



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

**STATEMENT OF
DR. JEFF T.H. PON
DIRECTOR**

U.S. OFFICE OF PERSONNEL MANAGEMENT

before the

**COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES**

on

**“WORKFORCE FOR THE 21st CENTURY: ANALYZING THE
PRESIDENT’S MANAGEMENT AGENDA”**

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May 16, 2018

Chairman Gowdy, Ranking Member Cummings, and members of the Committee, my name is Dr. Jeff T.H. Pon, and I am the Director of the Office of Personnel Management (OPM). I was confirmed by the United States Senate and sworn in as the Director of OPM in March of this year. Today is my first time before this Committee, and I am excited to be here to discuss the President’s Management Agenda (PMA). This is an especially dynamic topic for this Administration, which, under the leadership of President Trump, is championing civil service reform concepts. We could not conduct America’s operations without relying on the diligence of the millions of Federal employees across the Government. The President is eager to take on the substantial challenge of modernizing the Federal civil service and its supporting information technology (IT) infrastructure. I firmly believe the best way we can improve the function of the Federal Government is to empower employees by removing the barriers they face in accomplishing their mission, while effectively stewarding taxpayer dollars. The Trump Administration is committed to these important changes and will work with Congress and this Committee to deliver meaningful change to the American people. Working together with the

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Office of Management and Budget and our agency partners in the development and rollout of the PMA, I believe our work is off to a strong start.

Civil Service Modernization

To begin, the civil service system and the way we engage with Federal employees are long overdue for an update. The last time there was a meaningful overhaul of Federal personnel systems was in the Civil Service Reform Act of 1978 (CSRA) during the Carter Administration. President Trump is the sixth president since the passage of CSRA, and much about the world has changed in the intervening years. However, the rules governing the civil service have not kept pace with an ever challenging world.

Further, although the purposes underlying the CSRA were sensible – even noble – there were latent flaws in the statute that should be corrected, and there has been some unfortunate subsequent decisional law interpreting the statute. The evolution of challenges facing the civil service, as well as problems that have arisen in the execution of the civil service laws, have rendered certain aspects of the statutory scheme unnecessarily complex and outdated. Attempts to repair statutes, rules, and regulations governing hiring, performance management, pay, and retirement have taken place in a piecemeal fashion that has undermined the core purpose of CSRA – i.e., to operate as a uniform scheme to replace a patchwork quilt of civil service laws. The time for this piecemeal approach to the Federal civil service is over. It is time to take a more sweeping approach to reform as we build a civil service for tomorrow and into the future. This Administration is committed to elevating the way in which we handle the Government’s most important asset – our people. We will have a renewed commitment to strategic workforce planning, by taking the conversation around how to accomplish our shared goals off the backburner and putting it in the forefront.

The current Federal personnel experience is difficult to navigate for even experienced human resources (HR) practitioners, to say nothing of the challenges faced by others ranging from frontline managers and supervisors to applicants. Today, Federal hiring is not simple, and it does not lend itself easily to a strategic, targeted approach when desired talent is sought. The same can be said of the Federal Government’s pay systems. As the private sector has found ways to adapt to market sensitivities, the Federal personnel system cannot.

This lack of flexibility puts the Federal Government at a disadvantage for hiring and retaining top talent. This has real world effects for our Government and our nation. The challenges being addressed by our nation’s civil servants are epic – curing diseases; securing our borders; protecting us all from cyber intruders; among others – but some of today’s applicants hadn’t even been born the last time Congress reformed our civil service system. Our personnel systems

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must focus on prioritizing results, providing good value for the public, recognizing our employees who excel, and enabling effective stewardship of hardworking taxpayers' dollars while aligning our workforce to meet emerging needs. This is not to say, however, we should abandon the core principles of our current Federal personnel system. For example, we all agree on a strong commitment to the merit system principles. This means our recruitment efforts should be designed to reach all segments of our nation, and selections should be made through a fair and open process. Employees must be treated fairly and equitably while being held to high standards of integrity, conduct, and concern for the public interest. High-performing employees should be rewarded and retained, while bad actors and poor performers must be held accountable through the performance management and conduct processes available under applicable law. Further, existing Federal employment commitments – such as those made to our nation's veterans – should continue to hold strong.

While retaining these principles, we have opportunities to strengthen our execution of the Federal employee experience. Today's workforce is increasingly shifting towards a 'gig economy' where employees work shorter time periods in mission-focused jobs. Individuals with coveted expertise are seeking work environments that let them be proactive and at the forefront of new challenges. Employees are more regularly taking a job for a few years, to solve a problem presented to them, and then taking their talents to a new position, location, or employer. Our ability to accommodate this paradigm in Federal employment is constrained by our current rules and a system designed at a time when most workers expected to sign up for a long-term career.

Challenges begin with how long it takes to bring Federal employees on board. Federal jobs can sometimes take more than a year to fill, and job announcements are often perceived by applicants to be confusing and burdensome, creating impediments that can deter applicants from considering Federal employment. Federal hiring managers are often frustrated by what they perceive as layers of rules and cumbersome and inefficient processes, and they desire improved support for their hiring responsibilities. Specific challenges can emerge when the Federal Government needs to provide a targeted hiring strategy to address emerging needs or threats. HR professionals and hiring managers would profit from enhanced methods to quickly identify workplace needs, recruit appropriate candidates, and then assess such candidates in a manner that effectively screens out up front those who lack the knowledge, skills, and abilities to perform the job effectively, and permits effective identification of the candidates who should be highest ranked. These skills and capacity should be supported, including through education, training, and outreach, as well as better leveraging technology in the hiring process.

The current rules create unnecessary barriers and can stymie innovation in additional areas like fostering public-private exchanges between the Federal Government and the private sector. Both the Federal Government and the private sector have much to learn from one another in our

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processes and operations, and we should take steps towards enabling a more robust flow of talent and knowledge between the two sectors. We should examine our current practices in bringing in students and recent graduates to be confident we're providing the best opportunities to individuals starting new chapters in their careers and who would be a strong fit for Federal service. This means being certain we're also using existing authorities in a way to best attract, develop, and retain tomorrow's leaders. Further, as those entering the workforce begin their careers, we should be mindful of those who prize mobility over stability. We should seek avenues to give talented individuals the opportunity to work in short term jobs that don't require them to commit to the long term in order to realize full benefits. Instead, as individuals move seamlessly from the private sector to the public sector and back again, the benefits they have gained should be portable.

Agencies find themselves at a disadvantage under the current position classification system, which prioritizes consistency in how we assign a value to the duties of a position, instead of valuing the diverse skills and talents individuals may bring to bear in getting tasks done. The mission of most agencies and the increasingly complex and multi-disciplinary skills required to accomplish work have changed significantly since the foundational classification system was put into place. OPM must take a comprehensive look at the classification system and develop new approaches to meet the needs of a 21st century world. The same can be said of our compensation systems. The General Schedule was constructed at a time when the Government workforce largely consisted of clerks and other administrative jobs. This doesn't reflect today's workforce. Instead, the Federal Government now has a workforce that lacks the flexibility afforded to their private sector peers and may be wondering why the same flexibilities aren't being afforded to them. By addressing the bureaucratic hurdles weighing down the use of leave benefits and the barriers to competitively compensating Federal employees with high demand skill sets in more market- and contribution-sensitive ways, we can bring better alignment between the Federal Government's practices and those of other employment sectors.

Digitization to Modernize Information Technology

As OPM modernizes key elements of the civil service systems, our IT systems will need to be overhauled to keep pace. The world is becoming increasingly paperless; however, this is not adequately reflected in how the Federal Government conducts its HR business. We must revise and reshape the way our IT systems process the personnel experience. The Federal personnel system should be complemented by a seamless end-to-end HR experience. This begins with the pre-application process, and it should continue through retirement.

Today, I can go on my personal phone and I can pull up my bank statement through an application. I can do the same to order dinner, order a car, check my data balance with my

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cellphone carrier, check my mileage with my airline, or purchase products from a whole variety of vendors. My entire day-to-day experience can be efficiently handled through a single device – except for one major area of my life. When I pull out my work cell phone, I have one application – the OPM Alert. Basically, the only app on my work phone alerts me to decisions I’ve already made in response to inclement weather. If I want to pull up my work personnel file, I need to be at a computer, logged into a specific website. If I want to view my earnings and leave statement, I need to visit a different website. When I retire, my benefits and records will be accessible at yet another database and another website. And the information populating and supporting each of these data sites is mostly provided by paper.

In an increasingly interconnected world, this paper-based system makes no sense. As the private sector has moved to digitization, the Federal Government has lagged behind. As a consequence, the HR lifecycle for most Federal employees is heavily duplicative and siloed in aging IT systems that are unable to interface and exchange data. This approach to HR encumbers our employees by slowing down their ability to be quickly onboarded or to efficiently transfer from one agency to the next, and it has contributed to an inventory in retirement processing at OPM. To address this IT challenge, OPM will create a Government-wide employee digital record that will make Government-wide HR data accessible in a secure cloud-based environment. The employee record will include data from various stages of an employee’s career, which will then be available to the employee for access anytime, anywhere. As we do this, we will identify areas for cost-savings and opportunities for building greater protection of our systems, while retiring existing systems as better ones are available.

Celebrating the Federal Employee

As we move forward, our best resource will always be our people – the women and men who serve America every day. The Federal Government should honor high performers and those with mission-critical skills through creative, innovative mechanisms. Making clear distinctions between levels of contribution is critical in celebrating employees who consistently deliver results. Such distinctions are not effectively rewarded through blanket pay raises or essentially automatic movement with often little connection to an employee’s contributions. Instead, the Federal Government needs to embrace new ways of recognizing employee contributions.

One bold initiative to do this is the Administration’s proposed Workforce Fund. This Workforce Fund is proposed as a vehicle to reward high performers and those with mission critical skills across the Government. As an alternative to an across-the-board pay increase, the Workforce Fund would allow agencies to better target pay incentives for recruitment and retention of top performing employees with critical skill sets. The establishment and financing of the Workforce Fund would provide an important new tool to agencies seeking to maintain and enhance their

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workforce. The Workforce Fund would also help drive managers and supervisors to make appropriate distinctions in evaluating and rewarding employee job performance. Through careful planning and consideration of results presented to each agency through tools like the Federal Employee Viewpoint Survey (FEVS), agencies can assess their successes and address areas where they might be lagging. As the agency that conducts the FEVS, I look forward to continuing our work to drive dissemination of FEVS data to all organizational levels in order to help agencies better understand and act on key drivers of employee engagement and performance. Finally, in my communications role as the Director of OPM, I will make regular celebration of our Federal workers a cornerstone of my job. Our Federal workers need a strong champion, and I am more than proud to fill this duty.

Thank you again for inviting me to testify today, and I am happy to answer any questions you may have.