

II. FEDERAL WORKFORCE MANAGEMENT - 2009

We are facing a pivotal time in American history when the need for the federal government to provide services that assist and protect the American public could not be more present. The budget deficit continues to grow at record levels and managers continue to be asked to do more with less. While they still perform admirably, there are many changes that could strengthen their ability to offer the best services to the American people. Federal managers must have the flexibility and resources to recruit and retain talented and knowledgeable civil servants.

Not surprisingly, we are in the midst of a human capital crisis, exacerbated by the fact that sixty percent of all federal managers and supervisors – roughly 100,000 workers – and more than half of the current federal workforce – about 900,000 employees – will be eligible for regular or early retirement in the next few years. FMA believes there must be a proper mix of managers, rank-and-file employees, and senior executives to fulfill each agency's mission. Arbitrary downsizing and outsourcing without proper mission analysis only hurts front-line supervisors' ability to manage at all, much less administer effectively.

FMA makes the following recommendations based on our belief that providing talented managers with fair benefits and compensation, as well as the authority and flexibility to make tough decisions, is the key to managing a successful and strong civil service.

SUMMARY OF FMA LEGISLATIVE RECOMMENDATIONS

- 1. Credit Employees Under the Federal Employees Retirement System for Unused Sick Leave at the Time of Retirement.**
- 2. Mandate and Properly Fund Initial and Ongoing Interactive Training for Managers.**
- 3. Reform the GS Pay System to Protect Those Subject to the Pay Cap.**
- 4. Continue Oversight of Agencies' Usage of Management Tools Such as Workforce Flexibilities, Including Telework Programs.**
- 5. Codify the Elimination of the Federal Prison Industries' Mandatory-Sourcing Status.**
- 6. Support a Tax-Free Student Loan Repayment Program.**

CREDIT FERS EMPLOYEES FOR UNUSED SICK LEAVE AT THE TIME OF RETIREMENT

Congress should pass legislation, H.R. 958, reforming the current sick leave policy for active duty federal employees enrolled in the Federal Employees Retirement System to offer a credit for sick leave time accrued during federal service.

Since the Federal Retirement Reform Act of 1985, all federal employees hired after December 31, 1983 are covered under the Federal Employees Retirement System (FERS). Unlike their Civil Service Retirement System (CSRS) counterparts, FERS employees do not receive service credit in the computation of their annuities for accrued sick leave at the time of retirement, and the failure to extend this benefit has proven costly.

The price of sick leave used by federal employees continues to rise, and the loss of productivity becomes more apparent as there is no incentive for employees to conserve sick leave. This continues to be a growing problem for managers striving to bring the best out of their employees. In fact, the Office of Personnel Management currently estimates this problem costs taxpayers \$68 million a year in lost productivity. However, employees who are sick should not be penalized for using their leave appropriately. Finding this balance is essential to preventing abuse of the available sick leave without punishing employees who use their sick leave for legitimate purposes.

Congressman Jim Moran (D-Va.) introduced legislation, H.R. 5573, in the 110th Congress which would give FERS employees a lump sum payment for unused sick leave at the time of retirement. The House went even further in passing legislation, H.R. 1108, which contained a provision granting FERS retirees the same sick leave benefits as their CSRS counterparts, with a three year phase-in. FMA supports introduction of legislation, H.R. 958, in the 111th Congress which would grant FERS employees a full credit for unused sick leave on par with the benefit afforded to their CSRS counterparts.

MANDATE AND PROPERLY FUND INITIAL AND ONGOING INTERACTIVE TRAINING FOR MANAGERS

Congress should establish initial and ongoing mandatory training requirements for all supervisors across the federal government.

Current law requires agencies to establish a training program for managers focusing on how to address poor performing employees, enhance mentoring skills and conduct accurate performance appraisals. However, there is no obligation for managers to participate, and when budgets are tight these discretionary programs are often the first to have their funding cut.

Management training can no longer be viewed as an expendable program. For federal agencies to remain competitive, effective and efficient, these programs need to be made mandatory. By establishing a mandatory initial training program and ongoing training series every three to five years, the entire workforce benefits from enhanced supervision and improved leadership. Funding these programs in the appropriations process is essential to preventing training dollars from being cut when budgets are tight.

FMA supports legislation, S. 967, introduced by Senator Daniel Akaka (D-Haw.) in the 110th Congress which would require agencies to provide instructor-based training on various management topics, including mentorship, career development, and how to address poor performers, among others. The bill passed the Senate Homeland Security and Governmental Affairs Committee in June 2007. FMA urges Congress to continue working on this important legislation.

REFORM THE GS SYSTEM TO PROTECT THOSE SUBJECT TO THE PAY CAP

Congress should act to reform the current General Schedule pay system to prevent GS-15s from continuing to hit the pay cap.

The GS pay system is divided into 15 grades based on the complexity of work, with each grade divided into 10 steps. Annual pay adjustments for GS employees are governed by the Federal Employees Pay Comparability Act (FEPCA), P.L. 101-509. In addition to the annual pay raise approved by Congress, GS employees also receive any applicable locality pay in areas where federal pay rates lag far behind private sector salaries. There are currently 31 such areas. By law, GS employees' base pay cannot exceed the Executive Level V pay and locality pay cannot exceed Executive Level IV.

Since 2007, GS-15s in high locality pay areas such as San Francisco and Washington D.C. have reached the Executive Level IV pay cap, which in 2009 was \$153,200. Roughly 7,000 federal employees in eleven geographic areas hit the GS-15 pay cap in 2008. Since GS pay raises are by law larger than the Executive Level raises, this problem will continue to grow exponentially in the coming years.

We at FMA recognize that simply removing the cap would de-link federal employee salaries from that of the Executive Level and would also be detrimental to the recruitment efforts of the Senior Executive Service. We are committed to working with Members of Congress to remedy this situation and reach a beneficial solution for all.

MONITOR FEDERAL AGENCY IMPLEMENTATION AND USAGE OF AUTHORIZED MANAGEMENT FLEXIBILITIES

FMA supports Congress' continued oversight and monitoring of agencies' usage of new management tools in facilitating the recruitment and retention of talented employees.

As the federal government faces a human capital crisis created by decades of poor succession planning and inadequate leadership development, Congress authorized new flexibilities for managers to aid them in carrying out the missions of federal agencies as well as to overcome the retirement wave they are currently confronting. However, more needs to be done to address workforce concerns facing the civil service.

FMA applauds ratification of the Federal Workforce Flexibility Act of 2004, P.L. 108-411, in the 108th Congress which seeks to increase managerial flexibilities by providing managers with the authority to: use recruitment, retention, and relocation bonuses to hire and retain the best and brightest; increase demonstration and pilot projects in the areas of personnel management; utilize streamlined critical pay authority to use higher salaries to attract employees needed for critical positions; increase the importance of agency training as a career development tool; and, allow federal employees to earn compensatory time for personal time spent traveling on agency business.

Additionally, Congress should continue to monitor and improve federal agency participation in telework programs in order to promote a dynamic and flexible federal workforce. Managers across the board view balance of work and life as well as the impact on employee recruitment and retention as the major motivational factors in enrolling in a telecommuting program. Utilization of telework programs is necessary for the federal government to compete with the private sector for talented employees.

FMA applauds House passage of telework-friendly legislation in the 110th Congress, H.R. 4106. We urge Congress to play a stronger role in ensuring these flexibilities are used by federal agencies and that OPM is providing the proper tools for agencies to implement them.

CODIFY THE ELIMINATION OF THE FEDERAL PRISON INDUSTRIES' MANDATORY-SOURCING STATUS

Congress should pass legislation that permanently ends the Federal Prison Industries' (FPI) mandatory-sourcing status across the federal government.

For too long, federal managers and supervisors responsible for the purchasing of goods and services have been forced to spend taxpayer dollars on products provided by FPI, regardless of whether the transaction represents the best return on public dollars. In the 109th Congress, the House of Representatives approved H.R. 2965 to end the mandatory-sourcing status of FPI and allow government agencies to acquire procurement goods and services through a competitive sourcing process.

Additionally, in the fiscal year 2005 appropriations process, Congress approved a provision in the Consolidated Appropriations Bill (H.R. 4818) to end the mandatory-sourcing status of FPI and allow government agencies to acquire goods and services through a competitive sourcing process. This allowed for the federal government to make the best use of taxpayer dollars in receiving quality products in a timely manner. However, as this was agreed to within an appropriations measure, it was not codified into public law. As of 2002, Congress ended the practice of mandatory sourcing in the Department of Defense, but the rest of the government is still required to procure goods and services from an unreliable FPI. FMA supports the passage of a similar authorization measure in the 111th Congress.

SUPPORT A TAX-FREE STUDENT LOAN REPAYMENT PROGRAM

Congress should pass legislation to provide tax-free student loan repayments to federal employees in an effort to recruit and retain a highly skilled civil service workforce.

Human capital loss will continue to plague the federal workforce for the foreseeable future, but agency officials have identified student loan repayment as an effective recruitment and retention tool that would help attract high-performing employees. A recent survey revealed that less than half of the 63 agencies reporting participated in the student loan repayment program; however, nearly \$9.1 million in student loan repayment benefits were paid out to over 2,000 employees.¹ A 2002 study found that 75 percent of college students had a somewhat or very favorable opinion of the federal government as an employer.²

According to a recent survey of third-year law school students by the Partnership for Public Service, Equal Justice Works, and the National Association for Law Placement, law school debt prevented 66 percent of student respondents from considering a public interest or government job.³ The number of student loans in the U.S. increased from 6.3 million in 1993-94 to 10.3 million in 2001-2002. An average of 65 percent of undergraduates and 60 percent of graduate students leave school with student loans, totaling \$19,000 and \$37,000, respectively.

Authorizing the federal government to offer potential new members of the workforce a way to pay down their student loans would attract more highly talented employees to federal service. FMA supports legislation introduced in the 110th Congress, S. 1047/H.R. 2363, which would amend the tax code to allow federal student loan reimbursements to be excluded as income.

¹ Office of Personnel Management, *Federal Student Loan Repayment Program Report to Congress Fiscal Year 2003*

² Partnership for Public Service, *Tapping America's Potential: Expanding Student Employment And Internship Opportunities In The Federal Government*, May 2002, Vol. 1, Issue 2.

³ Partnership For Public Service Web site: www.ourpublicservice.org