then-OPM Director John Berry called on Congress to allow agencies to share their lists of best qualified talent as part of a broader piece of legislation aimed at reforming the federal hiring process. Senators Jon Tester (D-MT) and Rob Portman (R-OH) have drafted legislation, the Competitive Service Act, which would allow agencies to review and select job candidates from another agency's "best qualified list" – a list of applicants who have already undergone a competitive assessment process and are certified as eligible for selection by an agency selecting official. Representatives Gerry Connolly (D-VA) and Rob Wittman (R-VA) are working on similar legislation in the House.

As an example, if an agency is looking to hire a Position Classification Specialist (PCS) that agency would be able to access a recent list of best-qualified candidates for a PCS position at any other agency. This tool would expand access to highly qualified candidates across the government and help streamline the hiring process, allowing agencies to recruit and hire top talent more easily. The legislation also requires that an agency provide up to ten days for their own employees to apply for the position and review those applications as part of the process to determine who is best qualified for the position. FMA has endorsed this legislation, along with the Partnership for Public Service.

Recruitment and Retention

After the satisfaction of serving our country, two of the most often cited attractions of civil service – retirement benefits and job security – are under seemingly endless attack. As FMA's National President, I hear how proud the Association's members are to serve their nation. However, it is discouraging to have our jobs constantly maligned and hard earned pay and benefits scrutinized. FMA members comment on how this affects morale, which negatively impacts productivity and the ability to complete congressionally-mandated missions and goals. Additionally, this drives away competent, talented employees, creating a hollow workforce. This is no way to run the federal workforce, and FMA urges Congress to avoid legislative efforts that would hurt retention.

We cannot expect to attract and retain the best and the brightest employees when they see federal employees being attacked left and right by the governing body who should be supporting them. The federal government already faces recruiting challenges. According to statistics from the Partnership for Public Service on federal hiring, in 2014, only 7 percent of new hires to the federal government were under the age of 25, compared to 23 percent in the private sector. With the largest demographic of the federal workforce between the ages of 45-59, it is critical to take steps to ensure a sustainable federal workforce as these workers consider jumping to the private sector or prepare for retirement. Federal employees endured three years of pay freezes and minimal cost-of-living adjustments, sequestration and a shutdown. If Congress continues to consider legislation that reduces benefits and arbitrarily eliminates jobs, it will make civil service the last choice for many young people and will cause many current federal employees to leave civil service.

Further concerning are bills that would make it harder to accomplish our missions by arbitrarily demanding cuts in staffing levels. The Federal Workforce Reduction Through Attrition Act (HR 417) as introduced by Representative Cynthia Lummis (R-WY), calls for agencies to only be allowed to hire one new employee for every three employees who leave federal service. This does not take into account the impact on many of the critical missions of this country. The Social Security Administration (SSA) and Internal Revenue Service (IRS) already face a depleted workforce and are unable to meet their missions. The IRS has lost 13,000 employees since 2010, and the results are stunning: According to IRS Commissioner John Koskinen, who spoke at the National Press Club on March 31, 2015, last year the IRS was only able to answer four out of every ten calls – not to mention a reported loss of \$2 billion in revenue, without reducing missions. Mandating attrition and further reducing the federal workforce will only result in higher costs and more inefficiency.

Separately, the REDUCE Act (HR 340), sponsored by Representative Ken Calvert (R-CA), would eliminate 15 percent of the civilian DOD workforce. The civilian defense workforce is of vital importance. They work alongside the military at home and aboard, protecting the country from threats. Arbitrarily eliminating 15 percent of the workforce without eliminating 15 percent of the mission means more military members will have to work longer hours to compensate for the absence of the civilians who have been supporting the mission of defending our country. When the sequester was implemented in March 2013, DOD called for six days of civilian furloughs. During this time, the Department faced diminished manpower and caused a delay in mission execution. In June 2014, the Government Accountability Office (GAO) issued a report, GAO-14-529, stating that by furloughing over 624,000 civilian employees, DOD saved about \$1 billion. However, the report commented this savings did not account for costs associated with implementing the furloughs and loss of productivity due to lack of human capital. Additionally, the report noted that several DOD officials saw a decline in civilian morale that further impacted ability to accomplish day-to-day goals. Since 1995, DOD has been on GAO's high-risk list for financial management due to the departments' inability to control costs, anticipate future costs, and failure to account for its spending. While these furloughs were only temporary, FMA believes a permanent reduction in the civilian defense federal workforce will only exacerbate this financial crisis.

In addition to discouraging people from a career in public service, federal employees are being driven out of their careers due to Congress viewing their hard earned retirement benefits as a means to combat the nation's deficit. Our current retirement systems all utilize the calculation of retirement annuities based on the highest three consecutive years of earnings. The Government Employee Pension Reform Act (HR 1230) would change that formula to reflect the highest five consecutive years of earnings. It is estimated that this would save the government \$3.1 billion over ten years. That \$3.1 billion would come directly out of the pockets of federal employees who have served their country long enough to earn their retirements, which in most cases means over 30 years. I have heard directly from retirement eligible employees that legislation like this only ensures employees will apply for retirement as soon as possible, if not leave the federal workforce altogether.

Compensation

There are multiple studies that seek to compare federal workforce compensation with that in the private sector. Too often, pay comparisons within the public and private sectors miss the mark because they do not compare positions to like positions. According to a 2014 GAO report, GAO-14-215, the federal government more regularly employs those with specialized knowledge and higher levels of

education than the private sector. An accurate comparison cannot be made between a Registered Nurse at a Veterans Administration Hospital to someone performing manual labor at a nursing home. It is essential that any comparison and study of compensation ensure that skill levels, education and job duties are truly comparable.

It is also important to discuss the harmful effect of proposals such as the PAID for Progress Act (H.R. 1137), introduced by Representative Tom Rice (R-SC), which would require an 8.7 percent pay cut for every federal employee who makes more than \$100,000. Arbitrary, blanket attacks such as these drive people away from the federal workforce and further destroy recruitment and retention. This bill would impact employees across the country at the grades of GS-13 and above and in a few high cost areas, at GS-12 and above. These are the senior leaders in various locations across the country. They usually have many years of service, having progressed through the ranks, and have amassed an incredible amount of experience and expertise. Most managers and employees in GS-13, GS-14, and GS-15 positions could easily move to the private sector and get a significant increase in salary. Choosing an arbitrary cut off point for salaries earned over many years of service will only decrease the ability of the government to recruit and retain senior managers.

PERFORMANCE MANAGEMENT, TERMINATION, AND FMA RECOMMENDATIONS FOR MODERNIZATION

The federal workforce is in the midst of a human capital crisis. Exacerbated by attacks on pay and benefits; budgetary restraints caused by sequestration; a partial government shutdown that kept hard working men and women away from their duties; and, an increase in retirement eligible employees, federal managers face the pressure of ensuring a fully functional federal government. Not only do managers need to be trained and capable, but there must be a proper mix of managers, rank-and-file employees, and senior executives to fulfill each agency's mission. Achieving department and agency daily goals and congressionally-mandated duties require all members of the federal workforce to be fully engaged. Federal managers are in a unique position to lead from the top down to encourage going above and beyond the call of duty that promotes efficiency and effectiveness throughout the federal government, best utilizing taxpayers' money.

FMA makes the following recommendations based on our belief that providing talented managers with fair benefits and compensation, as well as the authority and flexibility to make tough decisions, is the key to managing a successful and strong civil service.

Pay for Performance

Pay-for-performance is a system that businesses in the private sector have utilized successfully for a long time. FMA believes the GS should be utilized as a stepping stone to create a more evolved system that focuses on pay-for-performance and reflect the needs of the present federal workforce. While the common denominator of all departments and agencies is providing exceptional service to the American people, the federal government is made up of the equivalent of many different businesses and industries. Departments and agencies must have maximum flexibility and ability to compete with the private sector to attract the best and the brightest men and women to answer the call of public service.

Transparency, fairness, and objectivity need to be core elements that comprise any personnel system. FMA urges a departure from the rigid approach of the current GS, to a classification and pay system that reflects the diverse missions of agencies across the federal government. The current GS system of classification and pay setting should be revised to more easily accommodate changing missions. The system would function more efficiently by allowing flexibility to significantly change positions, as needed to accomplish the mission of the agency.

The current system promotes a workforce based on longevity rather than performance. The highest performing employees should be rewarded with the highest rates of pay; those employees who fall below the curve in terms of overall performance should not be rewarded at the same level. Where is the incentive in performing better than your colleagues when little is done to recognize additional efforts?

Based on feedback from FMA members indicating the lack of distinguishing performance among employees serves as a de-motivator, it is time to change to a tiered system to rank employees which removes the “human factor” to the greatest extent possible. Looking back at NSPS, employees were too concerned with their number rating rather than the verbal feedback from their managers, and more education was needed so that a “3” (average or acceptable performance) was not viewed as a bad thing. It is imperative to take appropriate steps to ensure cronyism and favoritism are removed from the process to the greatest extent possible.

Under NSPS, an employee’s pay raise, promotion, demotion or dismissal was much less inhibited than current rules permit. FMA supports the premise of holding federal employees accountable for performing their jobs effectively and efficiently and rewarding them accordingly. More specifically, removal of pass/fail performance rating systems that do not allow for meaningful distinction among levels of performance is a step in the right direction. FMA also believes the current GS system of classification should be revised to more easily accommodate changing missions. The system would function more effectively and efficiently by allowing flexibility to significantly change a position without reclassifying, as needed to accomplish the mission of the agency.

NSPS did away with traditional time in grade requirements. Under the GS, an employee may start out as a GS-5 but demonstrate the skills and abilities to work at a higher grade. Because of the current time in grade requirements, that employee must wait at least a year before being promoted to the next higher grade, then another year before progressing onward in his or her career. The model of evaluation under NSPS, where employees were evaluated and paid based on the job they were performing and capable of, makes more sense and would encourage recruitment and retention of the federal workforce. I know of many instances at DOD where highly qualified employees accept lower-graded jobs to enter the system but are discouraged from staying in the federal workforce because of the arbitrary time in grade requirements. The federal government stands to lose many talented employees because of this.

If Congress considers making changes to the GS or develops a new pay system or performance review method, we recommend the following be included in any effort:

- maintenance of current benefits for active and retired employees;

- no loss of pay or position for any current employee solely as a result of the implementation of the new system(s);
- merit principles preventing prohibited personnel practices as well as an adherence to current whistleblower protections and honoring and promoting veterans' preference;
- continued use of the Merit Systems Protection Board (MSPB), an independent appeals process for disciplined or terminated employees;
- adequate funding of "performance funds" for managers to appropriately reward employees based on performance;
- development of a performance rating system that reflects the mission of the agency, the overall goals of the agency, and the individual goals of the employee, while removing as much bias from the review process as possible;
- a transparent process that holds both the employee being reviewed and the manager making the decision accountable for performance as well as pay linked to that performance; and,
- a well-conceived, ongoing and mandatory training program that includes skills training and is funded properly and reviewed by an independent body (we recommend the Government Accountability Office as an auditor) which clearly lays out the expectations and guidelines for both managers and employees regarding the performance appraisal process.

A shift in the culture of any organization cannot occur without an interactive, ongoing training process that brings together the managers responsible for implementing the personnel system and the employees they supervise. Implementation trumps design as the biggest factor in a system's ultimate success or failure. With the upheaval any major change brings to a new pay for performance system, it is necessary to remain committed to the change long enough to let it work.

Termination

Recently, allegations of misconduct plagued the federal workforce and scandals erupted in several federal departments and agencies. This behavior does not reflect the federal workforce as a whole, and FMA has long argued the need to better address poor performers. Misconduct must be punished, but it should not be easy to fire an employee. It is necessary to have protections and due process in place to prevent members of the civil service from being terminated on a whim or in response to outside pressures. The mission of the MSPB is to protect the merit system and ensure the federal workforce is capable of providing excellent service to the American public. FMA's concern lies not with the MSPB process, but with many agency attorneys who practice risk avoidance rather than risk management when it comes to problem employees.

Managers should continue to be required to provide justification and evidence to support disciplinary and performance actions taken against employees. We have an obligation to ensure that we are terminating employees for the right reasons – unacceptable conduct or performance that cannot be corrected any other way.

The current MSPB system, as written in the statute, is not broken. MSPB generally makes decisions promptly, and the employee is unpaid during that part of the process. It simply is not being used as it was written. The statute only requires a minimum 30 day notice period from the date the proposal to remove or demote is issued to the employee, to the effective date of action. That is not an

unreasonable period of time to decide whether or not to terminate an individual's employment. While disciplinary actions should not be taken based on suspicions or assumptions without supporting evidence, it certainly should not take two years to complete an investigation and determine whether or not there is sufficient evidence to remove a federal employee.

Performance cases generally do take longer than disciplinary ones. The reason for that is the requirement under 5 CFR 432 to provide the employee with an opportunity to improve. In many agencies, there is a practice of allowing at least 90 days of supervision before an employee is appraised and it logically follows that this is often the minimum period to allow employees to demonstrate they have improved to an acceptable level of performance. This is faster and less costly than recruiting for a replacement if the employee is able to improve. Once the improvement period is completed and the employee is determined not to have improved his or her performance to an acceptable level, the same notice requirement applies to the performance action as to disciplinary actions.

FMA urges Congress to exercise caution when considering any changes to the current system. Further limiting the number of days to process an action may result in findings of legal insufficiency and no action being taken, rather than taking time to resolve any documentary issues.

We do, however, believe that changes could be made regarding the use of administrative leave. In recent years, there have been instances of inappropriate uses of administrative leave, such as the National Archives Inspector General who retired last year after an investigation into allegations of misconduct dragged on for more than two years. To prevent similar abuses in the future, FMA recommends that the length of time agencies and agency attorneys take to prepare a case when an employee is under investigation be truncated. A time limit for completing investigations and shortening the use of administrative leave would save the government money and would give certainty to the employee.

Managers need to have time to manage, instead of being technicians. Management should be a profession in the federal government, rather than an additional duty. First level supervisors and managers need access to training programs that are sufficiently funded. Investments must be made in training in areas such as addressing poor performing employees appropriately, enhancing mentoring skills, and conducting accurate performance appraisals, in order to recognize problems early and deal with them appropriately at the lowest possible level.

Training

Current law requires agencies to establish training programs for managers on topics including: addressing poor performing employees, mentoring, and conducting accurate performance appraisals. However, there is no accountability to ensure managers participate, and during times of strained budgets, training is often viewed as a secondary expense and is typically the first program to meet the chopping block when cuts are made.

Many employees are promoted to management roles based on their technical skills rather than their ability to lead, especially under the GS system where pay is based on promotion through the various levels and steps. Therefore, it is not surprising that many employees note their supervisors' managerial skills lag behind their technical skills. An agency's ability to meet its mission directly correlates to the

quality of workforce management. There is a clear need for training if a manager is to be fully successful. If an agency promotes an individual to managerial status based on technical prowess but then fails to develop the individual's supervisory skills, that agency severely jeopardizes its capability to deliver the level of service the American public expects and does a disservice to both the manager and to the employees supervised by that inadequately developed manager.

The development of managerial skills is one of the greatest investments an agency can make, both in terms of productivity gains and the retention of valuable employees. This cannot be done solely by looking at a computer screen. A supervisor's ability to effectively monitor his or her workforce while resolving internal conflicts is instrumental in forming an appealing work environment. Whether serving as a mediator between upper-level managers and their staff or clearly defining organizational goals, well-trained federal managers serve a vital role in the continuity of operations on a day-to-day basis and are an essential component in ensuring the federal government retains a workforce that espouses a strong work ethic and commitment to the nation's wellbeing.

Management training can no longer be viewed as an expendable program. For federal agencies to remain competitive, effective and efficient, these programs need to be made mandatory. By establishing a mandatory initial training program and ongoing training series, the entire workforce benefits from enhanced supervision and improved leadership. Funding these programs in the appropriations process is essential to preventing training dollars from being cut when budgets are tight. Properly trained managers will also lead to fewer employee grievances, both formal and informal. When managers are properly trained to do the job for which they have been hired, everyone wins.

FMA calls for the introduction of legislation that requires agencies to provide interactive, instructor-based training on management topics ranging from mentorship and career development to hostile work environments and poor performers. After the initial supervisory training, which would take place within one year of promotion, supervisors would be required to receive ongoing training once every three years thereafter. In addition, the measure should include an accountability provision to establish competency standards to ensure the training is effective.

Probationary Period

Initial and supervisory probation periods were originally intended to be an extension of the hiring process. Probation is a time to evaluate the employee or manager and determine whether they are suited, not just for the initial position, but also for federal service. Some career fields are so complex that it takes more than one year to properly train an entry-level employee. FMA advocates that extending the probationary period to one year after completion of all necessary training would benefit the government and the employees by allowing supervisors to make decisions based on the employee's performance as a fully trained employee – not just guess at how the employee will perform after the training is completed.

Many federal agencies employ labor forces requiring specialized, technical skills to carry out their duties. New employees must often master broad and complex procedures and policies to meet their agencies' missions, necessitating several months of formal training followed by long periods of on-the-job instruction. To ensure each manager and supervisor oversees a workforce that exhibits the abilities

required to execute its objectives, lawmakers must afford federal agencies the latitude to extend the probationary period beyond the current length of only one year.

In occupations where training takes substantial time, supervisors may only have a few months of work on which to judge employees' performance. A supervisor may have insufficient time to properly evaluate whether a new hire will be able to learn and apply the skills needed to perform the job with only a one-year probationary period. Many times, an employee will do well in formal training, but struggle once they start doing the actual work. With a one year probationary period, there is a very small window of time, if any, in which to: identify performance issues; counsel the employee; allow the employee the opportunity to improve; and, take appropriate action to terminate the employee during the probationary period.

Not only does this affect managers, but this also puts an unfair burden on the employee. These jobs are difficult and complex and it takes some people additional time to learn the job. Managers are placed in the difficult position of having to decide whether or not to keep employees when they may not have had sufficient time to evaluate them. There is an incentive to dismiss the employee prior to the expiration of the one-year window even though the employee may not have had sufficient time to show that they could master the job.

The power to amend the probationary period regulation, 5 CFR 315.801-.806, lies with the Office of Personnel Management as the statutory basis is 5 USC 3321, which simply calls for a probationary period. Even if it were extended, Chapter 75 of Title 5 extends full appeal rights to any employee who has completed one year of service. As the GAO notes in the introduction to GAO-05-812R, "the critical feature of dealing with poor performance during the probationary period is the limitation on appeal rights." Therefore, in addition to changing the probationary period, it is crucial to extend the statutory limitation on appeal rights to two years.

The extension of the probationary period is supported by a 2015 GAO report, GAO-15-191. Chief Human Capital Officers (CHCO) commented to GAO that often supervisors within federal departments and agencies are not given sufficient time to accurately review performance before the probationary period is complete. FMA members have seen this, especially members in the SSA and IRS, where the training period is longer than a year. CHCOs recommended to the GAO an extension of the probationary period in order to accurately assess an employee's abilities in the federal workforce. The current economic environment requires agencies to take on greater responsibility while receiving fewer resources, and it is critical that members of the federal workforce prove they are up to the challenge of serving the interests of the American public.

Wounded Warrior Federal Leave Act

On March 4, 2015, the full Senate Homeland Security and Governmental Affairs Committee unanimously passed the Wounded Warriors Federal Leave Act (S. 242), which would provide 104 hours of sick leave up front to first year federal employees who qualify under the Department of Veterans Affairs (VA) as thirty percent or more disabled due to a service-related disability. The bill, introduced by Senators Jon Tester (D-MT), and Jerry Moran (R-KS), would provide necessary leave to attend medically necessary appointments for service-related injuries without exhausting both sick and annual

leave. FMA is proud to have originated this initiative, which would provide vital leave the nation's wounded warriors need to address their disabilities, while continuing to meet their duties on the job.

The federal workforce is the largest employer of military veterans. Unfortunately, many of these dedicated men and women who continue their service to their country within the federal workforce after their military career, may suffer from chronic and life-changing service-related injuries. As a first year federal employee starting with a zero-sum balance of sick leave, these brave men and women often find themselves struggling between available leave and attending medically necessary VA appointments. S. 242 would ensure those who qualify as thirty percent disabled or greater by the VA will receive 104 hours of sick leave to be used their first twelve months of federal service for needed medical attention. As these disabled veterans served their country on and off the battlefield, it is only right that the federal government provide this much needed leave.

FMA is grateful to the full Homeland Security and Governmental Affairs Committee for supporting this effort in March, and we look forward to S. 242 advancing through the Senate. The Wounded Warriors Federal Leave Act will ensure that federal agencies and departments' missions and goals will be met while providing our disabled veteran first-year federal employees with the treatment they deserve.

Federal Human Resources Workforce

The Federal Human Resources (HR) workforce has been decimated by a loss of positions. Consolidation across the HR field has resulted in many partially trained people doing small pieces of the job without the ability to see the big picture and, all too often, from a remote location where they have no contact with the employees they service.

This is frustrating for both the HR Specialist and for the employees. As strange as it may seem, there are still federal employees who are not computer literate and who need extra assistance. The push to consolidate HR into massive centers eliminates the human factor. Much of the expertise in this career field is being lost to retirement. Returning human resource functions to the installations they service would ensure that employees are able to have face-to-face time with an HR Specialist when making life-changing decisions. It will also provide managers with another tool in their tool box to use in managing their employees and accomplishing their mission. This is a common sense improvement the federal government should take to improve the efficiency of the workforce and thereby increase its cost effectiveness and stewardship of taxpayer dollars.

Psychological Fitness

An issue that troubles many of our members that warrants a closer examination revolves around psychological fitness for duty requirements. Currently, most positions in the federal government do not allow supervisors to require a fitness exam, or a series of exams when an employee behaves in a bizarre or alarming manner. Mental health issues are not usually possible to diagnose in one visit, and most mental health professionals would incur a significant liability by doing so.

Regrettably, the ramifications of untreated mental illness are all too often devastating. This is both a morale and retention issue for surrounding employees and coworkers, and poses valid safety

concerns in the workplace. Managers should be able to tell coworkers that they have evaluated potential situations and that there are no threats. However, under current privacy laws and an inability to direct a psychological evaluation, managers are unable to say anything at all, leaving dysfunctional and potentially dangerous conditions in the workplace.

Enhanced Security Clearance Act

In the 113th Congress, a bipartisan group of Senators led by Susan Collins (R-ME) and Claire McCaskill (D-MO) sponsored the Enhanced Security Clearance Act (S. 1618) which would have eliminated current gaps in the security clearance process that covers all federal employees and contractors. FMA endorsed this legislation as it is an unobtrusive, automated cross check that makes sure both federal employees and contractors are self-reporting information that might affect their security clearance status – information they are already legally required to report.

The legislation would require a search of public records and databases at least twice every five years to look for any criminal or civil legal proceedings, financial information by covered individuals, or any other information that suggests ill intent or vulnerability to blackmail. Currently, there are often large time gaps between reinvestigations – up to fifteen years – and there is no mechanism for random security checks.

FMA views Senators Collins and McCaskill's legislation as a reasonable effort to enhance security and alleviate a burden on managers who are trying to maintain a safe workplace. We understand the bill could not prevent every tragedy like the shooter at the Navy Yard or the Edward Snowden leaks – both of whom had security clearances – but it would eliminate a clear gap in the process. FMA recommends that the current Senate consider similar legislation in the 114th Congress.

Succession Planning

Retirement applications will continue to increase over the next several years, with a recent Government Accountability Office report projecting more than a third of career federal employees will be eligible for collecting their end-of-career benefits by September 2017. However, at agencies such as Commerce, Housing and Urban Development, Labor, and Treasury, more than 30 percent of employees are eligible for retirement while 58 percent of Senior Executives Service and 45 percent of GS-15s will be eligible, putting the federal government at a leadership deficit. Given this forecast, preparation for the mass exodus of talent is critical to the stability of human capital operations in the public sector. There is a large gap of mid-career federal employees prepared for senior leadership roles. It is necessary for all federal agencies and departments to fully address strategic human capital management in order to defend against the loss of institutional knowledge and the failure to identify and prepare mid-career federal employees to assume senior leadership positions.

Failing to prepare with succession planning will have a negative impact on the continuity of operations within federal departments and intelligence communities, hinder counterterrorism efforts, cause a deterioration of service to the public, increase overall federal workforce costs, and compromise national security. Agencies largely turn to contractors to fill knowledge gaps when key federal personnel leave an agency.

To ensure that agencies effectively meet their missions, FMA encourages agencies to follow a two-pronged approach to integrate succession planning into its strategic plan. First, agencies should develop replacement strategies and identify staffing needs to project and plan for key losses. Secondly, agencies should invest in critical leadership training earlier in a high performer's career, at the GS-9 level. A commitment to and focus on succession planning will reduce end costs for agencies while increasing the efficiency of the federal government.

Telework

While agencies should devote significant time to the development of recruitment strategies, it is imperative that current federal employees also receive incentives to remain within government and their respective agencies. To this end, it is critical that the federal government adapt to take advantage of many workforce flexibilities created by advancements in technology. Of note is the expansion of telework opportunities.

While managers are often blamed for impeding implementation of telework among their employees, this could be remedied with managerial training on how to supervise teleworkers. Online training can supplement in-person training, but cannot be a substitute. This would go a long way toward easing concerns of managers and create a fair and transparent situation for both the manager and employee. Too often, frontline managers are left to their own devices to discover the best ways to implement telework. This can rightly be interpreted by employees as a disjointed and unfair application of expectations. Education for employees concerning telework is also critical to a successful program.

Given the flexibilities that technology allows us, and the ever increasing traffic on our roads, telework is inevitable. Government must invest in its managers so that they are empowered to confidently and fairly administer a telework program that seamlessly meshes with the ongoing work of all employees with the overriding goal of accomplishing agency missions.

Performance Rewards Available Under the GS System

Several provisions are currently in place under the GS system that allow managers and supervisors to reward employees' performance. I would like to discuss some of them, but I must point out that the application of these tools has been sparse throughout federal government and across agencies. To reward employees that go above and beyond the call of duty, managers can reward employees with Sustained Superior Performance (SSP) Awards, which vary in amount, and Quality Step Increases (QSI), which are generally approximately three percent of the employee's salary. Managers can also distribute small cash bonuses, usually between \$25 and \$250, for marked accomplishments. Some agencies also employ a Special Act or Service Award. This is a cash award given to recognize a meritorious personal effort, act, service, scientific or other achievement accomplished within or outside assigned job responsibilities and can be up to \$25,000.

There are also non-monetary awards available that recognize employees' accomplishments while assisting agencies and departments combat financial restraints. Employees can be granted a Time Off Award of up to 40 hours per achievement. Time Off Awards are capped at 80 hours of time off during a leave year without a charge to leave or loss of pay as an award for achievements or performance contributing to an agency's mission. Other non-monetary awards include medals, certificates, plaques,

trophies, and other tangible incentives that have an award or honor connotation. These can be especially helpful if the employee receiving the award understands agency leadership is aware of his/her contributions.

As you can see, there are rewards available to high-performing employees that distinguish their performance. However, the resources available to managers and supervisors to reward those employees are limited, particularly in these difficult economic times. The budget process for awards is normally based on a small percentage of the aggregate base payroll. Last year it was less than one percent for many agencies. Therefore the total dollars available are insufficient. Additionally, the process for awarding employees is extremely cumbersome and many managers do not have the time to accurately identify performance and reward it appropriately. Many managers are also unaware that these incentives even exist.

Federal agencies have broad statutory authority to design and implement a variety of incentive programs to meet their specific needs, and managers throughout the federal government have effectively used different methods of performance awards to motivate and reward the workforce. In order for these awards to be used effectively, managers must have support from top agency leadership. When combined, these tools provide a powerful incentive for federal employees to remain in public service, and further expansion in the future will be necessary to continue to compete with the private sector.

CONCLUSION

The federal civil service should be the model employer that other employers want to emulate. We should be such an attractive employer that we have young people lining up to compete for positions as their first choices instead of looking elsewhere. This hearing is an important step toward determining what Congress can and should do to restore the faith in the men and women who make up the federal workforce and ensure that missions are met as efficiently and effectively as possible.

Thank you for the opportunity to share some of FMA's views with the Subcommittee on how we can modernize the federal government for the 21st Century. I am happy to answer any questions you may have.