

Statement of

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Good Morning Madam Chairwoman and members of the Subcommittee. On behalf of Secretary Tommy Thompson, I appreciate the opportunity to appear before you today to discuss the current efforts of the Department of Health and Human Services (HHS) to improve the federal hiring process and to discuss the Department's use of recently granted hiring flexibilities.

HHS is the United States Government's principal agency for protecting the health of all Americans and providing essential human services, especially for those who are least able to help themselves. We have responsibility for more than 300 programs, covering a wide spectrum of activities, including biomedical research, food and drug safety, disease prevention and health promotion, comprehensive health care services for Native Americans, health insurance for elderly and disabled Americans (Medicare) and health insurance for low-income people (Medicaid), financial assistance and services for low income families, and services for older Americans, including home-delivered meals. Among our many important programs, we are also the Nation's largest health insurer, handling more than 900 million Medicare claims per year and we're the Nation's largest grant-making agency, providing some 60,000 grants per year.

Throughout its history, the HHS workforce has continuously evolved and responded to internal and external factors such as major reorganizations, new legislative mandates, new initiatives, public health crises, technological advances and volatile job markets. Today, the challenges are no less daunting and these challenges have major implications for our workforce. We face a series of unprecedented internal business and external environmental challenges that have major implications for the workforce and accomplishment of the Department's mission. These challenges include growing legislative mandates; the threat of bioterrorism; rapid and significant changes in health care delivery, protection of critical infrastructure; an emerging strategic role and active health

care presence, and challenges related to an aging workforce and increased competition for skilled workers.

We administer our programs through eleven Operating Divisions. The workforce includes approximately 65,000 employees who are spread around the United States and abroad. We employ physicians, nurses, and other health professionals as researchers, clinicians and administrators; statisticians and actuaries; specialists in financial management, grants management, and information systems; legal and regulatory experts; and experts in public health, social sciences and many other fields.

HHS faces tremendous challenges as we lead Americans to better health, safety and well being.

Today, HHS is here to address issues related to our hiring needs, our efforts to streamline the hiring process, how we're using recently granted hiring flexibilities and to highlight some of our ongoing hiring initiatives within the Department.

Let me begin with one of our most successful hiring initiatives - the Emerging Leaders Program which is a 2-year internship for recent college graduates that can lead to permanent employment.

We have been surprised, and at times nearly overwhelmed, by the abundance of candidates with Masters, PhD, JD and MD degrees eager to come and work for the Federal government, and who, given the chance, exceed well beyond expectations.

This program, as I said, is one of our most successful recruitment initiatives and it's the centerpiece of Secretary Thompson's "One Department" vision for human capital management. The program has generated incredible numbers of highly talented young people competing for the opportunity to come work for HHS. Now in its third year, the program has attracted an unprecedented number of applicants.

In the first year of the program, we recruited both undergraduate and graduate students and received almost 8,000 applications. For the second and third years, we recruited at the graduate school level only and received more than 2,000 applications each year. That's 12,000 people in three years!

On July 26, we will bring on board 93 more Emerging Leaders, bringing our 3-year total to nearly 250 recent college graduates. Managers and supervisors throughout the Department are continually amazed that employees right out of school are able to come in and make such an immediate impact. This is a true testament to the strength of the applicants.

As you see, we're very proud of this program.

Another current initiative is our outreach effort to the Hispanic community – a community which has been historically under represented in the HHS work force and throughout the federal government. Right now we have human resources and subject matter managers attending conferences and career fairs in Hispanic communities to try and fill critical vacancies such as medical officers, nurses and pharmacists.

Our third initiative involves an analysis of our workforce demographics. We are now analyzing data to identify hiring trends in mission and support positions, as well as occupational and diversity profiles and succession indicators. The results of this analysis will be used to assist managers in identifying future recruitment needs and HR approaches to meeting those needs.

The next area I'd like to cover is our efforts to streamline the hiring process.

HHS has aligned and integrated its human capital programs with the Department's mission and other President's Management Agenda initiatives. In January 2004, the Department completely restructured its human resources management service delivery by consolidating what was once over 40 separate Human Resources organizations into 4 Human Resource Centers. At the same time we implemented a series of automation initiatives to help us standardize business processes and facilitate a much more rigorous performance management system in our Human Resources programs. In time, the consolidation will substantially reduce duplication of effort throughout the Department, improve service delivery and achieve FTE and cost savings.

One of our major accomplishments in this area is the implementation of *QUICKHIRE* – which is a program that helps us with recruiting, evaluating and hiring the very best people available. We use this web-based program to fill GS and wage grade positions. The system helps our HR offices to significantly improve timeliness, reduce paper processing and improve customer service. Applicants can review vacancy announcements, answer position-specific questions and apply for vacancies on-line. They can also create, edit and archive an electronic résumé by cutting and pasting from existing information. After the vacancy announcement closes, an initial assessment/screening is performed by the system based on the applicants responses. Applicants are then rated and ranked according to pre-established criteria. The best-qualified candidates are identified and forwarded to selecting officials, generally within 5 days of the closing date of the vacancy announcement.

As many of you know, OPM recently announced the creation of a 45-day hiring model for the federal community that focuses on the time between closing the vacancy announcement and making a job offer to the candidate. I am pleased to report that, on average, HHS already has a 35-day window between the closing date of the vacancy announcement and making a job offer now that we have an automated process.

Another accomplishment is the system that we use once an employee has been selected for a position. This too is a web based application, called *E-Induction*, which assists selected employees with completing the forms required to enter on duty. This system saves a significant amount of time for new employees since it automates the completion of personnel, benefits and payroll forms, including health insurance, life insurance, tax withholdings and salary direct deposits. The information is transmitted to the appropriate HR Center prior to the first day of work.

Now I'd like to discuss our use of recently granted hiring flexibilities, specifically direct hire authority and category rating.

Direct Hire Authority, which is sometimes called "on-the-spot" hiring, is one of the flexibilities provided by the Chief Human Capital Officers Act. This authority permits agencies to evaluate the credentials of qualified candidates and hire them without putting them through the formal rating and ranking process used to fill most federal jobs. The authority is limited to occupations for which there is a critical shortage of candidates or a critical hiring need for the agency. OPM has approved the use of direct hire authority, government wide, for medical officers, nurses, pharmacists, diagnostic technicians, and Information Technology (IT) security specialists.

In order to use direct hire authority, agencies are required to issue a public notice of the vacancy. In June 2004 HHS published Department-wide vacancy announcements for medical officer, nurse and pharmacist positions and those announcements will remain open throughout the summer 2004. Right now we are participating in career fairs, conferences and other recruiting events in an effort to fill jobs. Agency managers are traveling to these activities to interview applicants and offer jobs on the spot; subject matter recruiters are attending medical association meetings and conferences to seek applicants; and the HR community is fully engaged in supporting these activities. While it is too soon to know the outcome of this effort, we do expect to fill positions, especially nurses, which is one of our critical occupations.

We also requested approval of direct hire authority to fill positions at the Centers for Medicare and Medicaid Services (CMS) as they implement the Medicare Prescription Drug, Improvement and Modernization Act. OPM approved the request in May 2004. We now have authority to fill health insurance specialist, economist and actuary positions, through grade 15. This authority is in effect through 2005 and CMS is actively filling those vacancies.

Traditionally, applicants for Federal jobs are rated and ranked against pre-established criteria and then assigned a numerical score. The 3 candidates with the highest scores are then considered for selection based on the "rule of three." Category rating, which provides authority to refer more than three candidates for selection, has not been implemented within HHS at this point. We have

partnered with representatives from the Treasury Department, Department of Labor, Department of Homeland Security, General Services Administration, Environmental Protection Agency and OPM to develop an automated category-rating module that can be used with our automated system, *HHS Careers/QUICKHIRE*. It will likely take six months or more to develop the module. We will use this flexibility within HHS following development of the automated process.

Once again, I am grateful for the opportunity to discuss these matters with you, and I would be happy to respond to any questions you may have.