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Statement of  
William J. Valdez, on behalf of  
Senior Executives Association (SEA)  
Before the  
House Committee on Oversight and Government Reform  
Hearing on  
Workforce for the 21<sup>st</sup> Century: Analyzing the President's Management Agenda  
Wednesday, May 16, 2018

Mr. Chairman and Members of the Committee, I am honored to represent the views of the Senior Executives Association (SEA), a nonprofit, nonpartisan professional association representing current and former members of the career Senior Executive Service (SES), their equivalents, and rising career Federal leaders.

SEA is strongly supportive of the President's Management Agenda (PMA) because we believe it provides an opportunity to have a thoughtful and constructive discussion about modernizing the 1978 Civil Service Reform Act to build a 21<sup>st</sup> Century Federal workforce, by recognizing the need to focus on core government management challenges in a systematic fashion over an extended period of time.

This effort will be a marathon that requires constant attention from not only this and future Administrations, but also Congress, the stakeholder community and American taxpayers. As evidenced by the fact we have discussed civil service reform for over 30 years, these efforts are critical and difficult. No less than the Federal government's ability to effectively and efficiently execute upon its most foundational constitutional responsibilities for the public rests in the balance. This is a historic opportunity we must come together to seize.

### **Perspective on the President's Management Agenda:**

The PMA, in our view, frames this issue in a compelling way. On the very first page, the PMA correctly states that the decline in public trust in government can be directly linked to public perceptions about the effectiveness of the Federal workforce. After all, the vital goods and services that the Federal government delivers to the American public aren't provided by robots or computers, they are delivered by dedicated civil servants. If those civil servants are not perceived as effective stewards of the taxpayer's dollars, then we can expect that a negative perception of the workforce will result.

The monumental task of Federal workforce modernization cannot be a partisan activity, nor can it be accomplished by assaulting the very civil servants who are meant to execute changes. It will be imperative for the Administration and Congress to thoughtfully address the input of the stakeholder community, including from Federal employee representatives, for this effort to be successful. Likewise, the Federal community must recognize that American taxpayers are clamoring for change in their government and be ready to work towards shared objectives. Ensuring that the American people have a great government and a 21<sup>st</sup> Century Federal workforce should not be a partisan endeavor.

The PMA's workforce Cross-Agency Priority (CAP) Goal cannot be considered in a vacuum. Its interrelation to other CAP Goals, including the other two overarching goals of IT modernization and data, customer experience, shared services, burden reduction, and security clearances all dovetail together. The ability of CAP goal leaders to coordinate effectively across these issues while also driving engagement down into agency career leaders will be important area to keep attention on.

Sharing quality services, another CAP Goal, can only go so far without increased standardization in the human capital space in the Federal government. OPM's HR Line of Business has created the [Human Capital Business Reference Model](#) (HCBRM), but has yet to release much of its details publicly. How can agencies or industry drive towards standards if they are not released publicly? How can we debate civil service modernization without the benefit of a complete taxonomic analysis of Title 5 and the Code of Federal Regulations? Once that is in hand, how do we begin to start making sense of the over 100 white collar pay systems in the Federal government, including the many outside Title 5? We need a whole lot

more information to ensure decisions being made around PMA implementation consider system-wide ripple effects.

I am convinced that the vast majority of civil servants are effective stewards of taxpayer dollars. I know this because I worked alongside them for 20 years. I also know this because U.S. taxpayers routinely see the results of their dedication through our secure homeland, the routine delivery of Social Security checks and the mail, and improvements to overall quality of life in terms of advances in economic productivity, health care, and science and technology.

If this is true, why then have public perceptions of the performance of civil servants declined? I believe the answer lies in structural deficiencies in the 1978 Civil Service Reform Act that must be corrected.

Let me be clear. The 1978 CSRA has served our Nation well, but it is long past time to bring the CSRA into the modern era. The CSRA was passed four decades ago when the Internet was the stuff of science fiction, oil embargoes threatened our national security, and the Cold War was in full bloom. Today, the Internet of Things is transforming our society and our economy, oil is plentiful, and international terrorism has replaced the Cold War as our premier national security threat.

Put simply, the CSRA has not kept pace with these tectonic shifts in our society. Decades of haphazard tinkering and ill-conceived patches have created a Frankenstein monster of a workforce regime that hinders the ability of civil servants to deliver optimal value to taxpayers. OPM Director Pon has advocated for the comprehensive systematic modernization to address latent flaws in the CSRA that must be remedied. I completely agree and believe that those flaws fall into four major buckets:

1. Performance Accountability Systems Are Antiquated.

The PMA rightfully identifies the government's current personnel system as a relic of a bygone era, while simultaneously stating that [merit system principles](#) should remain at the core of America's nonpartisan professional civil service. These dual statements should remain at the center of debate around civil service modernization.

Prior to the CSRA, the Civil Service Commission was the one-stop-shop that ensured that civil service merit principles were upheld and that civil servants had an avenue of appeal when those principles were violated.

The CSRA, however, created the Merit Systems Protection Board (MSPB), the Office of Special Counsel (OSC), the Federal Labor Relations Authority (FLRA), the Federal sector Equal Employment Opportunity Commission (EEOC) and encouraged collective bargaining agreements that provided union grievance processes. In addition, the 1978 Inspector General Act created yet another avenue of appeal for employees seeking redress. All of these forums have their purpose, but the unintended consequence is a performance management system that enables poor performers to forum shop and delay the adjudication of their cases.

The Federal personnel system is designed more to ensure one does not hire their brother-in-law than it does to ensure an agency has the right person working in the right job at the right time. We must peel back the statutory and regulatory barriers that impede hiring and workforce management that focuses

efforts more on compliance rather than outcomes. We must cultivate and trust our modern civil service professionals, lest we constantly try to reform bureaucrats molded by approaches of yesteryear.

We need to return to basics. There are two reasons why an employee can be dismissed from Federal service: misconduct and poor performance. The multiple forums open to Federal employees encourages forum shopping by poor performers who seek to delay and obfuscate. We need to update the CSRA to provide an expedited forum for performance issues and let the other forums be used for their original purposes. SEA has solutions in mind and we would welcome working with Congress to resolve this issue.

## 2. Hiring and Retention Practices Have Become Ossified.

When I was looking for work in 1978, I went to the classified pages of my local newspaper. I had a paper resume and if I was really on the ball, I would go door knocking at potential places of employment to see if jobs were available. As a result, all of the leverage was on the side of the employer because of an information deficit.

Today, job seekers are much nimbler and empowered. They can research on the Internet for jobs, their social networking through LinkedIn and Facebook lets them know if an employer is worth pursuing, and they are searching for employers who suit their lifestyles. In other words, the leverage has shifted during the past 40 years from the employer to the employee when it comes to hiring and retention.

We have a hiring and retention system that is mired in 20<sup>th</sup> Century practices. It is not nimble, it is not effective and we are losing the talent war as a result. We need to completely rethink the General Schedule, classification system, how we incentive high performance, and create a work environment that is aligned with the needs of this current generation of workers.

## 3. Training and Development Programs Are Ineffective.

Training and development programs were an afterthought when the CSRA was created. There is little mention of training in the CSRA and employee development was a revolutionary concept being debated in the human resources community. During the 40 years since the CSRA was passed, the private sector has realized that employee engagement and retention are directly linked to training and development programs, but the Federal government has not yet caught up, in part because of the absence of legislation requiring effective training and development programs and concurrent budgetary authority to support those programs.

Why is legislation needed? Two reasons.

First, it is a tired, but true, axiom that when budgets get tight, the first things that go are training and development programs. Unless training and development are mandated by legislation, agencies and OMB are under no pressure to do the right thing and provide the developmental programs that will keep civil servants at the cutting edge of new requirements.

Second, the lines have been blurred between training and development. The few training dollars available to agencies are used for mandatory training such as ethics or safety training, which is important, but not

sufficient for our 21<sup>st</sup> Century workforce. Development programs focused on creating the next generation of future leaders do not have necessary funding.

SEA strongly advocates for improved methods by which Federal agencies make decisions around employee advancement that puts a stronger emphasis on leadership as opposed to technical acumen. Research SEA published with Deloitte in 2017 found that only one third of Federal executives feel leadership capability is a core consideration for advancement decisions.<sup>1</sup> This directly bears on employee engagement and productivity. Recent MSPB research offers fantastic recommendations on ways to enhance the merit system principles within the Federal environment, including a focus on leader selection and ongoing [training and development](#)<sup>2</sup>.

The 1978 Inspector General Act, as amended, could provide a template for Congress to remedy this problem. The IG Act requires agencies to submit a training budget for IGs that is managed by the Council of Inspectors General on Integrity and Effectiveness, known as CIGIE. As a result, the IG community has a vibrant and progressive training and development program that could serve as a model for the rest of government.

#### 4. The CSRA Has Exacerbated the Career/Political Divide.

The CSRA created the Senior Executive Service and intended for the SES to be the bridge between Administrations and to serve as expert advisors as Administrations pursued their agendas. The CSRA also mandated that 90% of SES slots be reserved for career SES and 10% for limited-term non-career SES positions. Today, most of those non-career positions are filled by political appointees.

This framework for the SES has had two unintended consequences.

First, political SES increasingly are occupying operational positions in government that were previously filled by career SES. These positions include CFOs, CHCOs, and principal deputies. As a result of this approach, political rarely come into office with the knowledge required to manage these highly technical programs and when they leave there is a leadership vacuum that stops government in its tracks.

Second, career SES have indicated in surveys we have conducted that they believe they are being increasingly excluded from decision making. This has been a 20-year trend that transcends Administrations and what it means is that political leadership doesn't take advantage of the institutional knowledge of career SES. Paul Light, a NYU professor, analyzed the results of more than 40 failures of government and he pinpointed faulty leadership decisions as the key reason for those failures.<sup>3</sup>

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<sup>1</sup> Senior Executives Association and Deloitte. (2017). State of Federal Career Senior Leadership. <https://seniorexecs.org/989-survey-of-Federal-government-executives>.

<sup>2</sup> Merit Systems Protection Board. (2016). The Merit System Principles: Guiding the Fair and Effective Management of the Federal Workforce. Washington, DC. <https://www.mspb.gov/mspbsearch/viewdocs.aspx?docnumber=1340293&version=1345596&application=ACROBAT>.

<sup>3</sup> Paul C. Light. (2014). A Cascade of Failures: Why Government Fails, and How to Stop It. Washington, DC. <https://www.brookings.edu/research/a-cascade-of-failures-why-government-fails-and-how-to-stop-it/>.

SEA strongly believes that if we properly align career and political leadership roles, those failures could be mitigated.

We've learned from past PMA efforts that a handful of officials at OMB, OPM, and GSA can only do so much. That the Administration has tapped both political CAP goal leads as well as career officials as implementation leads reflects improvements over past PMA efforts, because the inclusion of career accountable officials ensures meaningful modernization can continue moving forward over time regardless of changes in political leadership.

To this end, Congress should consider addressing the current situation in which political appointees increasingly hold CXO management roles that can be difficult to best execute absent firm knowledge of government's nuances. President Trump himself has complained that too many appointee roles exist in government and the bureaucracy is too heavily layered.

Director Pon recently issued a memo to agency heads ensuring they appointed CHCOs consistent with its authorizing law. Yet that law was written in 2002, and is showing some age. Specifically, much like Clinger-Cohen created the CIO, CHCOs do not have the requisite authority over all agency personnel policy, systems and decisions. The CHCO Act should be strengthened with FITARA-like legislation, empowering the CHCO with the ability to drive personnel management efficiencies through standardized approaches and practices.<sup>4</sup>

CHCOs should be empowered as leaders who ensure agency strategic human capital plans are aligned to agency strategic plans and Administration priorities. OPM should be a central policy setting office that provides expert analysis and advice to agencies. Training and development programs supported by protected budgets can ensure an agency's workforce constantly learns and is able to stay current with best practices and knowledge.

### **Moving Toward Civil Service Modernization**

For any solutions pursued by or for Federal leaders to be most effective, Congress will need to play a role in fostering an environment that is conducive to good management. Two areas in particular call for attention. The first is chronic budget uncertainty. The second is the treatment and respect afforded to Federal public servants.

According to the Congressional Research Service (CRS), in only four years since 1977 has Congress passed all appropriations bills on time.<sup>5</sup> The resulting reliance on continuing resolutions (CRs), is relevant to a discussion regarding the efficiency and effectiveness of the Federal workforce because, according to a GAO analysis,<sup>6</sup> budget uncertainty negatively effects agency operations, hinders planning and investment, and results in suboptimal allocations of resources.

At a time of ballooning national deficit when Congress is attempting to curtail wasteful government spending, a goal SEA lauds, the act of relying on CRs in-and-of-itself is creating waste. Because of the

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<sup>4</sup> Neal, Jeff. (2018, April 26). What is a CHCO and Why Do We Have Them? *ChiefHRO*. <https://chiefhro.com/2018/04/26/what-is-a-chco-and-why-do-we-have-them/>

<sup>5</sup> Congressional Research Service, (2012). *Continuing Resolutions: Overview of Components and Recent Practices, R42647*. Washington, DC: James Saturno and Jessica Tollestrup. <https://www.fas.org/sgp/crs/misc/R42647.pdf>.

<sup>6</sup> Government Accountability Office. (2013). *Effects of Budget Uncertainty from Continuing Resolutions on Agency Operations, GAO-13-464T*. Washington, DC. <http://www.gao.gov/products/GAO-13-464T>.

uncertainty, agency staff must dedicate inordinate amounts of time to budgeting and re-budgeting for multiple scenarios and contingencies. These resources could be better utilized implementing the laws and programs which Congress has authorized, and developing the agency workforce to meet current and future requirements.<sup>7</sup> Ongoing discussions in Congress about modernizing the current budget process are welcomed. SEA supports efforts to bring this conversation to thoughtful conclusion and action in the near term.

As the board of directors for the Federal government, it is important that Congress fulfill its fiduciary responsibilities to timely provide agencies with budgets. Not only does this uncertainty directly impact vital mission functions, it adversely impacts the process of strategic human capital planning and talent management. GAO's research<sup>8</sup> has "consistently shown the direct link between effective strategic human capital management and successful organizational performance." Not being sure whether your organization will be fully funded from year to year compounds the incapacity to build a strategic workforce plan with defined talent management processes, because agencies are unsure they will be able to strategically fill vacancies. It would be helpful to agencies if Congress could provide general targets for future year budgets to aid workforce planning.

As an employer, the inability of the government to provide predictable employment opportunities and to expeditiously fill vacancies also challenges the ability of agencies to meet their mission. Compounding this challenge is the uncertainty around the viability and nobility of Federal employment and public service careers. SEA believes it is critical that Congress not engage in a race to the bottom in terms of compensation and benefits the government would be able to offer prospective employees. Promises made to current employees and annuitants should be kept. It is also important to point out that over a third of new hires in recent years are veterans who have honorably served our nation and want to continue their service to the nation in Federal employment.<sup>9</sup>

The predominant focus by Congress in recent years on negative and punitive legislative proposals relating to the Federal workforce – scaling back or eliminating due process protections that guard against politically motivated personnel actions, setting higher contributions from employees for their pensions and health benefits absent increases in benefits, clawing back earned pay and benefits, discussing eliminating public service loan forgiveness programs, reducing the number of agency employees absent a business case for doing so, proposing across-the-board attrition-based restrictions on hiring, to name a few – coupled with negative congressional rhetoric about the workforce has created an environment in which many talented recent graduates and other citizens are not considering the Federal government for employment. 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, according to the Partnership for Public Service.<sup>10</sup>

Beyond harming recruitment and retention, negative rhetoric about the workforce also has a direct cost through decreased employee engagement. Gallup research estimated a cost to the government of \$18 billion in 2014 due to employee disengagement.<sup>11</sup> That cost could be eliminated if we respect and invest

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<sup>7</sup> Samuelsohn, Darren. (2015, October 21). Welcome to CR Hell. *POLITICO*.

<http://www.politico.com/agenda/story/2015/10/congress-Federal-budget-continuing-resolution-000270>.

<sup>8</sup> Government Accountability Office. (2015). *Update on Strategic Management Challenges for the 21st Century*, GAO-15-619T. Washington, DC. <http://www.gao.gov/products/GAO-15-619T>.

<sup>9</sup> Office of Personnel Management. (2016). *Employment of Veterans in the Federal Executive Branch, Fiscal Year 2015*. Washington, DC. <https://www.fedshirevets.gov/hire/hrp/reports/EmploymentOfVets-FY15.pdf>.

<sup>10</sup> Partnership for Public Service. (2014). *Fed Figures*. Washington, DC. <http://ourpublicservice.org/publications/download.php?id=350>

<sup>11</sup> Ander, Steve & Swift, Art. (2014, December 16). U.S. Federal Employees Less Engaged Than the Rest. *Gallup*. <http://www.gallup.com/poll/180206/Federal-employees-less-engaged-rest.aspx>.



in the Federal workforce and we encourage and empower employees from the front lines to the C-suite to work together to identify inefficiencies and collaboratively improve agency operations. This occurred at the Portsmouth Naval Shipyard, where management and labor came together to craft a “Declaration of Excellence,” that has aligned all employees behind a common vision and which has increased morale, productivity and efficiency.<sup>12</sup>

An environment must be created in which serving the public in Federal service is seen as a realistic and attractive career option, even if not for a lifetime career. SEA strives to restore the notion of honor and pride around public service that President Kennedy harkened to in his 1961 inaugural address when he said citizens should “ask not what your country can do for you — ask what you can do for your country,” but we need help from Members of Congress.

### **Examining Potential Solutions to Issues Affecting Each Stage of the Employee Lifecycle**

#### **Recruitment**

The government is failing to compete in the global war for talent. Agencies need better tools and processes to recruit and hire. Few agencies have a defined talent acquisition and talent management process for all employees at all levels. According to a 2015 Vanderbilt University survey, 42% of senior executives said they could not recruit top job candidates.<sup>13</sup> Agencies and managers need better recruiting tools, and improved recruiting resources, beyond the posting of jobs on USAJobs.

Agencies need more direct hiring authority and the ability to offer competitive compensation to recent graduates, particularly those with mission critical skills. For example, DHS recently was able to hire 370 new cyber security and technology professionals with on-the-spot job offers during a two-day summer job fair. Recent authorities granted by Congress for hiring individuals with cybersecurity expertise at DOD and DHS can serve as a model for government-wide hiring modernization, and SEA supports expansion of those authorities consistent with OPM’s legislative proposals for the 2019 NDAA currently under consideration. Authorities to allow individuals to more easily come into and out of government service should also be pursued. The best employees and those with in-demand skills are not waiting 80-100 days for a job offer from the government.

Agencies also need to do more to cultivate and develop their HR talent, and to transform those professionals and their role within organizations from transactional and process oriented to being strategic partners for management. Jeff Neal, a former Department of Homeland Security (DHS) Chief Human Capital Officer (CHCO), has written extensively on the need to retool Federal HR for the 21<sup>st</sup> century.<sup>1415</sup>

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<sup>12</sup> McDermott, Deborah. (2014, April 20). Revolution in the works at shipyard. *SeaCoastOnline.com*.

<http://www.seacoastonline.com/article/20140420/NEWS/404200344>.

<sup>13</sup> Patterson, Jim. (2015, July 16). Vanderbilt researcher: It's time for civil service reform. *Research News at Vanderbilt*. Vanderbilt University. <https://news.vanderbilt.edu/2015/07/16/vanderbilt-researcher-it%E2%80%99s-time-for-civil-service-reform/>.

<sup>14</sup> Neal, Jeff. (2016, September 1). Federal HR is Mission Critical. Is It Mission Capable? *ChiefHRO*. <https://chiefhro.com/2016/04/28/can-we-fix-hr/>.

<sup>15</sup> Neal, Jeff. (2016, April 28). Fixing Federal HR Begins with Staffing. *ChiefHRO*. <https://chiefhro.com/2016/09/01/fixing-Federal-hr-begins-with-staffing/>.



## **Hiring**

A 2015 report by the Merit Systems Protection Board (MSPB) found that the principle of fair and open competition for Federal jobs is being challenged by a proliferation of hiring authorities, overuse of restrictive hiring authorities and practices, potential abuse of hiring authorities by some managers, and some HR staff prioritizing internal processes over providing efficient customer service to job applicants.<sup>16</sup> While agencies are unique, the sprawling morass of numerous authorities causes confusion for hiring managers and HR specialists and inhibits effective oversight.<sup>17</sup> Congress can make it easier for both applicants and agencies alike to understand and better be able to navigate the hiring process. To understand lessons learned, Congress may also consider an evaluation of the effectiveness of OPM's recent [Hiring Excellence](#) campaign which sought to better educate managers and HR professionals about the hiring tools agencies already have available and how to best use them.

Congress should explore the role of competitive examining in Federal hiring, and which authorities need to be streamlined and consolidated legislatively versus which can be accomplished administratively by OPM and agencies. When it comes to hiring authorities and flexibilities, Congress needs to answer whether departments and agencies should be considered as constituting a single Federal enterprise or as many separate entities.

One tool that managers will benefit from is implementation of the Competitive Service Act (P.L. 114-137). Hiring managers will greatly benefit from the ability to review vetted job candidates who have clearly expressed an interest in Federal employment for similar positions. Congress should encourage agencies to operationalize this new authority in a common sense way that adds value. Managers should not have to wait for multiple years for guiding regulation, as they did following the passage of phased retirement authority.

Congress should continue examining current Federal recruitment and hiring practices. Concerns have been raised in recent years by many about the USAJobs platform, the state of the Presidential Management Fellows (PMF) program<sup>18</sup>, the Pathways Program that eliminated old internship and recent graduate programs<sup>19</sup>, and the time it takes between applying for a job and receiving a decision, to name a few. The varied ways agencies handle security and suitability adjudication also can slow down the hiring process, and is good news that opportunities to have common forms or processes for security and suitability is a Cross Agency Priority goal. All of these areas are ripe for improvement.

## **Onboarding New Employees**

Agency processes for onboarding and orienting new employees to the organization need to be strengthened. Usually the selected employee gets an orientation/onboarding of a few days to a few weeks and that mostly focuses on process not on how to succeed in the agency's culture. New employees often need someone with institutional knowledge to help guide their career decisions. Managers can play a key

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<sup>16</sup> Merit Systems Protection Board. (2015). The Impact of Recruitment Strategy on Fair and Open Competition for Federal Jobs. Washington, DC.

<http://www.mspb.gov/netsearch/viewdocs.aspx?docnumber=1118751&version=1123213>.

<sup>17</sup> Government Accountability Office. (2016). Federal Hiring: OPM Needs to Improve Management and Oversight of Hiring Authorities. Washington, DC. <http://www.gao.gov/products/GAO-16-521>.

<sup>18</sup> Fox, Tom. (2014, November 17). Critiques of the Presidential Management Fellows Program. *The Washington Post*. <http://www.washingtonpost.com/blogs/on-leadership/wp/2014/11/17/critiques-of-the-presidential-management-fellows-program/>.

<sup>19</sup> FEDmanager. (2015, March 11). SSA Managers Group Suggests Improvements for Pathways Program. *FEDmanager*. <http://www.fedmanager.com/news/2079-ssa-improvements-for-pathways-program>.

role by developing coaching and mentor/protégé relationships with subordinates and superiors. Such relationships are commonly required in successful private sector organizations, as they facilitate and encourage personal growth and continuous professional improvement. Some agencies already have successful mentoring programs in place. In 2016 OPM rolled out an improved model for SES onboarding that could serve as a model to improve government employee onboarding in general.<sup>20</sup> Unfortunately, OPM's 2017 SES Onboarding Report found that agencies are generally doing an abysmal job for SES onboarding<sup>21</sup>. If agencies are paying such little attention to effective executive onboarding, what are they doing for new employees to ensure they can be successful?

### **Probationary Period**

Across the government, most employees are subject to a one-year probationary period upon starting their jobs. During this time they are in an “at-will” status and can be released by the government from employment. SEA supports legislation extending the probationary period for positions that require extensive training.

For example, air traffic controllers and some positions with the Social Security Administration (SSA) and Internal Revenue Service (IRS) have extended training periods, significant portions of which occur outside of the employee's home office, before achieving journeyman status. Since managers often do not work extensively with those employees during the first year and cannot fully assess their on the job performance, it is reasonable and most fair to both the employee and the manager to extend the probationary period or begin it upon completion of training. Furthermore, managers should have to proactively certify that an employee has cleared the probationary period.

To the extent that it is not being fully utilized, and research by the MSPB demonstrates that the probationary period is not being used to its full potential<sup>22</sup> – for both new hires as well as new managers and executives – that is an issue of training and understanding how to use the probationary period.<sup>23</sup> Managers must be held accountable for properly using the tools they have at their disposal.

### **Employee Training and Development**

No successful major employer neglects developing its workforce. Yet the reality in government, especially in nearly every non-defense civilian agency, resources for training and travel are often the first to be slashed when budgets are tight, denying members of the workforce critical opportunities to refresh skills and keep them current.

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<sup>20</sup> Office of Personnel Management. (2014). SES Onboarding Enhanced Framework. Washington, DC. [https://www.opm.gov/wiki/uploads/docs/Wiki/OPM/training/SES%20Onboarding%20Pilot/SES%20Onboarding%20Enhanced%20Framework\\_webv1.pdf](https://www.opm.gov/wiki/uploads/docs/Wiki/OPM/training/SES%20Onboarding%20Pilot/SES%20Onboarding%20Enhanced%20Framework_webv1.pdf).

<sup>21</sup> Office of Personnel Management. (2018). 2017 SES Onboarding Report. Washington, DC. [https://chcoc.gov/sites/default/files/SES%20Onboarding%20Report\\_0.pdf](https://chcoc.gov/sites/default/files/SES%20Onboarding%20Report_0.pdf).

<sup>22</sup> Merit Systems Protection Board. (2015). Adverse Actions: The Rules and the Reality. Washington, DC: Office of Policy and Evaluation <http://www.mspb.gov/MSPBSEARCH/viewdocs.aspx?docnumber=1205509&version=1210224&application=ACROBAT>.

<sup>23</sup> Merit Systems Protection Board. (2005). The Probationary Period: A Critical Assessment Opportunity. Washington, DC. <http://www.mspb.gov/MSPBSEARCH/viewdocs.aspx?docnumber=224555&version=224774&application=ACROBAT>.

To be successful in the long term, agency budgets must dedicate training and professional development funds that cannot be transferred. Because they often cannot accomplish all the mission requirements and provide adequate training within their budgets, agencies are unable to cultivate a workforce with necessary skills and expeditiously close skills gaps. This can have dramatic future impacts as the learning deficit only gets deeper. Development should also include experiential learning such as details which help employees grow and improve, especially in the area of leadership. It is imperative that the prevailing perspective be that investment in Federal civilian employees be seen as not purely a cost, but rather as an investment, such as the development of members of the armed services is understood to be. It is heartening that the PMA contains a learning agenda along with its workforce agenda.

### **Talent Management**

As missions of Federal agencies evolve and technology involved in performing functions changes, there is a critical need to equip organizations within the government with meaningful data (demographic, attrition, skills inventories, retirement trends, training needs assessments, etc.), effective methods (succession management plans, critical skills forecasts, workforce planning assessments, etc.) and to develop training for agency officials on how to routinely and successfully utilize such data and methods to manage their workforces just as they do their budgets and other resources.

This is an area where OPM and OMB need to exert leadership, and in consultation with professional associations (such as SEA), good government groups and agency CHCOs, CFOs, etc. develop tools, templates and best practices to aid agencies in what is likely to be an era of tight resources and competing national priorities. Once the tools are developed agencies could use the tools to produce workforce management plans that are tied to budget requests and are set up on a scorecard type basis (a potential model is the spotlight Management Scorecard used by the President George W. Bush's administration) and given broad visibility and use in allocating Federal resources and in developing recruitment, hiring, assignment, training, succession and mobility plans within agencies. This is a function performed by manpower offices in the armed services, covering both active duty and civilians, yet no comparable analog exists in most civilian Federal agencies. Absent statutory directive and authorization, it is unlikely all agencies will invest resources in establishing robust talent management systems, although some agencies do have such systems. GAO has listed human capital management as a high risk issue since 2001.

The general lack of robust capability in this area across Federal agencies may make it difficult for OPM and OMB to achieve the PMA's workforce CAP goal. It simply presumes capabilities that exist inconsistently across government.

GAO's duplication report may provide a useful proxy for OPM, OMB, and agencies in identifying smart areas to apply attrition and consolidation across the Federal enterprise. GAO's research found that government-wide hiring freezes proved ineffective in managing Federal employment<sup>24</sup> so we will need more than peanut butter approaches.

Compounding these issues is the uncertainty around the viability and nobility of Federal employment and public service careers. Rhetoric from Members that Federal employees "become where they are career

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<sup>24</sup> Government Accountability Office. (1982). Recent Government-Wide Hiring Freezes Prove Ineffective in Managing Federal Employment, FPCD-82-21. Washington, DC. <http://www.gao.gov/products/FPCD-82-21>.

bureaucrats who soak of the lifeblood of the American people,” will not help the government’s recruitment or retention efforts.<sup>25</sup>

### **Supervisor Selection, Training, and Development**

Supervisors are the critical link between management and employees. For this reason, the supervisor’s proficiency in both technical and leadership skills is important for agency success. Effective supervisors increase employee motivation, communicate expectations, and ultimately increase organizational performance. The MSPB highlighted the importance of first-level supervisors in a 2010 report.<sup>26</sup>

The manner in which the government selects which employees to take on supervisory roles is in dire need of an update. The government does not mandate a baseline of training and development for supervisors and managers.<sup>27</sup> Under the General Schedule, an employee often must take on supervisory duties in order to ascend the ranks. Yet there is no assessment of whether that employee, who may be an excellent technician or subject matter expert (SME), has the capacity to serve as a supervisor and leader. Federal employees require career ladders that let them chose whether they prefer to remain a SME or whether they want to manage, and both options should present opportunities for career advancement and growth. This also applies to determining whether a senior employee should be SES, SL/ST, or equivalent.

Research published by Gallup<sup>28</sup> highlights the importance of selecting the correct employee for supervisory and managerial duties in the first place. One in ten employees have the unique combination of skills and perspective to be a manager, while an additional two in ten can be taught to be a great manager. That means seven out of ten employees, who may be great SMEs, are likely not cut out for supervising employees. Ensuring the government develops and selects the appropriate individuals for supervisory roles will produce an improved management talent pipeline, with the most adept of those leaders eventually rising to the SES ranks.

Meanwhile, more must be done to ensure that supervisors, managers, and executives are provided the training and development necessary to oversee the workforce. A 2015 MSPB report highlighted the importance and benefits of investing in executive leaders.<sup>29</sup> Despite directives from OPM and laws passed by Congress (i.e. P.L. 108-411) mandating agencies provide initial and ongoing supervisor training and have succession management plans, it is clear that there is more that could be done.

SEA has long advocated for mandatory supervisor training. For manager training to be most effective, five criteria should be met: 1) Every new supervisor and manager in the Federal government must receive mandatory supervisory training within one year of their initial appointment; 2) Supervisors and managers should receive updated training every three years after the initial training; 3) Training of managers must

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<sup>25</sup> Katz, Eric. (2017, February 2). Congressman: Career Feds 'Soak Off the Lifeblood of the American People. *Government Executive*. <http://www.govexec.com/Federal-news/fedblog/2017/02/congressman-career-feds-soak-lifeblood-american-people/135115/>.

<sup>26</sup> “Merit Systems Protection Board. (2010). A Call to Action: Improving First-Level Supervision of Federal Employees. Washington, DC. <http://www.mspb.gov/netsearch/viewdocs.aspx?docnumber=516534&version=517986&application=ACROBAT>.

<sup>27</sup> Office of Personnel Management. (2015). Federal Supervisory and Managerial Frameworks and Guidance. Washington, DC. <https://www.opm.gov/wiki/uploads/docs/Wiki/OPM/training/Complete%20508-%20Frameworks,%20Fact%20Sheet,%20learning%20objectives,%20and%20additional%20resources.pdf>.

<sup>28</sup> Beck, Randall & Harter, Jim. (2014, March 25). Why Great Managers Are So Rare. *Gallup*. <http://www.gallup.com/businessjournal/167975/why-great-managers-rare.aspx>.

<sup>29</sup> Merit Systems Protection Board. (2015). Training and Development for the Senior Executive Service: A Necessary Investment. Washington, DC. <https://www.mspb.gov/netsearch/viewdocs.aspx?docnumber=1253299&version=1258322&application=ACROBAT>

become a priority within in each Federal agency and department; 4) A specific authorization of Federal funds would need to be made to underwrite the cost of training that is in addition to money currently allocated to each agency and department for personnel costs; and, 5) Managers should be afforded participation in processes that arise from constructive feedback and evaluations required of them. History has demonstrated that the ability of managers to effectively implement change, for example, implementing new performance management and appraisal systems, is dependent on effective training.

## **Leadership**

SEA believes a focus on the quality of leadership is a key missing ingredient in civilian government. Regardless of what level an employee is on an organizational chart, they have the potential to be a leader. The government must embrace and cultivate leadership at all levels, as does the military. Agencies and the Federal enterprise need to invest in comprehensive talent development, using assessment and evaluation to select and promote leaders. Too frequently, the misapplication of the merit principles causes agencies to be overly cautious when cultivating future leaders, when agency managers and executives should be deeply involved in the selection and cultivation of future leaders.

Research produced by SEA and Deloitte in 2017 found that government executives are concerned about the leadership pipeline and the study found that only 35% of executives are selected on their ability to inspire teams.<sup>30</sup> The government needs to purposefully cultivate 21<sup>st</sup> century leaders, and a recent report “Preparing Tomorrow’s Public Service” by the Volcker Alliance offers helpful suggestions on core competencies.<sup>31</sup>

At the SES level, strengthened Executive Resources Boards (ERBs) can help ensure the stewardship of an agency executive cadre that reflects the core values and leadership principles that inspire engaged, productive, and accountable employees. Talent management and succession planning needs to be a stronger area of emphasis and responsibility at all levels of the organization, including across the C-Suite functions. SEA recently sent a letter to Dr. Pon requesting a special CHCO Council working group be formed to explore how more robust ERBs can drive improvements in executive talent management.<sup>32</sup>

## **Modernize the Federal Pay System**

The General Schedule (GS) system is byzantine and broken. It is marginally if at all effective in recruiting, motivating and rewarding good employees. Time and seniority based pay progression is a vestige of a bygone era. Managers need flexibility to reward and promote employees who prove they are able to perform higher level work without waiting for time-in-grade restrictions. SEA supports a common sense approach that would bring more flexibility (e.g., pay banding, skills based pay, variable pay, market driven pay, dual track pay progression (managerial vs. technical tracks), etc.) to the Federal pay system. The system needs to become widely available and established to promote fairness, accountability, and a better “bang for the buck” for employees and taxpayers alike.

While not perfect, more aspects of the SES pay for performance compensation approach could be embedded into GS type managerial/supervisory jobs wherein bonuses and special pay awards play a

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<sup>30</sup> Senior Executives Association and Deloitte. (2017). State of Federal Career Senior Leadership.

<https://seniorexecs.org/989-survey-of-Federal-government-executives>.

<sup>31</sup> Volcker Alliance. (2018). Preparing Tomorrow’s Public Service. New York.

<https://www.volckeralliance.org/sites/default/files/attachments/Preparing%20Tomorrow%27s%20Public%20Service.pdf>

<sup>32</sup> Senior Executives Association. (2018, May 3). Letter to OPM Director Pon on Executive Resources Boards. Washington, DC. <https://seniorexecs.org/images/PDFs/SEA-Letter-to-Jeff-Pon-w-ERB-Proposals.pdf>



larger role in total compensation. OPM and OMB need to exert leadership with help from public and private sector groups and experts. Changes in pay systems must be complemented by changes in performance management systems and practices so as to reinforce and maximize the effectiveness of pay reform, and training on those new systems and changes. Clear communication with employees and employee representatives will also be a crucial factor to the success of pay and performance management reforms.

## **Performance Management**

Training is a key to successful performance management efforts. Supervisors and employees alike need to understand their agency's performance management system and their roles and obligations within that system. A lack of understanding or poor implementation of performance management systems breeds distrust between supervisors and employees, which can generate disengagement, lowered productivity and performance levels, grievances and legal actions.

Current frameworks for managing performance and risk need to be recalibrated. The GPRAMA process does call for agencies to undertake planning and strategic goal setting. GAO has found agency implementation of GPRAMA to be uneven<sup>33</sup> and agencies need to fully identify and report major management challenges and actions to resolve them in agency performance plans.<sup>34</sup> However, GPRAMA-induced planning is often done at the expense of an enterprise assessment of risk management, which SEA posits is more important to focusing management attention on risk to key agency operations and restoring public trust in government. OMB's revision of Circular A-123 was an important first step, and the release of an enterprise risk management (ERM) playbook<sup>35</sup> by the CFO Council and Performance Improvement Council (PIC) provided a useful tool for leaders across government.

Data from the Federal Employee Viewpoint Survey (FEVS) demonstrate that government performance management practices can be improved. Analysis of FEVS data by the Partnership for Public Service and Deloitte found that only 60.1 percent of government employees received constructive feedback through the performance process, compared to 75 percent in the private sector.<sup>36</sup> Management gurus and leading organizations have been discussing how to reinvent performance management<sup>37</sup> for several years, as have some public sector organizations, and the government should learn from how large organizations are applying these changes<sup>38</sup> and explore applying them to government.

The government needs a credible performance management system in place before it can embark on pay for performance.

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<sup>33</sup> Government Accountability Office. (2015). Implementation of GPRAMA Modernization Act Has Yielded Mixed Progress in Addressing Governance Challenges. Washington, DC. <http://www.gao.gov/products/GAO-15-819>.

<sup>34</sup> Government Accountability Office. (2016). Agencies Need to Fully Identify and Report Major Management Challenges and Actions to Resolve them in their Agency Performance Plans. Washington, DC. <http://www.gao.gov/products/GAO-16-510>.

<sup>35</sup> CFO Council. (2016). Enterprise Risk Management (ERM) Playbook Released. Washington, DC. <https://cfo.gov/2016/07/28/enterprise-risk-management-erm-playbook-released/>.

<sup>36</sup> Best Places to Work in the Federal Government. (2016). Government-Wide Analysis. Washington, DC. <http://bestplacetowork.org/BPTW/analysis/>.

<sup>37</sup> Buckingham, Marcus & Goodall, Ashley. (2015). Reinventing Performance Management. *Harvard Business Review*. <https://hbr.org/2015/04/reinventing-performance-management>.

<sup>38</sup> Capelli, Peter & Tavis, Anna. (2016). The Performance Management Revolution. *Harvard Business Review*. <https://hbr.org/2016/10/the-performance-management-revolution>.

## **Employee Accountability**

MSPB research has demonstrated that agency culture has by far the greatest bearing on the ability of managers to hold employees accountable for misconduct or poor performance.<sup>39</sup> The second and third next closest barriers were the support given by superiors, followed by the quality of service provided by HR. Unfortunately, it is often culturally easier for a manager to ignore a problem employee or detail them than to deal with the issue. Managers often are reluctant to take action against an employee, particularly if they do not receive appropriate support from superiors, agency political leaders, HR, agency counsel, and others, and consequently feel vulnerability to grievances or other employee complaints.

Increased emphasis on accountability through statutes such as the No FEAR Act (P.L. 107-174) makes managers even more reluctant to act against poor performers out of fear of an EEO or IG complaint, which can take up a substantial amount of their time and threatens to label them unfairly. While there are legitimate EEO, IG, and whistleblower claims, some employees who use these processes are merely attempting to paralyze their managers. These charges clog the system and delay attention to justified complaints. Currently, employees who make complaints are provided no disincentive from alleging problematic behavior by a manager, even if none had occurred. While it is important that employees always be provided outlets for reporting wrongdoing, a better balance than currently exists should be explored that disincentives frivolous complaints.

SEA and the Government Managers Coalition (GMC) have long supported a Federal Managers Fairness Act that would allow managers to participate during the EEO process, have the right to be consulted before a settlement, have the right to know when a case is filed and when it is finished, and be considered for lost benefits resulting from EEO complaints found to be without merit. The Federal Managers Fairness Act would allow managers to be assured that they will receive fair treatment during the complaint process. It will also provide managers with one more tool to ensure that they effectively deal with employees and are not unfairly burdened by a system they do not fully understand.

Given the complexity of Federal personnel law, SEA encourages Congress to explore the creation of a unified Federal dispute resolution forum that would serve as a singular point of resolution for all employee complaints, including EEO and labor arbitration. Creation of such a forum would end the process of “forum shopping,” in which employees can file complaints to various entities (i.e. MSPB, EEOC, FLRA, OSC), in the hope of delaying the process or reaching a settlement. A unified forum would also address the problem of conflicting precedents in EEO cases by various circuit courts.

Recently, Congress has (for the VA) and has debated reducing the employment protections of Federal employees, for example those in the SES as well as those at specific agencies (i.e. IRS, EPA). Some proposals call for making members of the SES or the workforce in general “at-will” employees with no or very limited protections. SEA is deeply concerned about this discussion and the implications such changes would have for the American public if not fully and properly debated.

Guarding the government workforce from politically motivated or capricious personnel actions is not about protecting the jobs of government employees. Due process protections serve to protect for the public the integrity of the delivery and execution of governmental activity by keeping it free from partisan political influence. Due process protections for government employees are the mechanism by which the apolitical, merit-based civil service is protected.

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<sup>39</sup> Merit Systems Protection Board. (2016). Addressing Misconduct in the Federal Civil Service: Management Perspectives. Washington, DC: Office of Policy and Evaluation.  
<https://www.mspb.gov/mspbsearch/viewdocs.aspx?docnumber=1363799&version=1369157&application=ACROBAT>.



## **Bring Career Leaders to the Table**

Despite career senior executives being envisioned in the CSRA as the “keystone” that serves to professionally bridge short-term political appointees with the career Federal workforce, career senior leaders are often not included at the highest levels of agency decision making. Consequently, policy decisions are sometimes made by political leadership without consideration the ability of the agency to deliver upon that decision. Research by Professor Paul C. Light found that the growing cascade of government breakdowns can be often be attributed to a failure of linking policy vision with execution, including overseeing faithful execution of the intended policy vision.<sup>40</sup>

Too frequently senior career leaders are treated more like senior managers, as opposed to true senior executives with decision making authority. Professor Light and others have studied the thickening of senior management roles – both political and career – and the negative results of diffused decision making and authority. Short term political appointees should not be assigned to key agency administrative roles such as Chief Operating Officer, Chief Human Capital Officer, etc. SEA supports restricting such positions to career-reserved.

## **Reduce Fragmentation, Overlap, and Duplication**

It is almost impossible to imagine a top to bottom review of the Federal government’s agency/mission/organizational structure (a la the Defense Department Base Realignment and Closure process) even though this is vitally needed. Previously introduced legislative proposals, such as the Government Transformation Act (S. 2269 in the 114<sup>th</sup> Congress) offer one potential mechanism to achieve this goal.

If this can’t occur then proactive, ongoing steps and reforms need to be established to vastly improve intra and interagency coordination (including information sharing, managerial cooperation, resources reallocation, etc.) in key mission areas such as public health, national, cyber and homeland security, energy and the environment, etc. While previous administrations have attempted this, for example through the President’s Management Council, pursuit of category management for procurement, and establishment of organizations like the Unified Shared Services Management (USSM), more effort is needed – absent statutory changes it will be very difficult to move the needle. Antiquated authorization and appropriation methods may also need to be improved to provide the most effective enterprise-level management and coordination possible.

GAO’s research into opportunities to reduce fragmentation, overlap, and duplication provides a handy government-wide view into addressing challenges in this area.<sup>41</sup> Agencies and Congress need to continue to work together to reduce overlap, duplication, and dysfunctional redundancy and lack of ownership by forcing consolidation and improved coordination among similar organizations, functions, missions, and managers within and across agencies.

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<sup>40</sup> Paul C. Light. (2015). Vision + Action = Faithful Execution. The Volcker Alliance. New York.  
<https://www.volckeralliance.org/sites/default/files/attachments/Vision%20%2B%20Action%20-%20The%20Volcker%20Alliance.pdf>.

<sup>41</sup> Government Accountability Office. (2016). Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits, GAO-16-375SP. Washington, DC.  
<http://www.gao.gov/products/GAO-16-375SP>.

It's time to start thinking of the Federal government and its organizations and workforce as an entire enterprise and not just a collection of ornaments hung on a sagging tree that never gets trimmed, reshaped, or cross-bred.<sup>42</sup>

### **Conclusion and Next Steps for Modernization**

The language employed in this debate will be critical to its overall success. There is a significant difference between reform and modernization.

Reform connotes that something is broken and needs to be fixed. Civil servants did not themselves create the current Federal personnel system, but they are frequently blamed for its shortcomings. This is not a fair thing to do to dedicated public servants, telling them they need to be reformed. According to the Federal Employee Viewpoint Survey, the vast majority of Federal employees come to work every day trying to do the best job they possibly can.

Modernization connotes being brought up to current standards, not that something is fundamentally broken. The Federal workforce knows the current system is imperfect, and many wish to see it streamlined so they can focus more on mission delivery than compliance. Engaging the Federal workforce in a comprehensive modernization effort will yield better chances for success than battling against it in a reform effort.

Moreover, attacking the earned pay and benefits of current Federal employees and annuitants is not the way to build support for the Administration's workforce efforts. SEA does not support the recent OPM proposals conveyed to the Speaker targeting retirement benefits of current Federal employees and annuity payments for retirees on fixed incomes. Federal employees planned their careers and retirements around a clearly communicated set of benefits. Making changes in the total compensation package for Federal workers prospectively is entirely appropriate.

This isn't the first time Washington has had a debate about civil service modernization. The Administration's depiction in the PMA of Cross Agency Priority Goals stitching together into an integrated fabric is a good image to convey the interrelation of CAP Goals and areas of focus for the Administration. Past PMAs were more of a series of disparate policy focus areas, as opposed to a comprehensive approach to improving capacity for great management and leadership of the Federal government.

Leadership and culture are the two key issues permeating the PMA. The government's bureaucratic culture is driven in large part due to its adherence to compliance to rules and regulations. Following the rules is often more important than the end destination itself. We need to remove unnecessary and outdated rules and regulations to let Federal employees act and make decisions in the best interests of taxpayers. Research conducted by SEA and Deloitte in 2017 found that only 61% of executives felt they had the ability to drive meaningful change in their organizations. They also said leaders were not selected for their ability to inspire teams nor were they confident about the leadership talent pipeline.

Let's focus really hard on how we select, cultivate, and develop Federal supervisors, managers, and executives over the next few years. Let's support them and clear the path so they and their fellow Federal workers can work for the American people. It's a meaningful investment that can ensure a better lead and managed Federal government.

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<sup>42</sup> Rosenbloom, David, Malone, Patrick & Valdez, Bill. (Eds.). (2016). *The Handbook of Federal Government Leadership and Administration: Transforming, Performing, and Innovating in a Complex World*. London: ASPA Series in Public Administration and Public Policy.

In closing, let me again thank you for this opportunity to discuss these important issues. The President's Management Agenda points the way to modernize the Federal workforce and create a Federal government that our Nation can take pride in. If the current Frankenstein model has resulted in so much good for our Nation, imagine what your dedicated civil servants could achieve with a modernized Civil Service Act.