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Testimony

of

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Chair Sinema, Ranking Member Lankford, and members of the Committee, I appreciate the opportunity to testify today. I am a Fellow of the National Academy of Public Administration (the Academy) and have served as its President and Chief Executive Officer since January 2017. In addition to my experience leading the Academy, I spent three and a half years as a Deputy Assistant Secretary in the U.S. Department of Labor and eight and a half years as a Senior Executive in the Department of Defense, so I have personal experience with the topic of today's hearing. I have been a hiring manager, a Subject Matter Expert reviewer of applicant files, a member of Senior Executive hiring and interview panels, and a member of the Army's Senior Executive policy board. While serving as the Executive Deputy to the Commanding General of Army Materiel Command, I was responsible for the strategic management of over 80 Senior Executives, one-third of the Army's total allocation, along with the oversight of nearly 70,000 civilians in nearly every career field stationed around the world. I know how challenging it can be to make the federal personnel processes work.

The Academy also has deep expertise in federal human resource management topics. Established in 1967 and chartered by Congress in 1984, the Academy is an independent, non-profit, non-partisan organization dedicated to helping government leaders address today's most critical and complex challenges. The Academy has a robust organizational assessment capacity; a thorough grasp of cutting-edge needs and solutions across federal, state, and local governments; and unmatched independence, credibility, and expertise. Our organization consists of over 950 Fellows—including former cabinet officers, Members of Congress, governors, mayors, and state legislators, as well as distinguished scholars, career public administrators, and business executives. The Academy has a proven record of improving the quality, performance, and accountability of government at all levels.

Over 50 of our Fellows claim experience in federal HR, and of those, many were themselves federal Chief Human Capital Officers. These Fellows and others join together in the Academy's Standing Panel on the Public Service, meeting regularly to research, discuss, and propose actions to improve the HR practice at the federal level. They also contribute their expertise as members of Academy study panels, ensuring that all of our work includes consideration of strategic human capital implications. Across our history, many federal agencies have directly engaged the Academy and our Fellows for support in managing and modernizing their own HR systems. Supported agencies include the FBI, NASA, DOD, FAA, CDC, the Patent and Trademark Office, the U.S. Secret Service, and the U.S. Department of Transportation.

I am pleased to offer our perspective on what is needed to empower Chief Human Capital Officers in federal agencies to ensure that human resources practices support agencies' mission success. Our Congressional charter precludes the organization itself from taking an official position on legislation, and so my testimony today will reflect the Academy's history on this topic and our general recommendations.

THE ACADEMY'S PERSPECTIVES ON MODERNIZING THE HUMAN RESOURCES FUNCTION WITHIN THE FEDERAL GOVERNMENT

The Government Accountability Office (GAO) added strategic human capital management to its high-risk list in 2001. Two decades later, the topic remains on the high-risk list and, between the

2019 and 2021 lists, actually lost ground in the leadership commitment performance indicator while making no progress in the other four criteria. Moreover, GAO cites mission-critical skill gaps as a contributing factor in 22 of the other 35 high-risk areas. The previous two years of various remote and distributed work arrangements necessitated by the COVID-19 pandemic have only exacerbated already challenging operating practices within federal HR and made the modernization of this critical capability even more urgent.

Grand Challenges in Public Administration

The Academy agrees with GAO and in 2019 identified the need to *Modernize and Reinvigorate the Public Service* as one of twelve **Grand Challenges in Public Administration**. Even before the pandemic upended the workplace and changed individual perspectives about safe and meaningful work, we observed the significant risk that many public organizations would not have the workforce capacity necessary to achieve their critical missions and provide services to the public for the future.

In 2020, our Fellows developed action plans for each Grand Challenge that recommended actions the new presidential administration could undertake to make real progress in its first year in office. The action plan to modernize and reinvigorate the public service summed up the existing federal HR environment as follows:

> *At the time when the government needs fresh ideas, it struggles to hire young people. With twice as many employees over 60 years old as under 30, the federal government will face future workforce issues. The civil-service system itself is also antiquated with a pay-setting mechanism that was developed in 1949 and a Merit System that values compliance with rules more than merit.*

The paper recommended seven actions for 2021:

1. Build interest in public service and government as a career through a funded campaign initiated by the White House and managed by OPM.
2. Develop a modern system of flexible pay and job classification, beginning with an EO that maximizes the use of administrative flexibilities to streamline processes.
3. Initiate hiring reform that significantly expands the use of streamlined hiring authorities, uses modern assessment processes to identify high-quality candidates, and reduces the number of security clearance requirements.
4. Improve the quality of managers and supervisors in government.
5. Identify talent management in government as a presidential priority.
6. Refocus OPM with an emphasis on responsiveness and flexibility in Talent Management.
7. Identify and implement modern assessment processes, with a goal of eliminating applicant self-assessment questionnaires within one year.

Unfortunately, the COVID-19 pandemic has demanded the full attention of HR leaders in the Office of Personnel Management and across the agencies as they struggled to adapt to distributed work environments and address urgent workforce health and safety issues. There was no capacity to address the critical systemic shortcomings in the federal workforce system.

United States Office of Personnel Management Independent Assessment

At the same time as our Fellows were developing the recommendations for civil service reform under the Grand Challenges, Congress directed the Office of Personnel Management (OPM) to contract with the Academy to conduct a comprehensive, independent study that would address a series of specific issues surrounding OPM's responsibilities. These included:

- the statutory and non-statutory functions assigned to OPM and the challenges associated with executing those mandates;
- the means, options, and recommended course of actions for addressing the challenges identified, including feasibility, costs, and benefits;
- a timetable for the implementation of identified options and recommendations;
- the statutory or regulatory changes needed to execute the recommendations;
- the methods for engaging with other Federal entities potentially affected by recommendations involving changes to OPM's structure, functions, responsibilities, and authorities; and
- the views of identified stakeholders, including federal and non-federal entities or organizations representing customers and beneficiaries.

After a year of work, the Academy's Panel of Fellows provided its report in March 2021. In conducting this study, the Panel identified several cross-cutting challenges affecting OPM's ability to effectively deliver on its mission to lead federal human capital management.

These include various authorities governing federal human capital; lack of sustained leadership and priorities given the recurrent turnover of directors and deputy directors; limited use of data and data analytics to inform policy; outdated information technology engendering enterprise and operational risks; and constrained financial and staffing resources affecting staff capacity and supporting technology and tools.

The Panel concluded that meeting the needs of a 21st-century workforce will require a reinvigorated focus on strategic human capital management and performance. The need for an independent, enterprise-wide human capital agency and steward of the merit system principles is clear, as is the critical need to rebuild staff capacity, encourage innovation, and adopt a more data-driven, accountable, and forward-looking human capital approach. In addition, human capital management must be elevated. The OPM Director—and human capital as a whole—needs a "seat at the table." The Director should be the principal advisor to the President on human capital, as envisioned in the Civil Service Reform Act, and OPM should be that lead for federal civilian human capital, setting policy, establishing a framework for agencies to manage their workforces, facilitating innovation and the sharing of best practices and lessons learned, and both collecting and using data and data analytics. To execute that role effectively and achieve a strategic vision of elevating and supporting human capital as a strategic priority across the federal enterprise, OPM must reframe its mission, organization, and supporting processes. It must rebuild the agency's credibility and staff capacity—and it must reorient its internal culture from a predominantly compliance orientation to a more customer-focused, strategic, and forward-looking mindset. These actions will require the support of the President, Congress, and federal agencies.

With the proliferation of excepted authorities under Title 5 and other sections of the U.S. Code, OPM's current mission and focus on Title 5 is clearly not sufficient to address the complex workforce issues confronting the federal government. A more coherent and cohesive government-wide approach is needed—**one that affords agencies flexibilities for tailoring to meet their more unique requirements while ensuring adherence to merit system principles through effective oversight**.

The Panel offered a number of recommendations with objectives to highlight the intended outcome that would be achieved by implementing the recommendations. Successful implementation should yield the following results:

- Human capital is recognized and supported as a strategic priority across government by the Administration, the Congress, and federal agencies.
- OPM's role is reaffirmed and strengthened as the leader for strategic human capital management government-wide.
- OPM's approach to human capital management evolves from predominantly compliance-oriented to customer-focused, value-added, data-driven, and forward-looking, encouraging innovation and sharing of best practices.
- OPM's technology platforms are modernized, affording secure and efficient access to human capital data and systems supporting government-wide human capital management.

The Future of the Civil Service—No Time To Wait

Both the organizational assessment of OPM and the recommendations supporting the Grand Challenge to Modernize and Reinvigorate the Public Service draw from a common foundation. In 2017 and 2018, an Academy Panel chaired by Professor Don Kettl completed two papers outlining a fundamentally new vision for the future of federal civil service. Inspired by the changing nature of work in the private sector, these reports examined the impact of these inevitable changes on the civil service and concluded that, without immediate and significant change, we all risk a federal workforce that is neither trained for, structured for, nor adaptable to, the work that will be required of it, and that the need for radical change is urgent. The reports present a new model of talent management that rests on three fundamental tenets: mission first, principles always, and accountability to both.

More specifically, the Panel proposed that **agencies must have the freedom to design and execute their human capital strategies and management tools in a way that best supports their successful mission accomplishment.** In fact, the best measurement of any human capital strategy is the agency's mission performance. There are many workforce options already allowed by statute—agencies now need to be empowered and even encouraged to take advantage of those flexibilities in ways that best suit their mission objectives. The Academy has documented some progress and several remaining challenges in the effort to develop a national cybersecurity workforce in its recent report, *A Call to Action The Federal Government's Role in Building a Cybersecurity Workforce for the Nation*, but opportunity exists to extend such creativity to many other skillsets and career fields across the government.

The *No Time to Wait* vision promotes more flexibility in agency human capital management. At the same time, it constrains that flexibility by requiring it to be consistent with merit principles. These principles form the foundation that keeps our civil service professional and non-political, and we view them as non-negotiable. The role of a central personnel agency should be to assure that agencies maintain accountability to both mission success and merit system principles and assist them in achieving that balance. The future of the civil service must be based on the management of human talent, not positions. It must be developed with a focus on building a government workforce that can accomplish the work of government with new tools in a modern environment. Little has been done to implement the kind of change needed in the five years since the first *No Time to Wait* report. As you can imagine, the need has only grown more critical.

Inspired to Serve

Although not a product of the National Academy of Public Administration, the Academy worked closely with the National Commission on Military, National, and Public Service in the development of the public service recommendations in their report, *Inspired to Serve*, released in March 2020. The Commission did not shy away from blunt language in their description of the federal civil service system and the urgent need for comprehensive reform:

> *The Federal civil service personnel systems require urgent attention…Existing practices block younger Americans and workers with critical skills from entering public service and jeopardize the ability of Federal agencies to replenish their workforce in the face of a looming wave of retirements.*
>
> *Modernizing the civil service is politically and technically difficult. The public service recommendations…attempt to address near-term, urgent problems and long-term, structural issues: existing personnel processes should work better so that agencies can function today, and the Federal personnel system should be replaced with a modern, talent-management approach to enable the Federal Government to be competitive with other employers in the future.*

The Commission's recommendations regarding improvement of the federal civil service are entirely consistent with the Academy's vision for a modernized and reinvigorated public service.

IMPACT OF THE COVID-19 PANDEMIC

This vision of a federated civil service system based on talent management and driven by mission accomplishment and merit systems principles was beginning to get some conceptual traction before the pandemic. The pandemic has only increased the urgency of modernizing the federal civil service. Yet, it has also prevented deliberate systemic change as OPM and federal agencies were forced to respond to immediate policy and operating challenges posed by the need to protect employee and public safety.

The Academy has hosted for the past year, in partnership with the Senior Executive Association and the Shared Services Leadership Coalition, a monthly forum for federal CHCOs and their staff teams, focused on these emerging challenges. We have brought industry and academic leaders together with federal managers to discuss best practices related to topics as varied as managing a distributed workforce, the impact of locality pay in a distributed work environment, support for employee wellness and morale, and the integration of workspace and workforce planning for the future.

At the same time, significant spending programs to support national recovery combined with a nationwide reimagining by individual workers of their employment preferences have created even greater numbers of vacancies across the federal workforce. The urgent need to hire new employees to manage new programs; the perpetual shortage of individuals with technical skills in cybersecurity, data analytics, and other STEM fields; and the growing focus on developing government programs with a focus on customer experience and expectations have created a perfect storm. The federal government's average time to hire approximates 100 days—that is not competitive in a normal labor market and can be devastating in the post-pandemic competition for talent. With some exceptions, the federal government's pay and benefits structure does not align with the market rates for high-demand talent. The pay systems lack the flexibility needed to compete effectively. Perhaps more importantly, the federal government's skill classification and promotion systems do not match the individual development goals of today's workforce. As the Academy reports said nearly five years ago, the federal government's mid-20th century people systems have fallen far behind what government needs to serve citizens in the twenty-first century. We cannot continue to wait to adapt to the changing nature of work. Indeed, technology and the pandemic have already changed work. Unless the federal government launches an aggressive effort now to rebuild its workforce, it will fall further behind in its ability to serve the public. Government could risk losing its ability to govern.

THE ROLE OF THE CHCO IS MORE IMPORTANT THAN EVER

The role of the CHCO is more important now than ever, but we cannot modernize that role and then leave them in the antiquated system we currently have and expect different results. We must undertake a systemic renovation of the entire federal personnel system.

The Academy's assessment of OPM is the place to start. The study provides a roadmap of actions needed to raise the attention on, and value of, human capital for addressing critical workforce issues by reframing OPM's mission and affording the agency the foundation required to lead strategic human capital management government-wide. To achieve the vision of elevating and supporting human capital as a strategic priority across the federal enterprise, an appropriately resourced OPM will need to pivot and refresh its organization and operating model. OPM must lead a whole of government approach to people that values performance over mere compliance and talent management and development over position fill rate. OPM should be the lead for federal civilian human capital, setting policy, establishing a framework for agencies to manage their workforces, facilitating innovation and the sharing of best practices and lessons learned, and collecting/using data and data analytics. That means OPM has to change to have the credibility to

serve such a role. It must be more responsive, flexible, and focused on supporting agency missions rather than overseeing enforcement of OPM policy.

Within such a system, CHCOs can be empowered to be the strategic personnel leaders within their agencies that the Chief Human Capital Officers Act envisioned twenty years ago. They should be given the authority to recommend and execute the recruitment, development, and retention strategies that best enable their agency to accomplish its mission. They must have, and be able to use, systems that provide real-time data on their current workforce, their future workforce requirements, and the gap between the two so that they can develop effective workforce management strategies. They must have the most modern tools and processes to incentivize and evaluate candidates and the flexibility to deploy them as necessary without first seeking permission from OPM. They are the lead for ensuring that agency practices promote diversity, equity, inclusion, and accessibility; protect employee safety and wellness; support employee engagement; and protect merit principles. The CHCOs I know recognize that the government's effectiveness is the product of its people, understand their potential impact on the daily functions of government, and relish their position on the front lines of mission accomplishment.

Making this construct real requires commitment and support from both the Administration and Congress. It will also require a concerted effort to improve the capacity of the human resource community government-wide; training and upskilling are essential. Recruiting, developing and retaining the right talent should be a priority nonpartisan concern. Whether you believe government should be smaller or larger, we should all agree that the government needs a highly skilled workforce to serve the American people. In this case, the COVID-19 pandemic may have a silver lining—it has already forced myriad changes in what we believe possible and driven adaptation in distributed work arrangements, technology, and hiring flexibilities. We dare not waste the opportunity this tragedy has created…there is simply no more time to wait.

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Since its establishment in 1967, the Academy has responded to requests for assistance from a wide range of agencies and organizations and has undertaken numerous studies on issues of interest to Congress and the Executive Branch. With its network of distinguished Fellows and an experienced, multi-dimensional professional staff, the Academy is uniquely qualified and trusted to provide objective advice and practical solutions that help government leaders overcome complex challenges and produce positive change.

Each Academy project is directed and overseen by an expert Panel or Expert Advisory Group (EAG) that consists primarily of Fellows. These Panels or EAGs provide high-level expertise and knowledge of current and emerging best practices. They are supported by a professional study team of highly qualified project directors, analysts and researchers that ensure our Panels have all the information required to develop their recommendations and provide meaningful advice to our client organizations.

I would reiterate that the Academy has many Fellows with deep recent experience in federal human capital management. We convene them regularly through our Standing Panel on the Public Service and can engage them on specific topics as required. We would welcome the opportunity to partner

with this Committee to develop and evaluate options that could lead to a stronger and more modern federal civil service system where CHCOs are able and empowered to perform the functions envisioned in the CHCO Act of 2002.

Mr. Chairman, that concludes my written statement, and I would be pleased to answer any questions you or the Committee members may have.