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OVERSIGHT AND GOVERNMENT REFORM
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Chairman Gowdy, Ranking Member Cummings, and Members of the Committee, thank you for the opportunity to appear before you today to discuss the President’s Management Agenda – or “PMA” – to Modernize Government for the 21st Century.

Most Americans don’t think about the Federal Government every day, but when they need Government services, they expect them to work. The PMA lays out a long-term vision for effective government that achieves missions and enhances the services upon which the American people depend. By modernizing the Federal Government in key areas, we will improve the ability of agencies to deliver mission outcomes, provide excellent service, and effectively steward taxpayer dollars.

The public believes that the Federal Government serves critical roles and, in some areas, performs them well.¹ Yet public trust in the Federal Government continues to decline, currently sitting at near-historic lows.² While the Federal Government’s business is to serve the American

¹ Pew Research Center, December 2017, “Government Gets Lower Ratings for Handling Health Care, Environment, Disaster Response.”

² Pew Research Center, December 2017, “Government Gets Lower Ratings for Handling Health Care, Environment, Disaster Response.”

people in core mission areas, it has become too bureaucratic and complex to meet the needs of the 21st Century.

The Federal Government still operates with many capabilities and processes established in the mid-20th Century—if not earlier—despite dramatic changes in technology, society and the needs of the American people in the digital age. No matter how well intentioned, complicated and duplicative, Federal processes can create confusion among veterans, farmers, job seekers and others trying to interact with their government. Those in Government must recognize that citizens today are not well-served by the same approaches, technology, and skillsets of the past. We face complex and interconnected challenges that cannot be solved via siloed efforts. If we want to get traction on the real barriers to change, we must use broader, system-level thinking, to address aging technology infrastructure, disconnected data and an outmoded civil service framework.

Modernizing Government for the 21st Century requires work in three interconnected areas:

- **Modern information technology (IT)** must function as the backbone of how Government serves the public in the digital age. Meeting customer expectations, keeping sensitive data and systems private and secure, and ensuring responsive, multi-channel access to services are all critical parts of the vision for modern government.
- **Data, accountability, and transparency** will provide the tools and framework to deliver better outcomes to the public and to hold agencies accountable to taxpayers. Data-driven capabilities will also fuel economic growth.
- **A modern workforce** must enable senior leaders and front-line managers to align staff skills with evolving mission needs. Our management of the workforce will have to be more nimble

and agile, with the capacity to reskill and redeploy the workers we already have, to keep pace with ever-faster change.

We cannot underestimate how tightly woven together these three areas are—or the extent to which people are the lynchpins of success. The Federal Government is the single largest direct employer in the Nation. Taxpayers invest more than \$200 billion annually in the productivity of our 2.1 million civilian Federal employees. An even larger “indirect” workforce of people employed by contractors supports mission work paid for by taxpayer dollars. We owe it to the public to ensure that we are spending these dollars wisely.

And it is people who drive the business of government. We can purchase new IT systems, but do our Federal employees have the optimal skills and tools to negotiate contracts, and to keep computer networks safe and secure? We can turn to data to drive results, but do we have enough data scientists who know what the data means and can figure out how to fill in our knowledge gaps? As the majority of our career civil servants approach retirement age, have we positioned the Federal Government to compete effectively for the next generation of highly-qualified individuals needed to fill key roles?

Today, the overarching answer to these questions is “No.”

Why? It starts with the Federal civil service system. The job classification system is outdated and unwieldy. The compensation structure is overly rigid. The lengthy hiring process often results in top job candidates taking jobs elsewhere before we can extend an offer. Employees

and managers alike agree that the existing employee performance management system fails to reward the best and address the worst employees.³

The reality is that today's Federal personnel system is a relic of an earlier era. It is rooted in the Pendleton Civil Service Reform Act of 1883 and the Classification Act of 1923. The Civil Service Reform Act of 1978 made a series of changes, including creating the Office of Personnel Management (OPM), but even these reforms were enacted long before many current Federal workers were of working age.

In the intervening years, a complicated web of administrative processes, requirements, and authorities has yielded an increasingly complex and confusing personnel system, one which is broadly acknowledged as being archaic in many respects, and not addressing the realities of the contemporary workforce. It certainly does not provide the capabilities required for effective management of the Federal workforce, appropriate stewardship of taxpayer funds, and strategic transformation. The creation by Congress in recent years of a variety of alternative personnel systems showcases the limitations of the underlying structure. "Workaround" personnel capabilities and authorities allowed specific organizations to address unique problems, and postponed broader overhaul of the core system. However, the cumulative effect of decades of workarounds and exceptions is a fragmented, unwieldy personnel structure.

A reexamination of the human resources function is also needed. In the private sector, leading companies adapt their organization design and human capital capabilities in response to market changes, customer needs, and shareholder concerns. The private sector continually finds new ways to evolve human capital management programs to maximize contributions from their

³ Federal Employee Viewpoint Survey, 2017.

people. The public sector should be similarly responsive to changes in mission, service, and stewardship realities. We need to move toward an integrated, enterprise-oriented approach to strategic Federal workforce management. This means constantly seeking to ensure our workforce is the appropriate size and equipped with the relevant skills to accomplish the missions the Government is entrusted to carry out.

Healthy organizations are designed to change and adapt. The United States Government is no exception. In ratifying the Constitution, our Founders sought to establish a durable governing framework that would “establish Justice, insure domestic Tranquility, provide for the common defence, promote the general Welfare, and secure the Blessings of Liberty.” We must take care to ensure that existing government policies and procedures help us to better achieve the Founders’ goal of constitutional self-government.

So when HR functions and processes hinder the effectiveness of Government we need to address those fundamental challenges. Ultimately, it is our responsibility as part of the President’s Management Agenda, to ensure that our workforce is well positioned for the 21st Century, and can efficiently support the broader mission, service and stewardship goals that the American people count on. This Administration believes that modernizing the Federal Government represents a profound bipartisan opportunity to work across branches of Government and political differences to align the mechanics of Government to better meet America’s needs. The Administration looks forward to working with Congress and other stakeholders to promote dialogue that quickly leads to action and translates our long-term vision into tangible improvements for the American people.