Teresa Gerton

President and Chief Executive Officer

National Academy of Public Administration

Before the

**National Commission on Military, National, and Public Service
Public Hearing**

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Chairman Heck, Vice Chair Gearan, and Commissioners,

I appreciate the opportunity to speak before the Commission today. I have served as the President and CEO of the National Academy of Public Administration (the Academy) since January 2017. I previously served for nearly four years as the Deputy Assistant Secretary for Policy at the Veterans' Employment and Training Service (VETS) at the U.S. Department of Labor and for eight years as a career member of the Senior Executive Service in the U.S. Department of Defense. I served as an officer in the U.S. Army for 20 years before retiring in 2003. Through all of that time, I have been a customer of the federal civil service system and have personally experienced its strengths and its weaknesses.

In your letter of invitation, you expressed interest in discussing strategies to ensure public service at all levels has the tools to hire and retain individuals with skills critical to governments' future success. I am pleased to present my views on these important issues, and to identify lessons learned from Academy studies and thought leaders.

Established in 1967 and chartered by Congress, the Academy is an independent, non-profit, and non-partisan organization dedicated to helping leaders meet today's most critical and complex government challenges. The Academy has a strong organizational assessment capacity; a thorough grasp of cutting-edge needs and solutions across all levels of government; and unmatched independence, credibility, and expertise. Our organization consists of over 900 Fellows—including former cabinet officers, Members of Congress, governors, mayors, and state legislators, as well as distinguished scholars, career public administrators, and nonprofit and business executives. The Academy has a proven record of improving the quality, performance, and accountability of governments at all levels. I am passionate about public service and could not be more pleased to have the opportunity to further the Academy's important mission of good governance to benefit all Americans.

The Academy's assessments consistently demonstrate that the current federal personnel system is complex, multi-faceted, and rule-bound. We have in the past asserted that the system can be made to work when there is:

- Leadership commitment at the most senior levels of departments and agencies;
- Higher capacity in federal HR offices;
- Strong partnerships between HR and hiring managers;
- More effective change management practices; and
- Rigorous oversight, monitoring, and evaluation.

Over the past two years, however, we have published two reports offering a radically different view of the path toward a successful government personnel system. We believe that the future of work, including in government agencies, is being driven by increased application of technology across all types of jobs and industries. As such, the government's HR system must change, dramatically and soon, to a new model able to build and sustain the human capital to accomplish the government's mission, a model focused on the recruitment and retention of talent and less on the classification of positions and skills.

KEY FEDERAL HUMAN CAPITAL ISSUES AND CHALLENGES
A January 2015 *Government Executive* cover story—"Can't Hire, Can't Fire: Other Than That, Everything's Great with the Civil Service System"—captures what many believe to be central failings of the current federal human capital system. The federal government civil service and contractor workforce have extensive experience that is crucial to the government's ability to deliver the services the American people expect. But, the federal government does face challenges in adequately recruiting, developing, and retaining top talent; holding employees accountable; and striking the right balance between civil servants and contractors. These human capital challenges must be addressed in order to strengthen the performance of government and improve the services provided to the public. The best way to do so, in my opinion, is to adopt a talent management model, as described by our *No Time to Wait* Panel in its 2018 report: a focus on creating a system singularly dedicated to accomplishing government's mission, and building the stream of talent necessary to get the job done.

The federal government used to have its own talent development system. It would hire new employees for positions at the bottom of the General Services grade structure, and then, over a career of twenty years of more, gradually train and promote them up the ladder until a limited number reached the most senior ranks. That system has been turned upside down, as a quick look at recent federal employment numbers show. In September 2000, the Office of Personnel Management (OPM) reported a total of 1.76 million federal civil servant employees. 309,438 were in entry level (GS 1-6) grades; 506,720 were in middle (GS 7-11) grades; and 502,778 were in senior management (GS 12-15) grades. 443,623 positions were not counted in the GS structure. By September 2018, the federal civil service had grown to 2.1 million, but the balance between the grades changed dramatically. Entry-level positions fell to 226,095, a drop of over 83,000, while senior positions grew to 736,996, adding over 230,000. The count of middle grade positions stayed nearly constant, at 518,035. Further, another 629,562 positions were not counted in the GS structure.

As the federal government personnel structure has gotten more top-heavy, many federal departments and agencies have sought permissions and authorities outside the traditional Title

5 system to meet their mission needs. At the same time, the government's entry level and developmental positions have largely been outsourced, making government contractors, in a sports sense, the farm teams for the federal workforce. This has had the practical effect of removing the lower rungs from the traditional government career ladder.

It is no surprise, then, that the federal government has difficulty recruiting a new generation of public servants—it has neither the positions to offer them nor the means by which to manage them. Title 5 of the U.S. Code—the bedrock of the federal government's human capital system—has not had a thorough housecleaning in more than two generations. Title 5 represents the best of mid-20th Century thinking for a federal workforce that mostly performed clerical tasks and whose work was designed and managed using now-outdated management principles. Today's world of work is very different. Title 5, grounded in a world before the age of computers and the Internet, is a very poor fit for the digital age. We must develop a system for managing our most critical asset—our people—that recognizes the demands of the 21st century and takes advantage of its tools and technologies.

A TALENT MANAGEMENT SYSTEM FOR THE FUTURE

The current federal human capital system is complex, and it is far from monolithic. Some agencies are subject to Title 5, while others such as FAA have received exemptions from Congress. Some agencies have special pay authorities. For example, CDC makes widespread use of the special pay authorities established by Title 38 and Title 42, while financial regulatory agencies have special authorities through the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

Other flexibilities exist in federal hiring, including:

- Direct hire authority—the Office of Personnel Management has long possessed authority to allow agencies to directly hire employees. In order to grant the authority, OPM must determine that there is either a severe shortage of candidates or a critical hiring need for a position or group of positions.
- Category rating and ranking—this authority was included in the 2002 legislation creating the Department of Homeland Security. The Obama Administration mandated that agencies utilize this authority to allow a broader pool of potential candidates while following veterans preference, but some agency subcomponents still use the "rule of three" hiring method.
- New excepted service hiring authorities intended to address specific problems—for example, OPM has Schedule A initiatives granting agencies the ability to bypass some

parts of the meandering federal hiring process to fast track the onboarding process for digital services experts. Similarly, Schedule D hiring authorities address intake of new graduates. Special authorities also exist for returning veterans and their spouses.

The Trump Administration has proposed a number of new government-wide human capital authorities for the 2020 legislative cycle, including new noncompetitive temporary and term appointments, an industry exchange program, and elimination of the statutory cap on the number of interns that can be appointed under the Expedited Hiring Authority for Post-Secondary Students. These new authorities are a good start, and they could immediately address some of the pain points in the current system. In the end, however, they will not resolve the systemic challenges of the federal human capital system.

The Academy's recommendation, clearly articulated in our *No Time To Wait 2* paper of 2018, is that Title 5 should be overhauled to move from the current system of detailed job specifications to a talent management model in which what matters is not where government employees sit, but what they know and how they contribute to the government's mission. That is, government should transition from the current strategy of hiring people to fit into classified positions to one that focuses on hiring—and advancing—people for the competencies they bring to the work that must be done to meet the mission. With the very nature of work changing so quickly that we can't even imagine or describe what tomorrow's jobs will entail, we must have a system where competencies are built in the person who contributes to a line of work and are not solely based in the duties of a specific position. Talent management focused on lines of work can build workforce flexibility knowledge, adaptability, and power.

Key features of such a modern mission-focused and competency-based model include:

- Identifying the core competencies of occupational and professional groups;
- Assessing and training employees for the competencies they will need, and certifying them (with credentials or "badges") for the skills they bring;
- Creating flexible teams that match the capabilities needed with the mission to be achieved;
- Establishing communities of practice among occupations and professional groups to foster continuous learning about the skills employees need; and
- Devising a plan for reskilling the government's workforce to match government's mission requirements with the skills of its employees.

The current classification and compensation system—which requires management by position and FTE instead of mission accomplishment—is an impediment to moving to a talent

management system and must be replaced. Our approach to line-of-work talent management calls for a fundamental redefinition of the federal government's human capital system. It shifts the focus from complying with rules and preparing position descriptions to nurturing talent and continually developing competencies and skills.

We believe that this talent-management strategy could extend beyond federal government employees to all those—in the state and local governments, as well as in private and nonprofit organizations—who share in government's work. This approach would strengthen hiring and talent acquisition, increasing the government's agility and its ability to efficiently address needs, and adapt to challenges. The model could encourage a more targeted and efficient outreach to employee sources through coordinated, pooled hiring; streamlining and increasing the effectiveness of agency recruiting and hiring activities. Furthermore, this strategy could encourage rotation in and out of government from the private and nonprofit sectors, as well as to and from state and local governments. The flexibility of the approach could enhance recruitment and retention of Millennials and those in Generation Z who want to make a difference as they develop their competencies and skills on inherently governmental programs aligned with their areas of interest.

Without a far sharper focus on nurturing the talent it needs, the government simply will not be able to deliver on the mission with which the people entrust it. Government needs a talent management approach that moves at the speed of technology and that drives its work forward in ways that adapt to the future of work. I believe the approach outlined here can meet that need. It would put mission first within a governance structure that encourages enterprise-level collaboration and government-wide learning while fully supporting merit system principles in its selection, career advancement, and performance management processes.

The situation is urgent, and we have no time to wait.