



PARTNERSHIP FOR PUBLIC SERVICE

Testimony of

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Committee on Government Reform
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on

The Hiring Process: The Long and Winding Road

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Chairwoman Davis, Congressman Davis, thank you very much for the opportunity to appear before your Subcommittee today. I am Marcia Marsh, Vice President for Agency Partnerships at the Partnership for Public Service, a non-partisan, nonprofit organization dedicated to revitalizing the federal civil service. We appreciate your invitation to discuss the hiring challenges facing the federal workforce today and to offer the Partnership's perspectives on addressing this long-standing weakness in federal management practices.

The Partnership has two principal areas of focus. First, we work to inspire a new generation to federal service. Second, we work with government leaders to help transform the business of government so that the best and brightest will enter, stay and succeed in meeting the challenges of our nation. That includes all aspects of how we manage people from attracting them to government, leading them, supporting their development, and managing performance. In short, all the essential ingredients for forming and keeping a winning team. Given the work that we do in the Partnership for Public Service, fixing the federal hiring process tops the list of our priorities. An outline of our major activities and findings relating to federal hiring is attached in the Appendix to this testimony.

The specific process failings that plague government hiring have been well documented and addressed by numerous studies and by the other members of this panel. We still have problems.

- For many of the “best and brightest” among the job seeking population the federal government is still not perceived as an employer of choice. The public either lacks information about federal career opportunities or worse, has a negative impression of working inside the federal government.

- Job opportunities and compensation packages are too often not competitive. The General Schedule and 50-plus year-old classification system do not meet the needs of a 21st Century job market.
- For those intrepid job seekers who brave the federal job market – they are frequently baffled by the process – vacancy announcements are cryptic, discouraging and highly confusing; applications often disappear into the system without acknowledgment or updates as to status; applicants may not receive interview requests until several months after an application has been filed and long after their interest in the job has waned.
- The selection process, particularly for the entry-level candidates covered by the 1981 Luevano consent decree, includes assessment tools that, from the applicant perspective, are confusing and disconnected to the position they are seeking. From the agency perspective, the process does not help in selecting the best candidates.
- At the end of the day, many managers are disappointed with the quality of the applicants that survive the process through certification.
- Often the process takes so long that many desired candidates are lost to competitors.
- Finally, federal employees themselves agree that their agencies frequently do not hire the right talent for the right jobs.

In short, no one is happy. The federal hiring process does a major disservice to citizens applying for employment and to government agencies that are trying to meet critical talent needs.

But, this is only one side of the picture. There is some energy in the system that provides a measure of hope that these issues can and will be addressed. Certainly, there are the legislative remedies that this Subcommittee and Congress, in general, have provided either government-wide or to specific agencies: category ranking and DHS/DoD compensation and critical hire flexibilities to name a few. These remedies provide at least some agencies an increased opportunity to win in the war for talent.

OPM has continued to delegate greater accountability to federal agencies, encouraging

them to pursue competitive practices such as direct hires, etc. OPM's enhancement of USAJobs presents a much more contemporary face for applicants and greater capabilities. Before the government job site was redesigned, it received about 20,000 visitors each day. Now, after design improvements and a broad e-mail and publicity campaign, the site receives almost 300,000 visits from jobseekers on an average weekday. Indeed, a search for the word "jobs" on the powerful Google.com search engine returns USAJobs as the third-ranked result. In some cases, the USAJobs technology has been supplemented at the agency level by full automation, reducing time to hire from months or weeks to days.

Although these changes provide reason for some optimism, they do not represent the federal norm. The litany of problems highlighted above is still too pervasive. The General Accounting Office Report, "Opportunities to Improve Executive Agencies' Hiring Processes", from May 2003, provides an excellent assessment of most federal practices and issues.

Why do these problems persist?

Certainly the competitive pay and classification issues loom large. We would encourage this Subcommittee to continue to press on resolving government wide pay flexibilities and market competition issues. But, flexibilities are only one part of the equation. We believe that many agencies, with general hiring needs, actually have the capacity to make major strides while working within the existing system.

Given my private sector background, I am frequently asked to speak to federal audiences about how high performing organizations attract and retain the best and brightest. Prior to joining the Partnership in February of 2002, I was a consultant in the private sector for more than 23 years – first with Price Waterhouse where I was a partner in their Global Human Resource Solutions practice and then as the Practice Leader of International Consulting for Watson Wyatt Worldwide. During that time, I worked with many of the Fortune 500 in developing management practices that would allow them to compete for and retain great talent. I would give federal leaders the same advice given to CEOs, CFOs and COOs in the private sector – *it all starts at the top*. That has been the missing ingredient in the federal space.

If you look at the best in hiring in the private sector, they share many common practices, but one stands out in marked contrast to most federal agencies. Senior leaders make finding, attracting and retaining talent their number one priority. They spend large percentages of their time on all aspects of people management. Tom Tierney, the former Chairman of Bain & Company – one of the leading management-consulting firms – used himself as an example in making this point when speaking to a Kennedy School executive session two years ago. As the leader of this widely respected consulting firm, he spent 10% of his time in the hiring process – out on college campuses, at conferences and professional associations meeting, wooing and interviewing the bright candidates that would continue Bain’s success. Jeffrey Immelt, the CEO of General Electric, spends at least 30 full days a year in leading GE’s people management processes, which include succession planning and filling top jobs in the organization. Like other great leaders,

Immelt and Tierney understand that this role is essential to maintaining their competitive edge.

It would be inconceivable for leaders such as Tom Tierney, Jeffrey Immelt, or others to operate an organization that accepts all of the failings of the federal system as described above. They would start by challenging their organizations to “just do it” – fix the parts of the system that are entirely within their control rather than simply delegating the issue away as an “HR function.” Laying the total responsibility for the fix at the door of the human resources department is like asking the budget office to spend your money for you. Program managers are responsible for resource management – HR and finance teams are partners in the process. When problems exist in resourcing, they are management issues.

You can tell when federal leaders and managers do take responsibility for hiring – they fix their internal systems and come to Congress with well-developed cases for more resources. Comptroller General David Walker and NASA Administrator Sean O’Keefe are two recent examples of leaders of organizations that are getting it right with support from this Subcommittee and Congress. Both organizations have streamlined and significantly improved their processes and both have asked you for greater flexibilities in people management. Tommy Thompson at HHS led the charge in pressing OPM for assistance in creating a new Emerging Leaders hiring program with great success. The Social Security Administration is a model for all sectors in aggressively hiring a diverse workforce to meet the needs of serving their diverse customer communities. The TSA hiring story is one that I frequently share with private sector audiences as a management feat unparalleled in scale,

scope and execution.

It is no coincidence that GAO, NASA, HHS and TSA were among the first recruitment case studies featured in the Partnership's web-based Solutions Center and SSA's story joins their ranks in July. In those case studies, you can read that leaders and managers make hiring a strategic priority, take responsibility for the process, and are measured on hiring results.

We know that one important question before this Subcommittee is whether all of the flexibilities already provided by Congress are being used to their full potential. We would say no. The slow move to using category ranking after passage of the Homeland Security Act of 2002 is a good illustration of the management challenge. It also highlights the need for more aggressive central change leadership if positive changes in HR practices are to be implemented.

The Homeland Security Act was signed in November 2002, regulations were issued in June 2003 and yet in June 2004 we find that most agencies are still not taking advantage of category ranking to modernize even this one small but significant aspect of the federal hiring process. Some agencies, we are told, are still waiting for additional guidance from OPM while others have not devoted the time or resources needed to implement the change. In the interim, OPM has made presentations to federal agencies about new HR flexibilities, but the bottom line is that the flexibilities are not being widely used.

Some agency HR staffs are reportedly reluctant to modify their processes or systems without more detailed guidance from OPM for fear of finding that they did it wrong during OPM oversight reviews. Still others cite tight resources and the efforts needed to revamp this aspect of the hiring process and then train both managers and operational HR staff on the new procedures as a deterrent to change. In essence, it is easier to maintain the status quo even if there is a better alternative available. Leaders and managers interested in capitalizing on this very important process improvement should be aggressively reaching out to OPM to make change happen.

Committed leaders and managers make a real difference everyday in finding the resources to improve their hiring competitiveness. The leaders of the United States Geological Survey (USGS) were pioneers in automating the federal hiring process. They found a way to fund and implement new hiring technologies and drove their hiring time from months to days. The Department of State and GAO have devoted significant resources to federal student loan repayment because it has proven to be an effective recruitment tool. GAO, the Social Security Administration, and many other organizations are aggressively using internships to create a new entry-level pipeline for their organizations.

What should be done to fuel additional change?

Our work with federal agencies, in particular, has given us a very concrete sense of the opportunities for change in federal hiring practices. However, given the long history of delegating management away to the HR function rather than working in active partnership,

change will be slow in coming unless there is additional pressure on the system. To that end, we offer these final recommendations:

- Congress should continue to use its oversight to raise questions of agency leaders about their human capital risks. You have a natural avenue through the CHCO Act to ask for an annual measure of key people management practices. The President's Management Agenda is actually a great first step. By virtue of the evaluation of key human capital practices, many leaders and managers in the federal government are spending time understanding what their talent needs are and what the gaps are in the system and are asking the right questions about how to fix them. Institutionalizing and reinforcing the best aspects of the President's Management Agenda will help to keep senior leaders and managers focused on people as a top priority.
- We would like to issue a cautionary note about the metrics that might be adopted as part of annual reporting. They must balance both quantitative and qualitative goals. Often we hear of "time to hire" as the paramount measure when finding and attracting the best talent is the real goal. Many of the best private sector organizations will go to extraordinary lengths and invest a great deal of time in finding the right talent for their organizations. They can and do make offers on the spot but in many cases, job offers are made only after weeks or months of searching for the best fit. Speeding up the federal hiring process is important, but placing disproportionate emphasis on any one part of the process may lead to unintended, and undesirable, results.

- Congress should provide OPM with the resources and incentives it needs to aggressively promote greater use of existing flexibilities and assist agencies in identifying the mix of available tools that will work best for them. Changing decades of old mindsets will take wave after wave of communications, training, leadership engagement, and measurement to enhance all of the federal people practices.

The best private sector organizations have strong central change and strategic communications capabilities to assist the leaders and managers throughout their organizations in transformation efforts. Whether it is implementing category ranking, creating alternatives to ACWA (Administrative Careers with America) assessments, or rolling out new SES performance management practices, the government as a whole will move more quickly and cost effectively if maximum guidance, assistance and resourcing are provided in the change campaign.

Helping to create “models” of success through hands-on assistance will help lead the way. To that end, we understand an OPM team is working on an exciting project with HUD to make over its hiring process. This pilot may be very instructive in determining the full scope of assistance that might be provided from the “center” to ensure positive results. We look forward to following this project and learning more about the results that this collaboration will accomplish. It should provide great energy for a broader transformation effort.

The Partnership, in fact, is pursuing a similar “extreme makeover” project with three

pilot organizations and the pro-bono assistance of many of the private sector's best recruiting consultants including our colleagues from Monster. We will launch this project later this summer and we look forward to working with OPM and your staff to make the makeover a success and learn more about possibilities for "grass roots" change. We are looking for "quick wins" by the end of this year and more substantive change in the months to follow. We will be eager to share our findings and those results with this Subcommittee.

- Finally, to level the playing field and provide maximum flexibility in recruiting and retaining the very best, we look forward to legislative action to replace the General Schedule with more competitive and contemporary pay and classification systems. The federal government has a wealth of data demonstrating that agencies can succeed outside of the General Schedule while adhering to merit system principles and veterans' preference. We believe that all agencies could benefit from a more contemporary, market-sensitive pay system.

Appendix A

The Partnership's Hiring Process Initiatives

Our perspectives about the hiring process are shaped by our work on several key Partnership initiatives:

*Research into talent challenges – **Insight from Retirement Data and the Best Places to Work in the Federal Government project.*** Our research into the general demographic and specialized talent challenges of government indicates that bringing new talent into the federal government is a mission-critical challenge. In our recent work to convert OPM's Federal Human Capital Survey into our Best Places to Work in the Federal Government rankings, we found that federal employees rank their work unit as below average (48.6 on a 1-100 scale) for its ability to "recruit people with the right skills."

This Subcommittee is quite familiar with the pending retirements across the federal government. As a matter of review, OPM currently projects that 31.7% of the federal workforce will be eligible to retire within the next five years, and that number balloons to 52.1% when early retirements are considered. Naysayers claim no need for alarm since many federal employees continue working after they become eligible to retire. For the first time in three years, however, the number of federal employees who actually retired in FY2003 exceeded the best projections of OPM, signaling that the snowball effect from baby boom retirement is accelerating. Whether they occur this year or in the next five years, retirements will significantly deplete the talent bench that we have in government.

Talent gaps in the federal government do not simply result in uncomfortable workload issues – they can be threats to our national security as well. Through our BioTerrorism report, we highlighted how the gaps in scientific talent across many federal Agencies impair our ability to anticipate and respond to the threats that appear in our current headlines.

*Public perception polling – **The Unanswered Call to Public Service: Americans’***

Attitudes Before and After September, 2001. Filling current and project talent gaps will not be easy. Our early polling and research into public attitudes about federal employment indicated that less than 1 in 4 college students had an interest in public service. When we looked closely at the feedback, it was clear that these students were simply not aware of the career opportunities that exist in government. While 52% of non-federal workers in our survey said that they were well informed about private sector jobs, just 29% felt well informed about federal opportunities. Federal workers in our survey agreed with this assessment; the majority believe it is more difficult to find information about federal rather than private sector jobs. Lack of federal recruiting presence on college campuses over the 1990s and virtually non-existent branding of government careers has created a major information void. Private sector competitors are all too eager to fill that void with their own calls to service. In addition, only a small fraction of students think that they can best make a difference through federal employment – most would opt for nonprofit jobs. To that end, a survey conducted in 2003 by the Brookings Institution found that only 28% of college seniors see working for the government as a form of public service, while 58% said

the same about working for a nonprofit organization.

Outreach to colleges and universities. To increase awareness about federal opportunities and counter poor perceptions of government jobs, we launched our Call to Serve college outreach initiative in partnership with OPM. Through Call to Serve, we interact with college Presidents and career placement officers in over 500 academic institutions and the recruiting experts at over 60 federal agencies. The outreach we have made through these networks demonstrates a real appetite for good information about federal employment and shows promising effort by some federal agencies in reconnecting with college communities. We have a long way to go, however, to persuade young people to choose federal service over private sector or nonprofit talent competitors. Efforts on college campuses must be consistent and substantive and the way in which we package federal jobs needs to be compelling and exciting. If we are to take full advantage of the talent coming out of our colleges and universities, we also have to speed up the federal hiring process. A 2003 GAO survey of agency Human Resources Directors found that, on average, it takes the federal government 3 months to fill a vacancy. This is alarming when one considers that in a 2002 Penn, Schoen and Berland Associates survey 69% of college juniors and seniors said they would not wait longer than 4 weeks for a job offer.

*Outreach to experienced professionals – **Mid-career Hiring in the Federal Government: A Strategy for Change, 2002.*** At the same time that we began working with college populations, we looked at mid-career hiring and were even more discouraged about the prospects for attracting experienced hires into federal service. In 2002, we issued our first

mid-career hiring report. Our findings showed that only 10% of vacancies for GS-12s and above are filled by candidates from outside the federal government. Much of that is attributable to federal agencies keeping the doors closed to new talent by restricting their search to internal candidates only. Many agencies report to us that this closed system extends to bureaus, offices, departments and regions within their own organization. Management simply is not considering a broad array of talent to fill positions. In the coming months we will release an update to our earlier midcareer hiring report that finds that in the past two years, hiring from outside government has risen modestly (to 15%), but that the federal government is opening increasingly fewer job vacancies to applicants from outside the federal government. The report includes a deeper analysis of the issue and interviews of agency human resources leaders that should benefit the dialogue on the federal hiring process.

Add to that the disincentives in making a career shift to federal employment for experienced candidates, and prospects for hiring specialized talent are seriously reduced. The lack of flexibility and non-competitive pay of those agencies still bound to the General Schedule, federal vacation policy, non-competitive relocation and recruiting bonuses, etc. are not enticing for outside candidates. Fortunately, this Subcommittee recently passed legislation (S. 129) to address some of these disincentives; combined with the new Presidential Management Fellows program, there is reason to hope that the federal government can and will improve in attracting and retaining talented mid-career professionals to government service.

Partnerships with Agencies. Our work with federal agencies through our Agency Partnership team has allowed us to see the best and worst of the federal hiring process. In general, we still hear too many complaints about an antiquated and byzantine process that prevents organizations from effectively hiring great talent. On occasion, we see examples of real innovation in hiring that demonstrate that change can happen. Many of those examples were cited in our testimony. We have documented some examples of innovative practices and tools and resources for fixing the hiring process in our web-based Solutions Center. Case Studies from the Solutions Center are attached as Exhibit A.

Exhibit A
Solution Center Case Studies