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Civil Service Reform

Development of 1978 Civil Service Reform Proposals

Transcript of a Seminar Held Jointly by GAO and the Senate
Governmental Affairs Subcommittee on Federal Services,
Post Office, and Civil Service on March 31, 1988

PREFACE

On March 31, 1988, the Senate Governmental Affairs Subcommittee on Federal Services, Post Office and Civil Service sponsored a seminar, which we organized, entitled the "Civil Service Reform Act: A Tenth Anniversary Retrospective." The seminar was held in a subcommittee hearing room in the Dirksen Senate Office Building. The purpose of the seminar was to examine the early thought that went into the reform of the Civil Service to help the Committee evaluate where the act succeeded and determine whether further reforms are needed.

The seminar was organized around the issues addressed by various task forces of President Carter's 1977 Personnel Management Project. The Project had nine subject-matter task forces, which were staffed primarily by careerists drawn from federal agencies. The Project was advised by a Working Group made up of Assistant Secretaries for Administration of federal departments and their counterparts in major independent agencies. Representatives from the Office of Management and Budget served as Vice Chairmen of the Project and co-chaired the Working Group of Assistant Secretaries.

Alan K. Campbell, first director of the Office of Personnel Management and Chairman of the Personnel Management Project, opened the seminar. The following key task force managers or members then provided their views on the development of the project and individual task-force proposals.

- Dwight A. Ink, former Personnel Management Project Executive Director, spoke on both the project organization and on the Task Force on Roles, Functions, and Organization for Personnel Management.
- Joseph T. Davis, formerly of the Internal Revenue Service, spoke on the Task Force on Composition and Dynamics of the Federal Workforce.
- Sally Greenberg, formerly of the Civil Service Commission, spoke on the Task Force on the Senior Executive Service.
- Ann Brassier, formerly of the Office of Personnel Management, spoke on the Task Force on the Staffing Process.
- Harriet Jenkins, National Aeronautics and Space Administration, spoke on the Task Force on Equal Employment Opportunity and Affirmative Action.

- John Fossum, formerly of the Department of Agriculture, spoke on the Task Force on Job Evaluation, Pay, and Benefit Systems.
- Chester Newland, University of Southern California, spoke on the Task Force on Development of Employees, Supervisors, Managers, and Executives.
- Howard M. Messner, formerly of the Office of Management and Budget, spoke on OMB's involvement.
- Ray Kline, formerly of the National Aeronautics and Space Administration, spoke on the involvement of the Assistant Secretaries Group.

Edie Goldberg of the University of Michigan's Institute for Public Policy and Patricia Ingraham of the Maxwell School at Syracuse University participated in questioning the speakers.

This report is a transcript of the proceedings of the seminar, which we recorded and made minor editorial changes to. With the exception of minor stylistic changes, materials submitted for the record were retyped but not otherwise edited.


Rosslyn S. Kleeman
Senior Associate Director

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PROCEEDINGS

REMARKS OF SENATOR DAVID PRYOR

SENATOR PRYOR: The General Accounting Office, at the request of the Subcommittee, is sponsoring this seminar this morning on the Civil Service Reform Act 10 years later.

It seems impossible that a decade has come and gone so quickly. This, as all of you know because you have been the soldiers in the field in this effort, was an extremely ambitious project. And I would like, today, to personally thank Roz Kleeman for her effort in putting together today's program. The Civil Service Reform Act (CSRA) was a sweeping reform of the Nation's civil service system. Extensive thought and much hard work was put into its development. The President's Personnel Management Project and its task forces provided detailed information on subjects, such as the composition of the federal work force, senior executive service, equal employment, affirmative action, job evaluation, as well as the pay and benefit systems. We will be hearing today from many of the people who had a very direct part in analyzing the enormous amount of information that was gathered at that time and subsequent to its passage. It will be a very helpful exercise for us, I think, to have the benefit of your views on what was originally intended, so that we might better evaluate the achievements of the CSRA and determine whether and where fine tuning might now be needed. I would again like to thank Roz Kleeman and the General Accounting Office (GAO) and each of the participants for joining us here today. Also, let me say that we would like to acknowledge and express our appreciation for the presence and the contribution of Richard Fogel, Assistant Comptroller General, General Government Programs. In a moment, we are going to turn the program over to you, Roz, but until that time, we are going to next yield to our good friend, Senator Ted Stevens of Alaska.

REMARKS OF SENATOR TED STEVENS

SENATOR STEVENS: Thank you, David. I think we all owe you thanks for taking the initiative to sponsor this GAO workshop. I, too, thank you Roz, for all you've done not only in organizing this review of the 10-year anniversary of the Civil Service Reform Act, but also for your tireless efforts of helping us through the 10 years. You know, it's nice to see you here, Scotty, as a former Chairman of the Civil Service Commission and the first Director of the Office of Personnel Management (OPM). And you too, Dwight. We were just reminiscing about our times 24 years ago at the Alaska earthquake on Good Friday in 1964. So this meeting has brought back good and bad memories, but mostly good. Your work with President Carter's Personnel Management

Project had a great deal to do with why we are here too. And there is a lot of institutional memory in this room. For me, I remember Mac Mathias and I had some serious problems with some of you, and you had problems with us. We felt that this reform act gave tremendous power to a presidential appointee, that the career work force has the right to a different type of nonpartisan professional advice, and that advice was necessary to see that the Civil Service laws were administered on an impartial and nonpartisan basis. I've got to confess to you that I've still got the same questions about the Civil Service Reform Act.

SENATOR PRYOR: Well, they are going to answer all those questions this morning, Ted.

SENATOR STEVENS: I am sure they will look at it, but the basic concept of the act, of the management flexibility as opposed to protection of civil service, I think deserves a review. Mr. Mathias and I expressed our suspicions and our opinions in the report that we filed at the time. And I hope you do review that. I think 10 years is a good chance to see whether our suspicions had any merit at all. But now we have to look forward once again. I'm sorry, David, but I've got to get out on the floor. I don't know about you, but we start up here pretty soon. We've got real problems that you all could give us some advice on: growing pay disparity between the public and private sector. We have underfunded the merit pay system, and it has not really worked because of that. It expires again next year, and I hope that the new President, no matter who it is, will address that quickly. We have an over-complicated appeals process. Whether that's the result of the Civil Service Reform Act or just the manner in which it's been administered is a question you can debate. But, clearly, in my judgement, we have some problems now that are even greater than we faced 10 years ago. David, I think it would do us well if we could stay. I know you are making a transcript. Who's going to own that transcript? Is it ours or yours? Are we going to get to see a copy of it?

SENATOR PRYOR: Do we have control of that transcript, Ed?

[Note: GAO was taping the seminar and a copy was made available to the Committee.]

SENATOR STEVENS: Let me tell you that it is good to see you all back, and to see you take the time to review what we worked on. Disagreement is the essence of the projects that we work with. I think often you all work with more uniformity and more agreement than what's built into the system that we live with. That's why we like to see you come in and review this. We sincerely will look forward to whatever advice you might have to give us as a result of your workshop. Thank you.

SENATOR PRYOR: Ted, let me take a moment to make a personal statement about Ted Stevens. I've sort of preached for the last few years about revolving door contracts, more about the military than other areas. I feel like I am a part of the revolving door. I've been on and off this committee a time or two; I've been on this committee when Ted Stevens was Chairman, and there is not a better fellow in the world to work with than Senator Ted Stevens of Alaska. When we sit at this table, it is a nonpartisan, bipartisan effort. We are attempting to find answers; we are attempting to exercise what this committee is charged with and that is oversight of government activities. And that is the reason we are here today, but Ted Stevens has been a loyal and devoted friend of the Civil Service, of the federal employees, in trying to make this system work and also to provide those services of government and those functions of government in a very efficient and an impartial manner. So, I am very pleased and grateful that I've had the opportunity of knowing Ted Stevens. He knows a hundred times more about all of this than I do. He was a part of it in its inception, and he followed it to its conclusion, and he has been in the trenches with you for many, many years. Ted, I just wanted to make that statement to you.

SENATOR STEVENS: Thank you. You are very gracious, Dave.

SENATOR PRYOR: Ladies and Gentlemen, we are now going to turn the desk over to Roz Kleeman and her team.

REMARKS OF RICHARD L. FOGEL

MR. FOGEL: Before Roz, Pat, and Edie start the process, I would like to say that GAO is very pleased to be working with the Senate Governmental Affairs Committee as it begins its assessment of the Civil Service Reform Act. We at GAO are deeply committed to trying to assure that we have an effective, high-quality career public service. We think we are at a crossroads in government today in trying to assure that takes place. If we don't have dedicated, high-caliber career staff, federal executives are going to continue to spend too much of their time grappling with and explaining operational defects, such as computer mishaps, flight delays, or cost overruns, instead of working on and implementing new and enhanced policy initiatives. This is a situation that must be overcome if the American people are to have the kind of government that they deserve. The difficulty is to convince all Americans that it is in all of our common interests to have a government that effectively delivers services and executes its policy. So, we think that all of us in the federal establishment, working with Governmental Affairs and the House side, have a key challenge, which is to try to convince our fellow citizens of the truth of that statement so that they will support political leaders who

recognize the need for a competent, first-rate federal career service.

There is no doubt that the federal establishment faces difficult obstacles, noncompetitive pay in some cases, poor public image, and a relatively inflexible personnel system. These hinder our abilities to try to develop a first-rate career service. But, we in GAO believe we can overcome such obstacles if we make a determined effort. What it will take first and foremost is sustained leadership from the President and his political appointees. The President sets the tone for an administration. And Congress is very important in this, but it really is the political appointees who are working for the President and what the President does sets the tone. Respect for the professional career civil servant is critical in this regard. But, on the other hand, we think all of us have to work hard to earn that respect from the political appointees. Obviously, we think Congress has a very important role to play in this whole process, and one key way to help do that is what we are beginning today, working with the Governmental Affairs Committee to look at the foundation for how we operate our personnel management system in the government. And that's why we believe the Civil Service Reform Act assessment that we are beginning today is important. Next year, we will have a new President. This assessment will begin the process of providing Congress an excellent opportunity to help focus on improvements that we can work on to help the new administration implement the act effectively.

From a GAO perspective, we think, on the basis of the work we've done, that the 1978 act is basically sound. It provides a good structure for assuring that the American people have a first rate career service. There are some parts of the act, in terms of the way that they have been implemented, that need to be examined fairly closely so we can make refinements if needed. We continue to look forward to playing an important role in this process.

I'd like to end with a quote from David Packard. In a recent letter to the President, he said, "With able people operating them, even second rate organizational structures can be made to work, and without able people, even first rate ones will fail." More than ever, we believe it is important to convey this message to the public and our political leaders so that they will support a career service that is responsive to the political leadership of the country that is committed to trying to do a quality job, and is well rewarded, trained, and developed adequately to carry out that path. With those opening remarks, which reflect the views of the Comptroller General, I'd like to turn it over to Roz, Patricia, and Edie who are going to hear from you today and ask you questions.

REMARKS OF ROSSLYN S. KLEEMAN

MS. KLEEMAN: Thank you, Dick.

It's really very exciting for me to sit on this side of the table, and it's a very unusual perspective for me. In fact, during the month of April, I expect to be on the other side of the table at least three times. I've noticed when I am on that side of the table, the senators always bring along some competent staff people, so I've brought my competent questioners with me today. I'll try to emulate what the senators do. Pat Ingraham is a Professor at the Maxwell School of Syracuse University and has frequently written about the Civil Service Reform Act. Edie Goldenberg, the Director of the Institute of Public Policy Studies at the University of Michigan, did the first evaluation of the Civil Service Reform Act and has kept up with its progress over these 10 years. In planning what we might do to celebrate the tenth anniversary of the Civil Service Reform Act, I thought it would be worthwhile to go back to the beginning. Before we see where we are today, we will talk a little bit about what we intended when we started, where we came from, and that's what we will be doing this morning. I expect this will be the first of several discussions that we will have on whether the Civil Service Reform Act should be changed. Let me make one or two remarks before we get started. You will notice today that we are not discussing Title 7, the Labor Relations Title. I think that would be much too much; it deserves a day by itself, so we will be addressing labor relations at another time. Many of the other sections may need a greater indepth look, but we'll cut across all the other sections today. We don't have texts available from all the speakers, but we are recording the session and it will be printed as a GAO document so that you will all be able to read and remember what has gone on today. Our opening remarks, setting the foundation for today, will be from Alan "Scotty" Campbell, who was head of the Civil Service Commission when the act passed and was the first head of the Office of Personnel Management. Scotty will join us now and give us his thoughts. I told Scotty I was going to ask him to speak on "I Had A Dream." Thank you, Scotty, and welcome.

OPENING REMARKS BY ALAN "SCOTTY" CAMPBELL,
FORMER CHAIRMAN, CIVIL SERVICE COMMISSION,
AND FIRST DIRECTOR, OFFICE OF PERSONNEL MANAGEMENT
(1976-1980)

MR. CAMPBELL: Thank you very much, Roz. I just want to say that it is interesting to be testifying before this panel. In some ways, I would really prefer senators up there. I am sure that I know a lot less about the Civil Service than the three of you do. Therefore, I am going to have to be more careful than usual in what I say. I also wish to congratulate Senator Pryor and the other Senators on the Committee for sponsoring this

seminar and particularly GAO for its role, and for your leadership Roz. You too, Edie and Pat, who have been both champions and critics of the Civil Service reform legislation. There are times when, despite the general assumption that getting a piece of legislation passed is the greater accomplishment, there are advantages in trying and failing, because then when things that you are trying to impact don't work, you can say if only the legislation had passed, it would be okay.

It's hard to believe it has been 10 years. I almost refuse to believe it, but they have been tumultuous years for American government in general and more specifically for the federal career service. But it appears that some changes may be occurring and some notice of issues related to the career service is emerging. Certainly, the creation of the Commission on the Public Service, headed by Paul Volcker, is one example of that. Whether the situation is as he describes it, based on a piece of writing you did, Roz, describing it as a "quiet crisis," is I think debatable. If it is a "quiet crisis," it's clearly becoming more noisy as hearings are held and as the Commission goes about its work.

Whether the rhetoric and that has eliminated American public life can rightly be called a revolution--the Reagan revolution as the media frequently entitles it--is debatable, certainly debatable if total federal expenditures and employment are used as guides, since they hardly portray any significant diminution in government's role. Nevertheless, the mix of government activities has undergone substantial change as has the distribution of employment among the various agencies of the government and that, in itself, can create a certain amount of disturbance in the system. Clearly, the rhetoric is different. The change is illustrated well by the claim that government is not the solution; it is the problem. This has created an environment that could hardly have been less conducive to smooth implementation of the major initiatives laid out in the Civil Service reform legislation.

It is against this background that I think it particularly useful that we take a step backward and ask ourselves what Civil Service reform was trying to accomplish; how did it propose its goals to be reached; what have been its successes and failures; to what degree have the outcomes been different than anticipated; and to what can these differences be attributed? That is, can they be attributed to the provisions of the legislation or to forces external to that legislation?

I hasten to add that I understand it is not my assignment today to critique the legislation's successes or failures. Even if it were, I would be unable to do so, since I've not been able to keep up with the implementation as closely as I would like to have. Rather, I plan to describe briefly the problems we thought

we were addressing and how the legislative provisions would contribute to the solutions of those problems. I hope, however, that before this seminar draws to a close, there will be attention to those issues. I understand that there will be sessions devoted to "what have been the successes and failures," and I am delighted. Perhaps there will emerge from those some consensus about what is right and what is wrong with the legislation and how it might be improved. I would, however, make the point in passing that, as I listened to Senator Stevens, it seems to me that a couple of the fundamental issues have not gone away; that is, whether we want a system that is more flexible or one that is more protective is still up for grabs.

Turning to the legislation and its goals, let me first say just a word about the political environment that existed at the time the legislation was being formulated and debated, the time when the task force was meeting, a task ably led by Dwight Ink and staffed by as high a quality group of career people as could be found. The legislation by and large was based on the report of that task force. I am delighted that Dwight and many of his colleagues are here today to talk about what it is that they were trying to accomplish.

To turn to that environment, there was during the '60s and early '70s great excitement about new programs, about initiatives to deal with underlying social problems, and about the Great Society and all its initiative. By the mid-'70s, however, a great deal of disillusion had set in, a disillusionment illustrated by a variety of voter decisions as well as by public opinion. This was seen in the anti-tax initiatives, as represented by Proposition 13 in California, that spread across the country. And if you look at the public opinion polls at that time, you will find a considerable increase in the belief that government was ineffective and inefficient. For example, a Louis Harris poll asked people, "Does the government waste a lot of money?" Forty-seven percent said yes in 1964, 78 percent in 1978. This was not because they did not believe in the kinds of things government was trying to accomplish, because social security had 88 percent support, health had 76 percent support, education had 70 percent support, law enforcement had 68 percent, and jobs for the unemployed had 65 percent. All it clearly demonstrated is that the public believes that these were issues with which government should deal, but they had great doubts about government's ability to do it. Only 10 percent believed that the government was free of corruption. Only 18 percent believed that the government attracted the best possible people. Only 24 percent believed that the people in government placed the good of country above the good of special interests. Only 24 percent believed that the government was an exciting place to work.

Attitude surveys of federal managers at that time indicated they were as disillusioned about how well the system worked as was the general public. They did not believe they could manage the system; they believed that the oversight agencies imposed restrictions and regulations that made it impossible for them to be effective.

So it was this background against which the legislation was drafted; and in its most general form, some of the problems illustrated by those attitudes and that voter behavior were the very problems we were attempting to solve. President Carter was committed to it. He spent a good deal of his own time on it, and I think he described well what we were trying to accomplish when he said, "there is no inherent conflict between careful planning, tight management, and constant reassessment on the one hand and compassionate concern for the plight of the deprived and the afflicted on the other. Waste and inefficiency never fed a hungry child, provided a job for a willing worker, or educated a deserving student." In some ways, we were attempting to create a system that would at least contribute to the efficiency and effectiveness of government. What did we set out to do in order to reach that goal? I am going to summarize in a very general way what we were trying to accomplish. I do that fully aware of the kind of detail and nitty-gritty which is involved in the daily management of the system. It is frequently very difficult to relate the broad generalizations we use in talking about the public service to the details of personnel management. I remember well that in preparation for a televised town hall meeting that was being held with President Carter and me, we provided a briefing book for him to take to Camp David to review over the weekend. The following Monday, I went to his office to meet with him about it. I was sitting in the Oval Office when he came in with the briefing book under his arm, and with his slight smile he said, "Scotty, this stuff is really boring!" It is hard to make classification, job analysis, training and development, etc. into exciting issues that relate to the broader concepts of personnel management. But let me deal with some of these broader concepts and how we thought we were addressing them.

We believed that the human resource function, dictated by its history, had developed into a protective negative system primarily designed to prevent patronage, favoritism, and other personnel abuses. Secondly, we felt there were serious problems resulting from the limitations on the potential for advancement of career civil servants by the layering of political appointments above them: Secretaries, Under-Secretaries, Assistant Secretaries, Deputy Assistant Secretaries, etc. This layering prevented career people from moving to high-level positions and additionally created tension between career and noncareer people.

The result was that no one had responsibility for making the system work; there was no sense of ownership. The noncareer people were there for short periods attempting to make a quick mark to improve their resumes and move on to their real lives. In contrast, the career people, because of being layered by noncareer people, did not, in my judgment, believe the system belonged to them. They believed that their obligation was only to their job, not to the personnel system of which they were a part. Finally, all of this seemed to us to lead to an insufficient emphasis on performance and on the management tools needed to accomplish that performance.

One of the things that bothered me then and continues to bother me is the lack of any general measures of how well we are doing. Analysis of government personnel practices is dominated by anecdotes and those anecdotes are normally negative. We do not have a set of common measures to put against those anecdotes; to demonstrate whatever may be the occasional problem; or to say, overall, this is how we are doing.

How did we attempt to address these problems? First, in the effort to create a positive, rather than negative, personnel management system, we altered structure and authority. In the case of structure, we eliminated the bi-partisan Civil Service Commission. I note from Senator Stevens' comments today that this remains an issue, but it was our belief that there was a need for a "single-headed" agency that would be the personnel management arm of the President. That change was a hotly debated question before both the Senate and the House committees. I would only make the point that, to the extent you put a commission layer between the President and the agency, the President is likely to turn elsewhere for personnel management advice. I would suggest to you that more personnel management decisions were being made in OMB than by the Civil Service Commission. By the way, the people in OMB (I guess I can say this now) are well aware of that. Had Civil Service reform not been a presidential initiative, the underground opposition to it would have been much more above ground in that agency. As I said at the time, I was often accused of trying to steal the "M" out of OMB. My response was I didn't think it a great crime to steal something essentially unused.

Secondly, in the area of authority we made it possible for a central personnel agency to delegate a lot of personnel authority to the departments and agencies, and in the brief time that I was at OPM during the implementation, we delegated, if I remember correctly, some 64 authorities. That delegation came to a quick halt when the new administration took office. Some of them were withdrawn. I am pleased to see that there is a renewed initiative at OPM to delegate. Even with delegation, little is accomplished unless the headquarters of the departments and agencies to which you delegate pass it on to the operating unit.

Until you make personnel management a management tool of the operating manager, it will be a control as opposed to a positive force for improving performance of operations.

Also, in the structure and authority area, the Research and Demonstration provision of the legislation provided the opportunity for a great deal of experimentation. Unfortunately, that provision has not been much used. The China Lake and associated experiments have had their impact; and to the degree I am knowledgeable about it, the contribution has been useful.

Turning to the career/noncareer interface issues, obviously, the single most important thing that was done here was the creation of the Senior Executive Service (SES). Sally Greenberg, who had so much to do with that, is here, and I am sure will have some things to say about it. Let me just say that, in this case, we were simply doing something that had been advocated for 40 years, since first recommended by the Brownlow Commission. We did try, through the creation of the SES, to lessen the line between the career people and the noncareer people by not designating specific jobs as career or political, but rather using a percentage figure for noncareer appointments and, further, to make it possible for career people to move higher in the system by maintaining their rights if they were appointed to assistant secretary or under-secretary type roles. The 10 percent figure used for noncareer appointments, by the way, was the proportion they were at that time. In spite of what I hear about an increase in political appointments, that 10 percent ceiling mark has not been exceeded. However, there has not been very much movement of career people to higher-level positions. Whether that is a temporary phenomena that will change as time goes by, I don't know.

I am encouraged, though, that favorable changes do occur. As people here are well aware, we had a very major battle on our hands after the passing of the legislation to save the bonus system. It seems to me now, from what I hear and see, that the bonus system is pretty well accepted; and that is indeed a major accomplishment. Although we had to accept a 20 percent limitation on the portion who could receive bonuses, that was later increased to 35 percent and I understand that it has been increased again, as the legislation permits, to 50 percent. I also am pleased by the numbers of people who have received bonuses. Over two-thirds of SESers have received bonuses, and a good number have received several which is exactly as it should be because, normally, a good performer one year remains a good performer the next. I also am pleased to note that from 1983 to 1987, 24 people received over \$50,000. This is not a great amount of money, but at least these days it will help pay tuition at a good college.

We also did change, as you are all aware, the system in SES from rank-in-job to rank-in-person. I am told by some this has eased the ability to move people, if not across agency lines, at least within departments and agencies. The whole issue about SES and how it is working is to me one of the most interesting issues and needs a lot of investigation. I hope that GAO and the academic world will spend more time on it. I would only make the point here that the fundamental issue of the dysfunctional characteristics of the interrelationship between noncareer and career appointees remains a very serious problem. I don't know if it is correctable. I don't believe the answer is to require career appointments higher in the system, nor do I believe it is solvable by a major reduction the number of noncareer appointees. I don't think that the use of more formal orientation of new political appointees, which is often recommended (i.e., you take the political appointees off to some place for a couple of weeks and tell them to be nice to the career people), will make much difference in how they behave. So I don't know what the answer is to that problem.

Finally, we tried in a variety of ways to put emphasis on performance in the management of personnel. We did that with bonuses; with merit pay; and by making it somewhat easier, we believed, to deal with inadequate performance and to encourage the adoption of performance appraisal systems. Let me just say that if there is a single major difference in management, leaving apart the political impact on the system, between the private and the public sector, it relates to the effectiveness in the use of performance appraisals and how such appraisals are used to determine rewards.

For a performance appraisal system to work, it must be based on a carefully drawn plan for the organization's activities over the next 6 months, year, or 2 years, whatever is the planning cycle. Performance must be measured against pre-established goals, and it must be clear that if those goals are accomplished, there will be a significant payoff. There is no question that the lack of the bottom line in the public sector makes it more difficult to establish those goals because that is one of the most important goals in the private sector. However, it is not the only one. In my own corporation, we have 120,000 employees in 19 lines of business, which makes us very much like a large government department. About half of an employee's bonus is based upon the financial performance of his unit. The other 50 percent is based on non-financial objectives, which include client retention, new roles and training of your successor, and so forth. And so it is possible to develop those kinds of non-financial goals against which performances can then be measured. Whether that will ever be effectively done in the public sector effectively remains an open question.

I hope that we all recognize that there are problems and issues which go beyond the rules and regulations for managing the personnel system. I was interested to read about a recent speech by Paul Volcker before an audience at the American Enterprise Institute in which he talked about his role as Chairman of the Commission on the Public Service. He said, and I quote, "The fact is that in recent years there has not just been indifference towards public service. There has been a strictly anti-Washington theme in much of our recent political rhetoric. Anti-Washington equates in a lot of minds with anti-government, and it's very easy to slip from an attitude of what the government is doing is wrong as a matter of policy to an attitude that those who work to implement the politics of their political masters must be wrong-headed and incompetent too." I would suggest that if that is the correct analysis of why we have the kinds of attitudes that apparently are important or dominate the system today, you probably are not going to solve that problem by tackling the third part of the equation that is the consequence, but rather to deal with the first two parts that are the causation. That's not going to be done by Civil Service reform legislation. That must be done by changing basic attitudes in the political community. Thank you very much.

QUESTION AND ANSWER SESSION

MS. GOLDENBERG: One of the things that strikes me about the original assumption is how focused it was on structure. Scotty, you called it structure and authority. Of course when you were there, among you and the people who were working with you, there was a great deal of leadership and ability that was directed at giving speeches and trying to whip up enthusiasm for the kinds of ideas that were being pushed by the reform. One of the things I've been struck by and I wanted to ask you about is this: It seems to be that altering the structure through the legislation and the reorganization certainly opened up possibilities for both good and bad leadership, good and bad initiatives, and so forth. The real essence of what was required to make this go was a commitment to engage in serious management in the public sector, and there is no driving force that I can see for this other than the individual commitments of leaders who happened to get appointed to these positions. I wonder whether we have put too much emphasis on the structure and too little emphasis on the importance of leadership and commitment in making this a going proposition.

MR. CAMPBELL: I am sure that's correct, but I am not sure what conclusion one draws from it. It is my judgement that while changing the structure and the authority did not guarantee the management leadership that you described, it certainly made it much more possible than was the case under the old system.

MS. GOLDENBERG: Well it made it possible, did it not, for both good and bad; it made it much more flexible and open to any sort of leadership that might come in.

MR. CAMPBELL: Yes, if one takes the position that granting flexibility and discretion can be abused and thereby bring negatives, and if your primary goal is to prevent the negative, then we should abandon the whole effort. We should go back to protections. We should build even more restraints into the system. We would give employees job ownership and all of the rest. By the way, if that is the direction it is decided to go, then I would argue that, from the point of view of government, the effort to privatize should go forward even more rapidly than it is because the system which has protection of employees as its ultimate goal makes inevitable the kind of inefficiency and ineffectiveness that many people believe dominates government today. But, I would add that there are very bright spots in the system. There is some very good management out there. There are some agencies that do a fantastic job. If Peters and Waterman would do the kind of study of the federal government they did of the private sector, there is no question that they would find agencies with excellent management. However, there are not the kind of imperatives for excellence in the public sector as there are in the private sector. The consequences of bad management are not so dire in the public sector. But in the end, the need for managerial leadership is, without question, more important than processes, and how you impose that leadership, I am not certain. I have become convinced, and somewhat against my inclinations, by my private sector experience that cheerleading is a very important part of it. You need to continually tell your people that they are doing well, push them to do well, and go out of your way for "atta-boys." That really is a significant part of management. It is soft. I can't do a multiple regression analysis of it, but it clearly is significant; and there is no question that, by and large, the private sector understands that better than the public sector does.

MS. INGRAHAM: Let me follow up on Edie's question with a variation on that theme. At the time the Civil Service Reform Act was passed and implementation began, the design of the legislation quite clearly was a long-term step-by-step design. Was there concern with what would happen in creating this brand new ball game? Was there the assumption that you would be there to run it? Did you think about what would happen if you weren't there to implement it fully? Was that a consideration in design, or was it simply an abstract design process that didn't think about what the political implications might be of the presidential election coming up within the next year and a half?

MR. CAMPBELL: Certainly we did not ask ourselves the question of whether it would be wise to do this should there be a change in political party or presidential leadership. We did

believe, and I still believe, that what we were trying to do would serve the interest of whoever was in power and that it would be effectively used regardless of what happened on the political side. The kind of disruption that occurred was the result of a much greater ideological shift than is traditional in American politics. It is interesting to me, and I urge GAO and the Committee to look carefully at this, that there has been a renewed effort by the new leadership at OPM to take advantage of and to use in a positive way the authorities the legislation grants. I read a memo recently listing the new personnel authorities that are being delegated, and I am impressed. But it may be, just as it is with the bonuses, that it will take 10 more years for the potential provided by the legislation to be effectively used.

MS. INGRAHAM: In relation to performance evaluation and the bonus system, you've already indicated that everyone is aware of some of the differences in the public and private sector. May I ask the extent to which previous experience in the public sector with bonuses and performance appraisal was considered when this was instituted governmentwide, and whether the extent to which such a system could be driven down into a government agency was given consideration?

MR. CAMPBELL: In that area, my input to the drafting of the legislation was based much more on private-sector than public-sector experience.

MS. GOLDENBERG: In regard to research and demonstration, it was so exciting and held such promise. I agree with you that China Lake has been interesting. Of course, that got going soon, but there was an expectation that there were all these great ideas out there and that we were going to have a chance to try them out. I remember when I had the assignment of heading up the research division for a while, how hard it was. It was like pulling teeth to get those ideas. What is your sense of this? Why are we unable to generate good ideas? We have all these problems; we have this opportunity. What does it mean to you now?

MR. CAMPBELL: I share your disappointment about that and I don't know that I know the answer to it. The initiative for the use of the R&D provisions would have to come, if it were to be effective, from the personnel community, and I was never quite sure of the degree the personnel community supported the kinds of initiatives we were undertaking. Remember that a system of control and regulation gives the personnel community a lot of power. By the way, it has a lot more power in government than it has in the private sector.

When my appointment as Chairman of the Civil Service Commission was announced, a group of federal personnel directors

asked to meet with me. I was delighted. I had a lot of ideas about how to improve the personnel management system, and because of their initiative I believed they would be a very responsive group for testing this idea. We got together, and the thing that they pressed on me was their belief that the reform should require personnel directors in the departments and agencies to report to the Civil Service Commission rather than to their own agency management. That's an interesting view of the personnel function, and I think that there is bound up in that attitude a partial explanation of why the R&D authority has not been effectively used.

MS. KLEEMAN: I might say that we have seen a lot more R&D activity recently at OPM, but I think this may very well be one of the CSRA titles that has some complications. The process seems to be quite difficult and it may be time, in this review, to rethink that particular title of the act.

MR. CAMPBELL: I agree with that completely. It was restrictive and we compromised. It should be wider open. It should be possible, for example, to work with a broader group of employees and agencies. The substantive areas in which experimentation could be tried should be expanded. For example, we excluded employee benefits that, now as I look back, was unfortunate.

MS. KLEEMAN: We are looking at that provision right now. I hope to have a session like this, strictly on the legislative process, and, at that time, we might get back to why these restrictions were put in on R&D and whether they are needed.

MS. INGRAHAM: Much of the writing that's been done about the design of the Civil Service Reform Act speaks to the fact that the intent was to create a comprehensive system and a cohesive system but, in fact, it was merely a series of parts that emerged in various task forces that didn't fit together terribly well. What's your view of that assessment?

MR. CAMPBELL: Nonsense!

MS. INGRAHAM: Did you see any tension in the package at all as it emerged?

MR. CAMPBELL: I believe that what came out of the personnel management project, which Dwight and others will explain, constituted a comprehensive package. Each part related to the other parts in a way that moved in the direction of greater flexibility, a more positive direction for personnel management. It tried to capture what was the best knowledge available at that time. There is no question that there were some compromises made as we went along in the legislative process. Some of those compromises might have violated a bit the internal consistency we

believed we had achieved, but they did not do major damage to the central thrust of the legislation. Interestingly enough, the one area where there was no compromise was with bonuses for the SES, which became the single hottest issue after the legislation was passed.

REMARKS BY DWIGHT INK, EXECUTIVE DIRECTOR OF
PRESIDENT CARTER'S PERSONNEL MANAGEMENT PROJECT

MR. INK: Scotty has talked about the setting at the time of the Civil Service reform. I would like to add one point which was very much in the minds of the senior personnel people and program managers at the time of the reform. That was the fact that we had recently emerged from the Watergate period during which the integrity of the career service was heavily undermined by a systematic political assault. The magnitude of that assault exceeded anything that we had seen in many years, and the full story of this has really never been told; the story, for example, about the extent to which the White House used "must hire" lists to force people on agencies. Their principal objective was the gaining of control over the career service, with agency personnel officers being bypassed and replaced for political reasons. Unqualified White House appointments were forced on departments. Political and career officials alike had to use political "must hire" lists.

Reference has been made to the fact that the percentage of management positions in the federal government going to political appointees was then steadily increasing. That was the reason for our recommending a legal bar to further increases.

In what I would call a futile effort to control the frequent political inroad on the integrity of the career service, over the years there were many, many regulations and checks and balances that had evolved; and yet the system was still vulnerable to political intrusion and abuse on a systematic basis.

Inadequate employee development was another area of deep concern. Despite the establishment of the Federal Executive Institute and several other actions, overall attention to employee development and training was far less than existed in the military service, and not in the same "ball park" with the corporate world.

As the task forces were established, we were confronted with the worst of both worlds concerning federal personnel management. More and more time consuming processes and more and more checks and balances to prevent abuse were accumulating and, in the process, squeezing out positive personnel management in many agencies as well as in the Civil Service Commission. Yet, we had just experienced this attack on the merit system. Our final report said that "it is the public which suffers from a system

which neither permits managers to manage nor provides employees adequate assurance against political abuse." The system was not working.

Prior to the '76 election, the National Academy of Public Administration, reflecting this deep concern, suggested a major review of the personnel system, and we discussed this need with the Carter transition team in Atlanta at some length. Scotty Campbell then provided the leadership, the energy, and the vision within the new administration required to secure presidential support for major reform. At Scotty's request, I agreed to head a task force to review the system and recommend improvements. He wanted independent reviews reflecting primarily the knowledge of top notch career people with diverse experience in federal government. Actually, we established nine task forces, all of which were headed by experienced career people with one exception, Mr. Conley, of Minneapolis Honeywell, who dealt with compensation.

We developed a very extensive outreach program under Dona Wolf. Mr. Howard Messner, who is here, played a major role on the OMB part of this team. We arranged for public hearings around the country. As I recall, something like 5,000 federal employees participated. I met on occasion with leaders from all the federal unions as a group. We solicited views from professional organizations, civic groups, and the private sector. We met regularly with agency personnel officers who reviewed all of our proposals in draft.

These task forces were established in July of 1976, except for the Compensation Task Force, and by September, each of these task forces had submitted an option paper concerning the preliminary findings of the task force and options for improvement. Press briefings were held at which the option papers were discussed and publicly released. They were circulated widely among federal agencies and outside groups to secure comments and suggestions. Some of them were sent to over 1,200 organizations; one, to over 1,400 organizations. The final reports of these task forces were then prepared and incorporated in Volume Two of our final staff report. On the basis of these reports, I wrote Volume One, which summarizes material from the whole project. It is very much to the credit of both the Civil Service Commission and OMB that they preserved the independence of the task force operation and insulated us, totally, from any political pressure that might have otherwise influenced our work. Clearly there had to be compromises when it came to the legislative process; that is part of our system.

Our task force deliberations themselves were very open. The General Accounting Office, represented by Roz Kleeman, had a standing invitation to observe these proceedings, as did staff members from congressional oversight committees. Since our draft

reports were available to the press and widely circulated to assistant secretaries, career personnel officers, program managers within the agencies, and large numbers of outside organizations, there should have been no surprises in our principal recommendations. I have to say that the process moved very, very rapidly.

Most prior analyses had focused heavily on the interest of either the manager or the employee. We strove for a somewhat different perspective. Our recommendations were based on the premise that in the final analysis, programs and federal government belong neither to employees nor to managers; they belong to the public. The public has a right to have an effective government that is responsive to its needs, as perceived by the President and Congress, but which, at the same time, is impartially administered. Within government, we also looked for the perspective of program managers, not just the perspective of personnel managers.

I will highlight several recommendations believed by our project people most important to cover. First, red tape; it had become an extremely complicated system, in part because it was so highly centralized in an effort to provide uniformity to all federal employees, a point to which Scotty has just referred. Strong centralization of any system that involves discretionary judgment becomes costly, complicated, and slow moving. We found it was quite common for completed personnel actions to require 18 months and an enormous amount of effort. This procedurally oriented system tended to develop personnel technocrats rather than personnel managers. The rule book tended to become more important than the person. Program managers distanced themselves from personnel decisions, even though they are a basic part of managerial responsibility, because they had neither the time nor the inclination to understand the intricate time-consuming personnel procedures. Several years ago, a panel of the National Academy of Public Administration pointed out that the Federal Personnel Manual had, at that time, nearly 9,000 pages that were "not understood by managers, nor do they describe a personnel system which works for them or for their employees in the workplace, where a personnel system should really pay off."

Significantly, several occasions in the past when Congress and the President have seen a critical need for effective operation of priority programs, personnel management was decentralized to the administering agency and freed of part or all of the federal regulations. The Tennessee Valley Authority (TVA); the former Atomic Energy Commission; NASA; and, later, the Postal Service were, in varying degrees, taken out of the civil service system and, for the most part, functioned far better than agencies still burdened with the ponderous federal rules and regulations.

The public needs to understand that federal employees are among the victims of this suffocating bureaucratic system, not the cause. And we need to understand that within government, as we try to deal with these management issues, that systems and structures don't manage, people do. We believed the most significant change that could be made was, and is today, that of the appointment of agency leadership, an OPM leadership with managerial experience which enables them to understand the value of a merit system, the importance of positive personnel incentives, and the high cost to our taxpayers of the many disincentives which confront the federal work force. We concluded that without a fundamental change in this negative approach to the federal work force, no amount of legislation, no amount of procedures, and no amount of reorganization would make much difference. This view was echoed in the more recent National Academy of Public Administration report on revitalizing federal management.

At the same time, with respect to avoiding repetition of the systematic widespread political assault we saw in the Watergate period, we did believe additional protection was both necessary and possible, as well as providing greater managerial flexibility. The 120-day cooling off period after new political appointees take office was one recommendation, and it was adopted. A stronger oversight role for the General Accounting Office was urged and this has occurred.

Removing the conflict between the operational and adjudicating responsibilities of the Civil Service Commission was proposed through reorganization, and this was done. We placed great emphasis on the need for greater efforts to be devoted to developing managers and employees, efforts that were being overwhelmed by increasing attention to investigative and adjudicatory work. We did recommend an organization change that we believe could make a difference if given strong leadership. This involved transferring from the Civil Service Commission the authority to decide appeals and discrimination complaints to an independent agency "that does not advise management on personnel matters, at the same time it is considering appeals, and is less subject to pressure from the White House, agency heads, and Members of Congress." This was the basis for establishing the Merit Systems Protection Board. The members of the Board were to have overlapping, nonrenewable terms of 7 years each, removable only by cause. This Board would also be served by a Special Counsel with increased authority for investigating abuses in the merit system.

The single-headed Office of Personnel Management, which replaced the Civil Service Commission, was intended to serve as a central personnel management agency of the government, sensitive to the legitimate needs of the President and the department and agency heads, providing personnel management leadership within

the executive branch, including a more vigorous program of personnel management evaluation in federal agencies.

This arrangement was designed to remove the troublesome conflict involved in including in the same organization both adjudicatory and operational functions and to provide the former with greater political insulation. Further, freed from those time consuming investigative and adjudicatory functions, the new Office of Personnel Management was intended to be free to devote more effort to employee development, employee incentives, and other elements of sound personnel management. We have not suffered a return to the systematic assault on the merit system represented in the Watergate days and this is encouraging. Nevertheless, the Merit Systems Protection Board and Special Counsel did get off to a pretty rough beginning. They were understaffed, without space, and without leadership. Also, the positive aspects of personnel management have not progressed in the way that we had hoped.

There were many other areas addressed by our work. My comments are only the tip of the iceberg covered by the reports of the task forces. My colleagues will speak on those.

I would like to conclude by stressing that we sought, and my views have not changed, a very basic managerial problem in the federal government. Edie, you referred to this in your question to Scotty. It is that we are preoccupied with laws, regulations, and structure, and handicapped by widespread misguided or incompetent leadership. Some of the process is necessary. More of it is not. Further, we should be pulling out all the stops to insist on quality leadership and the funding needed both to advance sound personnel management and to attract and retain able public employees, without which no amount of regulation or structure will help much.

Unfortunately, we have not yet found a way to elevate to the proper level the priority of selecting the right kind of leadership. Neither have we been willing to allocate the funds required to develop and maintain an effective public service. We are unwilling to invest the few millions of dollars needed for adequate pay and training of those hard working people who manage our federal programs, which now cost over a trillion dollars.

I believe the legislative framework is now in place that would permit far more attractive careers for men and women, although I suspect that it could be improved further. In particular, we must provide for more incentives and permit fewer disincentives for our career employees on whom we all depend to manage the most complex enterprise in the world.

[Note: See app. I for the prepared statement of Mr. Ink.]

MS. KLEEMAN: Fine, thank you. We would be glad to include that, and I might say that when I am on the other side of the table and I have spend a lot of time preparing testimony or preparing remarks for a situation like this, I have a very hard time when someone from the chair asks me to please summarize my remarks in 5 minutes. I think of all the time I've spent preparing. But I would ask you, if you could to hold it close to 5 minutes if possible, so that we can have some time for discussion. And I would be glad to do as they do in the Senate and hold the record open, so that if you have further remarks, we would be glad to include them. I do thank you for all the time you have spent and I know you all have much more than 5 minutes worth to say, but again I ask you to summarize your thoughts now and we will get back to you during the question period. Joe Davis was head of the task force on composition and development of the work force and Mr. Davis, could we hear from you first please.

REMARKS BY JOE T. DAVIS, TAX FORCE ON COMPOSITION
AND DYNAMICS OF THE FEDERAL WORK FORCE

MR. DAVIS: Well, number one, I really appreciate the opportunity to be here. Number two, when I got the call to be chairman of the task force, I had a ticket in my hand to go on a tour of the Mediterranean which was paid for by my father-in-law and I had to give that up. And he paid the penalty. There was no way for me to pay him back with any of the incentives in the government system at that time.

MS. KLEEMAN: We appreciate your government service.

MR. DAVIS: I was also very proud to serve on the task force. Prior to that time, I spent 26 years in the government. I was resistant to the idea because I was very busy and I had an important job, I thought. But I was persuaded that after 26 years, 15 years of which was in industrial relations, that I had something to contribute. And I was glad to try. Both Dwight and Scotty mentioned some of the ground rules on the task forces. We had a good group; I think all of us would say the same thing, but I would certainly say it. We had a group of people who were career people. We had people who wanted to participate. They weren't personnel specialists. We had a couple of personnel people, but they were mostly line managers or program managers who had knowledge of the agencies represented; and we followed the established criteria that Scotty, Dwight, and the people at the top set for us. President Carter, on one of his visits to employees in 1977 said, "We're not going to change things just to change them for changes sake." He wanted to change things that would help the government be more efficient and effective. That was a very important part of our criteria and the issues we looked at.

We tried to look at how change could solve some of the problems. We asked how we could identify issues that were getting in the way of improving the efficiency and the effectiveness of the work force. In the process, as Dwight mentioned, we talked around the country to about a thousand people, fine managers. But an important thing to me and to our task force was, although we didn't do a scientific analysis of the problem, a lot of people didn't want to change anything. They were comfortable with the "book." As the "book" got bigger, the comfort level increased for a lot of people. And while there were a lot of complaints of not being able to remove poor performers, and while there were a lot of complaints that we ought to have more flexibility, there was an equal amount of caution; an equal number of people said let's not get too flexible because God knows what will happen. We tried to balance the flexibility against maintaining the integrity of the system.

We spent time at the beginning trying to identify the issues we could really do something about because the time constraints were pretty significant. We looked at the diversity of the work force and what factors had an impact on it. We looked at veterans' preference. Somebody else may discuss that in more detail, but we looked at it as a negative impact on improving the diversity of the work force. We looked at apportionment as it affected the work force. We looked at the problem of personnel ceilings. Everybody on the task force had been a career person at some time, and had experienced the problems of trying to manage and deal with a program, a personnel ceiling, and an average grade. These were some of the more stupid things under the old system; there was no way to manage an organization to make it efficient and effective.

Even back in 1976, we were talking about pride in the public service, career recognition, and appropriate public and political responsiveness. That was a key issue. If you go back and read some of the task force reports, there's a map laid out for ways to try to deal with this. I think what Scotty said this morning, so clearly, is important; the President has to set the tone for the image of the public service, because while we were all called bureaucrats, a lot of the problems don't occur with the career bureaucrats. They start someplace else.

We looked at the impact of Schedule A, B, and C appointments, and we laid out ways to try and deal with them. We looked at contracting out and the impact and the diversification of the work force in that context. We looked at the problem of the disincentives to mobility. We keep talking about mobility; we have been talking about it for the 34 years I worked for the government, and yet we haven't done a great deal. We tried to do something about providing incentives for not only intra-agency mobility, but also interagency mobility. This

doesn't happen as much as it ought to. And we talked about what might be done in the area of diversification to bring in more people who represent the population of the United States.

We talked a lot about the importance of work force planning. There was a planning system in place and like so many programs, some agencies tried to do, and did, a decent job. Other agencies paid lip service to the whole concept. Even today, there is certainly a need for improvements to work force planning. We talked about the difficulty of trying to build a work force as programs change with technology changes, with all the new things coming down the road. How could we plan the work force; how could we plan for increasing productivity and for improving efficiency and effectiveness?

We tried to identify what could be done to make all managers, employees, executives, and first-line supervisors more accountable. How could we provide incentives, or what kind of disincentives could we take away, to have our people be more accountable in an individual job situation and have supervisors and managers accountable for managing parts of the work force? Of course, an area we got into, which was expanded on in other groups and became an important issue, was performance evaluation. As you may recall, at that time, there was agreement about performance evaluation among the thousands of people we talked to nationwide, both line managers and program managers. It was that the performance appraisal system was an abomination. It wasn't a tool either to the employee or to the managers. And as you reflect on the reviews that were perfunctorily performed, they were really disincentives and certainly counterproductive in terms of really trying to improve effectiveness and efficiency in the work force. They provided no kind of incentive to either the employee or the supervisor.

Another area that we spent a fair amount of time on was training. Halfway through the whole project, the task force was combined with the task force on employee development. We spent a lot of time consolidating our efforts in that area because the two were well matched. This relates to Pat's earlier question about whether it was an elephant designed by a committee. I would say no. The legislation and report of the task force was not an elephant designed by a committee because there was so much interaction. We were all down at Buzzard's Point and there was nowhere to go. And we were in open space, so that led to a great deal of interaction. That's why it's like a class reunion today. Not only was there a great deal of interaction between the task forces, but also, when you needed help, you had some of the best in the city on any issues you were dealing with. So we spent a great deal of time trying to come up with some ways that the whole area of employee development could be addressed more productively than it had been in the past. We also looked at the need for budgeting, the need for succession planning, the need

for on-the-job training, the need for individual development plans, and the need for improving the quality and the timeliness of supervisory training. These were all part of an across-the-board effort to try to improve the federal system. Of course, underneath all of the training discussion was the fundamental need to be sure that agencies really tried to assess their training needs, their skill needs, the needs they would be facing the next 5 or 10 years in terms of the technical change in their programs, and the program changes taking place overall in the government which often happen quickly.

Again, our whole effort was to try to identify the issues that had an impact on the composition and development of the work force and then try to prioritize those issues so we could deal with them in the time that was available. And that's what we did. Again, I would say I sincerely appreciated that opportunity. I would also lastly like to say that Scotty rang a particular bell with me on the business of personnel technocrats. I have had a couple of experiences in my government career that I think reinforce that. One involved the 6 years I spent in the Philippines as Director of Industrial Relations at the Naval Base in Subic Bay during the buildup for Vietnam. When I went to Subic Bay, we had 10,000 Philippine employees. We used the federal personnel manual system imposed on them by prior personnel directors to the extent that we gave them U.S. holidays. We didn't give them Philippine holidays, which they wanted. I use that as an example of what can happen when people don't want to be flexible. When you give power to the personnel function, you become a procedure expert and you tell the line manager this is what you can do and can't do. And the line manager says the hell with you, I'm trying to manage the work force.

MR. INK: I think that resistance, a comfort factor, was much more evident among personnel managers than among program managers.

MS. KLEEMAN: Thank you very much, Joe. I appreciate your remarks. We will go on with the panel now and come back to some of your points later. Sally, I think you had one of the most difficult tasks and one that has been mentioned most often here today. Can you tell us a little bit about putting together recommendations for the Senior Executive Service?

REMARKS BY SALLY GREENBERG, TASK FORCE
ON THE SENIOR EXECUTIVE SERVICE

MS. GREENBERG: Well, first of all Roz, you have imposed on me something that amounts to cruel and unusual punishment. When I am in full cry, I been known to talk for 3 hours on the subject without pausing for breath. But 5 minutes!

The legislation for the Senior Executive Service was designed to establish a comprehensive personnel system for the top management ranks of the government. It's an interlocking complex system, and obviously can't be dealt with in detail in this forum, but I will try to hit the high points. In designing the SES, we had two principal objectives. The first one was consolidation of the fragmented system that we had at the time. Some 7,000 people fell into what was called the "supergrade" class, but they were managed under at least half a dozen different systems, each with its own pay system and each with its own personnel regulations. We were trying to clear that up and, at the same time, to clear a way through a thicket of pointless and time-consuming procedures that had grown up over the past 30 years of operating the system. When I use the word system, I mean the so-called supergrade system. Now the second objective can be stated much more succinctly, but it was by far the more important. We were trying to do nothing less, as Scotty suggested, than to greatly improve the productivity of the federal government.

There were a number of issues under the first objective that have created some bits and pieces of controversy after the fact, and one of these is coverage. We are now finding some people who ask whether the coverage should be changed. One of the changes: Why don't we pull out the scientists? Well, one of the problems with pulling out top scientists is that most of these top scientific positions are scientist-manager positions. If you pull them out into a senior scientific service, their community of interest will become only scientific; it no longer will be managerial. I think that would be a bad precedent to follow. There is a second area of coverage that we seem to have a problem with. There have been suggestions, I understand, to limit the SES to a very narrow and extremely high-level group of people. I don't really see what useful purpose this serves. In fact, I think it serves a very serious purpose of undermining the SES as a force. And finally, there's been a suggestion that SES should be limited to career executives. This I oppose very violently. I think Scotty suggested we have always had problems with the interface between career and noncareer executives. They must, however, work together as a team. Anything that divides them is, in my view, reprehensible, and anything that brings them together in any way is bound to be for the good.

Another issue under the first category is the issue of mobility. Unfortunately, people seem to associate that only with geographic moves. What we were talking about was the ability of a supergrade to move from one assignment to another assignment without going back to the Civil Service Commission, now OPM, and getting a new seal of approval on that person's qualifications every time a person moved. What we wanted to do was to say, "All right, we will put a seal of approval on an individual's managerial capacity, and after that, we will leave it up to the

employing agency to say whether this person meets the technical qualifications for the new position." I don't really know how well this has been working. I know it can work because when I was still in the government, I filled one of my key deputy positions using this flexibility very successfully.

Now I would like to move on to the major objective, which is improving the effectiveness of the government. The centerpiece of the SES is the system of setting goals and objectives and holding executives accountable for meeting them. This system was designed to address a variety of problems.

Although many agencies did do planning and set objectives, there was very little accounting for whether or not they were met at the end. And if an accounting was made, there were no rewards for meeting the objectives and there were no sanctions for failing to meet them. Very frequently, in my experience, they were not met.

Problems have always existed, as we've said, in the interface between career and noncareer executives, and one of the problems was that the career executives and the noncareer executives simply did not communicate. The system we wanted was one of setting objectives and requiring that the noncareer appointees approve of the objectives. We wanted a common understanding between the career executives and their political appointee bosses before the year started; and then, at the end of the year, an assessment would be made of whether or not objectives were met. We felt that would go a long way toward eliminating a lot of misunderstanding. There were times in which, in our experience, we would hear a political appointee say, "What does this clown think he is doing?" The fact is, the "clown" didn't know what the priorities of the political executive were and so he went on doing his own thing. Equally, political executives never conveyed to the career appointee what was really wanted. We were intending to try to fill this communication gap.

And finally, we were trying to meet the problem that, although a vast majority of supergrades were extremely competent people, there were, as everyone knew, exceptions. And because of the critical nature of the positions they were holding, they could do an untoward amount of damage. For people who were simply incompetent, who were lazy, or who just didn't get the job done, we were trying to arrange to have them more easily removable from their supergrade position but without prejudice, in a sense, to their entire government careers. They were to be allowed to fall back to a level in which they had presumably, at one point, been competent. We were reversing the so-called Peter Principle.

The system we designed required the annual setting of goals and objectives, which had to be approved by each of the SES member's supervisors. At the end of the period, of course, the accomplishments were to be compared with the established objectives, and the person's performance was to be rated. Scotty, I think, dealt well with these problems. I guess the best thing to say about the bonus system is that there was an unfortunate episode that appears to have passed the white water period. Let us hope that perhaps the ship will steam more smoothly down the rest of the way. I think it has weathered the difficult passage. Now, in the bonus system, we often were accused of believing that SES members are motivated only by money. This really doesn't give credit to the task force. We were quite as well aware as our critics of motivational research, and we had some information that they did not have. Our data showed that, yes indeed, it is true that federal employees are less motivated by money than employees in the private sector. It also showed, however, that people at the supergrade level were more motivated by money than the general body of federal employees. Equally, we were not saying that you have to be entirely motivated by money. We were just saying this is one among several motivations you can have, and I think that, by and large, experience has proven us right. Money is for some people a useful motivation, especially with college costs as they are these days.

I'd like to spend just a moment now on the concept of rank-in-person. I don't think that we came out either in the task force report or in the legislation with an absolutely optimum configuration in this respect. What we have is really not a rank-in-person system. We have a "rankless" system. I would prefer now to see a three-tiered configuration with overlapping pay bands. You would enter at the lowest level and you would move up in the ranks by a combination of executive experience and established performance evaluation. The senior group would actually correspond very closely to the 1,000-person top group that some people have suggested should be the membership of the SES. It would be an extremely elite group, one which has been identified as having performed successfully, outstandingly successfully in several administrations. The people would be, therefore, identifiable for use on very difficult assignments, task force work, troubleshooting, that sort of thing. It would also be a prime candidate group for moving up into jobs such as assistant secretaries and even higher. And, for those people who are not particularly susceptible to financial incentives, it would add another incentive. I would like to see that change. I don't think the flaws are significant enough to require a total change in the legislation. But, if other changes are going to be made, I think this would be a useful thing to consider.

Finally, the one single thing that would be most useful for improving the public service would be for our next president to

do what Scotty referred to as a little cheerleading: make it clear that he believes federal employees are competent, diligent, dedicated, and honest and that he intends to make maximum use of their expertise in achieving his program objectives. If we could get that kind of statement from whatever president we have, it would do a great deal to improve the Senior Executive Service and the rest of the public service.

[Note: See app. II for the prepared statement of Ms. Greenberg.]

REMARKS BY ANN BRASSIER, TASK FORCE ON
THE STAFFING PROCESS

MS. BRASSIER: I am here on behalf of Gene Weithoner, who was the head of the Task Force on Staffing and is on travel. I would first like to say a couple of words about the context of the Personnel Management Project because I think it is easy for us to forget some important things about that time. The Project was very much welcomed by those of us who were new in the personnel management system. I was in my first major management job, as Los Angeles Area Manager for the Civil Service Commission (CSC). I had been in the CSC for 10 years, and we had an intense sense of frustration that the system was getting less and less useful and that no one was going to do anything about it. We feared that we would waste away our lives in a mass of red tape and never accomplish anything.

So the prospect of new leadership opened doors. We were going to ask the hard questions, we were going to be open to new ideas, and we were really going to try to do something about them. You could not imagine what a breath of fresh air that was. I, myself, asked my boss if could I get on a plane and go to Buzzard's Point. It was really something I wanted to do.

We worry now about motivation and turning people on to government. There is no substitute for having the chance to participate in the development of new ideas in terms of motivating people. There was a lot a chaos and hardship at Buzzard's Point that we totally overlooked because we had a sense of purpose and reliance that what we were doing was very, very important.

A couple of other things about the external environment. The emphasis on being more inclusive of minorities and women in our hiring system was intense. It took up hours and hours and days and days of everybody's time. And so, a big thrust in the staffing task force was how we could have a more inclusive hiring system.

There was also, we believed, a sense that the CSC was kind of tottering on the brink of totally losing its credibility. We

were inundated with complaints. I was an Area Manager. I had Generals on the phone to me all the time saying, "Why can't I hire a laborer from your stupid system?" It was just the way at that time.

An apocryphal story among the youngsters in the CSC--it may have been true--was that one of our executive directors had been invited aboard the presidential yacht, the Sequoia, so that the President and cabinet officers could communicate to him the depth of their frustration with the Civil Service hiring system.

There was also, of course, an intense discussion of the impact of veterans' preference, which many believe was a real barrier to hiring of women and minorities.

So our Staffing Task Force set as our overall objective the cutting of red tape in hiring, promoting, and separating employees. We wanted to streamline a complex, entrenched system and decentralize personnel management authorities and operations. We had two sets of recommendations. One was to really change the Veterans' Preference Act so that its privileges were limited to veterans who were really disabled or who had a particular reason for needing the assistance of the Veterans' Preference Act. And then we had a whole set of recommendations about delegating, streamlining, and simplifying the system, including changing the delegation on staffing so that the President could delegate directly to the heads of agencies the ability to do their own examining and hiring.

In reality, the Veterans Preference Act (and it came to be bit of a joke at the time) was strengthened by our efforts, at least for some veterans. Some people have never let me forget that. I do recall getting a sense at some point that the push to change the veterans' preference was simply cut off by the powers that be. It was clear that it had become politically impossible, and those of us who were involved certainly understood that.

MR. INK: Scotty was our hero on that. He went around the country promoting a very unpopular proposition among veterans' groups in the interest of good management. It was something we all appreciated.

MS. BRASSIER: I think when, after one trip, he came back with a little blood on his forehead, we quit. In simplification of examining, the law did very little; in fact, it retains a restriction that OPM is the only one that can delegate examining for common jobs.

Nonetheless, in terms of what we were trying to do, in my view, almost all of it is happening, but not because of the legislation itself. As you know, demography has pretty much

passed the veterans' preference issue by, so it is no longer such a big issue.

The Schedule B hiring authority, which came about under Don Devine's administration, has really become, in my view, the implementation of the Sugarman Plan, especially when it was coupled with the recent executive order permitting noncompetitive conversions. It does many of the things we recommended: make direct hires; if people are good, convert them; examine people centrally, give them "hunting licenses" to go around and seek federal jobs; and decentralize. All those things have taken place.

Immediately following passage of the CSRA, Scotty pushed us to delegate examining authorities to agencies. John Fossum, who is here, headed up a major effort called the Fossum Plan, which pushed delegation into the hands of heads of agencies.

I should note here that one of my most vivid memories of the project, and one of the most disillusioning experiences, was when Gene Weithoner took us into the Interagency Advisory Group room to explain our great ideas to the personnel directors. They said, "Please don't direct any more authority to us." And here we had been working for months trying to figure out good ways to do it!

In closing, I just want to read a few words from a document that captures the spirit of what the Staffing Task Force was trying to do: "We had a hiring system that required 7 weeks to hire a clerk, 10 weeks to hire a junior professional, and 4 to 6 months to hire a mid- or senior-level professional, and this hiring system will not allow us to hire the best in the workforce. We are taking steps to decentralize the examining system. We are offering to delegate examining authority to agencies and to installations that are major employers in their geographic areas. The concept that the federal government is a monolith and that a key function like hiring should be administered centrally ignores basic management principles and reality. OPM will work with agencies to identify options for delegation that make sense, and assist them in making the process efficient." I read that bit because it is from a current OPM report, yet it could have been taken from the Staffing Task Force. My assessment, then, is that the rest of the world is catching up with the Staffing Task Force, but many years later. And I am satisfied that many of the things we wanted to do have indeed have been done and are being done now.

MR. INK: I'd like to clarify just one thing for the record. I want to make sure that people understand that, despite the opposition to the change in veterans' preference, we did recommend limiting veterans' preference to a period of sufficient time to provide adjustments after military service.

MS. KLEEMAN: I remember that the provision was taken to the floor of both the House and Senate; it was not decided prematurely by Scotty or anyone else. I remember there was a very vivid discussion of the provision at the time. I might add that I think your bringing up the question of "is the government a monolith; are we dealing with one government or many agencies," is probably going to be the question for the next 10-year period. I think you've brought up several very important points for our consideration.

[Note: See app. III for remarks submitted for the record by Ms. Brassier.]

REMARKS BY HARRIET JENKINS, TASK FORCE ON EQUAL
EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION

MS. JENKINS: It was rather eerie, but also pleasant, reflecting on the decade, going back through the papers of our fourth task force, pulling out all the notes, and remembering the emotions that were associated with what was very revealing but, also rewarding. I appreciate being invited to reflect on that experience. As you can imagine, in terms of equal opportunity and affirmative action, there has always been a great deal of emotion associated with it; and we had a number of problems that had already been identified with the federal equal employment opportunity efforts.

We initially looked at those problems, suggested some options, and came up with recommendations that fell into two broad areas. One was the need for a federal equal employment opportunity management strategy that was coordinated throughout the levels of government. The other was the need to improve the discrimination complaint processing system.

As you can recall perhaps, there were some very key issues that we dealt with in our deliberations. There was lack of agreement on the federal equal opportunity program and what it was supposed to accomplish. For example, people were not sure whether affirmative action was simply supposed to assure lack of discrimination, in other words a color-blind personnel management system, or whether it was indeed supposed to be remedial and compensatory for the effects of past discrimination.

Another issue was the lack of leadership that everyone felt was present in the former Civil Service Commission in solving this critical issue and also giving guidance on some of the other problems that federal agencies have. We also sensed varying degrees of commitment on the parts of agencies and departments, and this was certainly reflected in the way EEO staff were selected, where they were placed, and the kinds of resources they got. There was a key feeling among some people that the EEO

should be cross training between EEO and personnel, and that there should be EEO training for managers and supervisors.

We recommended that OPM be a model agency; integrate its own bureaus, staffs, and regional offices; and have oversight and require agencies to be accountable, when they come in with budget planning, about what they were doing in EEO. We made recommendations about American Indians and also that the discrimination complaint process be improved.

When we found out what the Civil Service Reform Act contained, we were pretty pleased that some of the key concepts and the spirit of what we recommended were included. A few examples of those inclusions were: There was actual language in the law that we wanted a competent, honest, productive federal workforce reflective of the Nation's diversity. The act also talked about recruitment in an effort to get a workforce from all segments of society. Discrimination was a prohibited personnel practice. There was also a section that said the Civil Service Reform Act was not to be construed to lessen efforts in affirmative action. Because many assumed that if we actually had strong merit principles we were not going to have any EEO affirmative action, it was very important to include that latter concept.

The 30 percent disabled veterans section actually was supportive of handicapped needs in the federal government; and there was a very important federal equal opportunity recruitment section, the Garcia Amendment, that defined underrepresentation. Probably most important, and I hope it will not be weakened, was that the performance appraisals of senior executives should speak to such areas as efficiency and productivity, including what they had accomplished in affirmative action. Equal opportunity is an extremely powerful tool in managing the federal workforce humanely. I hope that the act does not get changed in that regard.

Now, obviously, the Civil Service Reform Act was not perfect. We were quite surprised when we saw how far in the opposite direction from what we said that the law went, which was to simplify and make less complex the discrimination complaints system. There is a mixed case section that appears to be a nightmare. I am not sure that many cases come up. But it was one of the great surprises we received when the act came out. My recommendations would be to alter the mixed case section.

There was not time, after we were notified of this meeting, for us to make a definitive study, but I assume that the OPM will be happy to work with you in gathering data for subsequent meetings. The data we did obtain indicate that both nonminority women as well as minority groups have made progress over each of the 2-year intervals of the decade that we looked at, especially

in the GS equivalent groups. In the total workforce, the number of blacks decreased mysteriously in some of the years. We think part of that was the exclusion of Postal Service data from the data bank, but that should be verified. Even the average grade gaps among nonminority men and minorities and nonminority women closed or narrowed; and that's good. But there are challenges that remain. Hispanics are underrepresented compared to their availability in the labor market. Women and minorities still are not well represented in the senior-level grades or in the executive-level positions. The number of black executives, by the way, has decreased substantially and that really needs special attention.

The demographers are now making projections about the year 2000 and beyond and are predicting that the federal sector as well as the Nation will have an increased demand for highly skilled jobs. Larger numbers of highly skilled talent will be needed. That is a great concern to us at NASA. It is also clear that the number of college age students who could be trained in science, engineering, and technological jobs has been declining and is expected to continue to decline. A third point: It is clear that the population in our public schools and those who are able to go to college are becoming more minority and female. It is absolutely imperative that the Nation figure out ways to improve the education and preparation of these groups because our technological competitiveness and our premiere position in the world will be affected by the talent that we can bring on board.

So as the CSRA is reviewed, one thing to look at is whether there is a need for some type of federal scholarship. This is one of the recommendations we made that was not included in the act. Maybe there should be something like a GI bill, which would help people who are talented and motivated, but who do not have the funds, go to college and obtain an education. This might be part of a research program, a demonstration project, or it could even be a "set-aside;" or there could be requirements placed in the appropriations or authorization legislation of federal agencies, especially those that are R&D agencies, that will have a great need for scientists and engineers.

[Note: See app. IV for the prepared statement of Ms. Jenkins.]

REMARKS BY JOHN FOSSUM, TASK FORCE ON JOB
EVALUATION, PAY, AND BENEFIT SYSTEM

MR. FOSSUM: Our task force work turned out to be like the lost patrol because most of the recommendations have disappeared into the mist of time. I refer here principally to recommendations in this area that address the issues of total compensation comparability and locality pay, which didn't make

it to the final four (if you were to talk about basketball). I think the one that did make it, merit pay, turned out to be, maybe with the exception of SES and also of the Reform Act, the most controversial feature of the Personnel Management Project. The Task Force concluded, not unremarkably, that the government merit pay concept was not working. I think that was fairly obvious, since government didn't have one worth mentioning in 1977. We further stated there was a lack of real support for performance ratings and the performance award process in achieving the basic objectives of paying employees for performance. That, too, was not an unremarkable observation, and it certainly hasn't changed a whole lot since that time.

The Task Force addressed eight issues and, as I said, only four really came out that were fairly significant: total compensation, the comparability issue, the locality issue, and merit pay. The problem the task force was basically trying to come to grips with conceptually in two of these recommendations was first of all trying to establish a central theme or objective to insure fairness in pay matters: that federal employees be compensated fairly for their contributions, neither too little or too much; and, second, that the American taxpayer receive fair value in return for his or her contribution.

The second point to be made about the work of this Task Force is that none of the ideas or the recommendations were particularly new. All of them had been raised by scholars and practitioners for many years, in some cases going back to the Imperial Chinese bureaucracy. I think locality pay was an issue then too. Several of the ideas did not make it into the Reform Act proposal or into the legislation. Total compensation and locality pay were politically and practically unattainable then and probably still are today. Nonetheless, they are still issues we need to address because they are sensible and the right thing to do. In the case of locality pay, I think that employee organizations at the time believed, for good and valid reasons, that they just could not support something that could threaten not only their salary growth but maybe even the salary levels of their members in outlying installations.

Merit pay was one of the most important things the Task Force did, and certainly one of the most important, if not the most important, things that came out of the Reform Act. We have been struggling with merit pay since 1978. It clearly got off on the wrong foot because of funding problems, but was partially corrected in 1984 when the performance management and recognition system was established. While problems remain, as Scotty and many others here have said before, pay for performance can work. There are ways to make it work, it can work, and it ought to work. It is one issue that we can't give up on, along with some of the other issues we've talked about here.

While we've dealt with a lot of negatives, I believe that on balance the work of 10 years ago was worth the effort. The work of the President's Personnel Management Project started the process of moving the federal personnel system, as we've all repeatedly said, from one that was hopelessly procedure-bound to one that at least shows some promise of being performance-driven. That is a plus for all concerned.

[Note: See app. V for prepared statement of Mr. Fossum.]

MS. KLEEMAN: Thank you, John. I think that it will be important to bring up locality pay and total compensation again. I am sorry to hear you say that it may still be difficult, but I think the difficult, in this case, may be worth trying.

REMARKS BY CHESTER A. NEWLAND, TASK FORCE ON
DEVELOPMENT OF EMPLOYEES, SUPERVISORS, MANAGERS,
AND EXECUTIVES

MR. NEWLAND: Although I was the manager of the Labor-Management Relations Task Force, we were not restricted to one area. My superiors on the Labor Relations Task Force did most of that work and I was able to be involved in some of these other areas as well. Jim Brogan, Tom Murphy, and other folks from the Civil Service Commission provided most of the leadership for the Training and Development Task Force. The work of that group led them to conclusions about four areas, most of which were fairly technical and of great concern to the professionals in the personnel community. They were topics that continue to be of concern. For example, one thing that the group spoke about early on and throughout was how does one go about evaluating training and measuring development? That was not of great concern to other task forces. Yet, that continues today to be a great concern to GAO and to many who are responsible for highly technical demands on the personnel system. The Task Group looked at a systematic approach to development. It looked specifically at executive development. What experiences would we add to the old Federal Executive Development Program (FEDP) program? The group also spent time on upward mobility, dealing particularly with women and minorities. They recommended that a Federal Personnel Management Academy be established. Because the group was mostly concerned with issues of interest to General Schedule employees at lower ranks, others were engaged to work on the training and development issues of greater concern at the executive level.

A brilliant youngster in the Civil Service Commission, John Bellis, was working with the Commission's Joe Howe, and one evening some of us got together and we wrote down some general recommendations that ultimately constituted the final overall Task Force report. Most of the general ideas grew out of experience that was developed by the Committee for Economic

Development (CED) and other groups. Scotty Campbell and I, for example, had worked much earlier at the Johnson Foundation at Wingspread and, ultimately, the Task Force report, as it came out in the Personnel Management Project report, started with the same conclusion reached by the CED and the Wingspread group. First came the removal of barriers to excellence in management; second, a provision for a new and improved overall system.

On the removal of barriers, the group stressed two things. One was to go back essentially to the old Project Reflex that most of us were familiar with in the Army many years earlier (and that is still being tried, once in a while, today). It substituted budget controls for personnel ceilings and other burdensome red tape. Second, we dealt a little bit with the contracting out problem. It is interesting that, in contrast to today, we looked critically at the use of personnel ceilings by OMB to force contracting out even when it is not at all economical to government. Even then there were highly political efforts in OMB to encourage that sort of thing.

On the positive side, to provide a new system, we stressed, first, a fairly comprehensive work force planning system. Second, we suggested productivity enhancement, particularly sharing savings with the agencies involved. This is something along the lines of Pacer Share at the McClellan Air Force Base today. Third, there was discussion of public service jobs, dealing with reductions-in-force (RIF), and the fact that veterans were excused from the RIFs. And, then, two final things really came out of the great imagination of Scotty, although Jonathan and Joe deserve a lot of the credit for putting it together in that evening meeting: One was the idea of pilot projects. The University of Southern California had been working for some time with folks at China Lake trying to figure out how to get young scientists to come up there to work. A brilliant woman who was a chief scientist there for a long time had recommended a personnel pilot project. The other idea was that we ought to have some personnel research going on.

I'll simply summarize other items since those I've just mentioned turned out to be the two big areas of change.

We talked about the development of executives and about developing managers. We also stressed improving the system for evaluating performance. At later meetings of this group, when we talk about what actually came about under the 1978 law, we might want to note that only one little section actually stressed training. Fortunately, we did get in the specific sections I mentioned: provisions for both research and pilot projects. Even though they haven't been acted on frequently, they still provide a basis for a lot of high hopes.

When we get to talking about implementation, I think it will be fascinating to note that OPM later converted the CSC Bureau of Training into the Workforce Effectiveness Directorate (WED). Then the new administration came in, and WED was abolished and the whole CSC productivity improvement project went down the drain. WED had worked with great effectiveness throughout the Carter Administration and during the initial 3 or 4 months of the incoming administration. It was ultimately abolished, however. Consistent with that, the story of John Bellis that I started with might be an interesting one with which to close. He was driven out of the federal government, and he found an excellent job with private enterprise in New York City, which is much of the next part of the story as the CSRA was implemented. Many of the best people soon departed the new Office of Personnel Management.

QUESTION AND ANSWER SESSION

MR. NEWLAND: I might comment on one area that is of great interest, since the panel talked about structure. We considered many alternatives that ultimately were lost in the process. For example, at one point Muriel Morse, who at that time was the personnel officer for Los Angeles, called a meeting of influential personnel managers, largely in her role as then President of IPMA. She urged that instead of having a separate MSPB and FLRA, we should, at a minimum, try to group those into one body. At one point, that proposal was actually drawn up and presented to Jule and Scotty. It would have been very hard to pull that off due to the great power of competing interests that worked toward fragmenting the system. Many stories of that sort will be worth pursuing. I might also note that when the PMP was over, I remember using a two-wheeler with Jonathan to send over 20 boxes of highly detailed archives to OPM. And then later, when he moved to New York, a duplicate, partial archives that belonged to John Bellis was moved to my garage. Lots of papers are available, and I still have some of them.

I might say that the option paper that was circulated to hundreds of organizations as well as to federal agencies included five organizational options, and we got comments back. I still have a copy of that option paper. If you are interested, I would be happy to give it to you. It will reflect on the different kinds of organizational approaches that were considered and on which we solicited views.

MS. GOLDENBERG: Chet raised an issue that has been raised several times. In fact, Ray Kline has raised it quite frequently, and that is the issue of fragmenting government. We recognize that we have a variety of what Ray calls organizational cultures throughout the government, and we deal with the government in many different ways. In your opinion, was the final structure of the design a good one, with a separate

MSPB, a separate Office of Special Counsel, a somewhat hazy federal labor relations group, and then the OPM? In all of this, we talk about the desirability of decentralization and flexibility, but when we decentralize, we also sometimes add to the problem of fragmentation.

MR. NEWLAND: Looking at it again, the reality was it would have been hard to go in a different direction from having a separate FLRA. Prior to the '76 election, Bob Hampton, the Chairman of the CSC, and others of us had met in Charlottesville and had worked to draw up a proposed statute that would have moved in the direction of statutorily established collective bargaining. That was essential given the direction in which the world was moving when the Carter administration came in. It would have been unusual if that had not continued. All we did in 1977 to 1978 with respect to collective bargaining was what would have occurred had Jerry Ford been elected, without much change to it. You may remember that the part that dealt with labor management relations was not even presented at the same time as the rest of the reform package. That is part of the reason for the fragmentation. It was a reality of the political context. The MSPB, on the other hand, was a separate matter. Certainly many hoped that they might be able to pull them together. So far as the model of the Special Counsel, that, of course, is the model of the General Counsel and the National Labor Relations Board (NLRB). Frank McCullough, formerly of the NLRB, and others came in to work with the group and the NLRB became, in part, the model for both the MSPB and the FLRA. I thought, as many had at that time, that MSPB would become relatively invisible and, in effect, it has.

MR. INK: The fragmentation is somewhat greater, of course, than we had recommended, but we did feel very strongly about the separation of the adjudicatory functions from the positive or promotional management functions that would be in OPM. We felt that there was a conflict of interest; we felt the credibility of the adjudicatory process was greatly reduced. We thought that the adjudicatory time required on the part of the CSC was increasingly squeezed out of the time and energies that many in the CSC badly wanted to devote to employee incentives and other aspects of sound personnel management.

MS. GOLDENBERG: Back in the time of the task force work, there was a realization that we were heading into a no-growth period. I suspect that there was not a full appreciation of where we were going to be 10 years later, which is at least no-growth in some sense, with the strong deficit and so forth. The world is going to be different in the future, and it seems to me we are going to be asking our government to do more with less. That suggests to me that we have to be serious about recruiting the very best for the government. The government is going to operate in what is a very challenging environment with fewer

resources. Yet, as I hear all the talk in glowing terms about decentralization of hiring and recruiting and, of course, with the Professional Administrative Career Examination (PACE) decision, I couple that with the low morale and with the general bureaucrat bashing that's been going on through the years. It is hard, I must say, for the likes of us who teach students, to encourage them to come work here. We can encourage students, because we think it's very exciting and important, but frankly, when it comes time to look for a job, they don't know how to get started in the federal government. I have students in my office everyday now, saying that they know how to deal with GAO, and GAO is getting many of our best students. They know how to deal with states, because California and New York and others come to Michigan recruiting. But as for working in federal agencies, they don't know where to go. Presidential Management Interns don't know how to get started. What they see is just a mess out there. There has to be some recognition, it seems to me, that the direction we've gone in the last 10 years is a bewildering one when it comes to recruiting the very best students for the federal government.

MS. BRASSIER: We did not recommend the abolishment of the PACE exam. Our idea was that once a person had passed the PACE exam, they should be given a "hunting license" to find the person who had the job to fill and go to work without going back to the register, which could take 3 months or longer. My view, supported by many others, is that there is no such thing as "applying for a federal job." Part of the definition of a high-quality job seeker is someone who has a sense of their own skills, and finds the right niche in a specific agency where those skills are needed.

I really urge, Roz, that you folks get the recent writings and speeches from OPM on the subject of recruiting to see not only the spirit of them, but some of the specific things that they are doing. Mainly they are trying to get federal recruiters back on to college campuses and let them make offers the same way a person from Honeywell can make offers. The federal government is now going to use paid advertisements. We've rarely done that before. There is also no reason that the Forest Service, for example, couldn't achieve the same level of recognition on college campus that Honeywell can. But the agencies have to be free to do that. I think we have to stick with the idea that we have diverse missions with real jobs, and we have to hook hiring officials up with recruits. The problem is figuring out a middle ground. It is not to establish a central hiring policy, slow everything down, and create a lot of chaos.

MR. INK: I just want to comment that eliminating the PACE exam without a meaningful substitute was a serious mistake and certainly not in the spirit, at all, of what we had in mind. I think that what has been complicating this problem has been the

long period in which many agencies have been decreasing rather than increasing size. And the recruitment problem, even with a good system, is quite difficult under those circumstances.

MS. INGRAHAM: I can't resist wearing another hat and responding to that. My sense is that the decentralization issue is key, and it is key in a number of aspects. One of the ways in which it is key is when we decentralize. Another question is decentralizing from what to what? What we have now, I think, is actually decentralization without a core. I will tell you the other hat I am wearing. I am staff to the Task Force on Recruitment and Retention for the Volcker Commission, and I've spent a great deal of time in the last 6 or 8 months talking to the agencies about what they are doing. And there are some very creative and innovative and, I think, rather exciting things going on out there. But they are doing it without direction. The issue is how do we direct. How do we, at the same time, set governmentwide objectives yet have adequate flexibility and adequate decentralization so that the agencies can pursue their interests. It seems to me that this is one of the remaining puzzles we have before us. In the course of the decentralization and in the course of abolishing PACE, we have moved more and more to centralized examination.

Another point is the role of management and the role of managers; this has somehow been obscured in the process of decentralization. How did you view, how did you decide who were government managers when you talked about those who would be eligible for bonus systems and other perks? How did you view the long-term function of management development, not only their hiring, but training and tracking them, challenging them, and making them leaders. Was that part of the discussion at all?

MS. GREENBERG: The area of management development was something that we were dedicated to. We believed in it absolutely. We think it needs to start at an early stage. Unfortunately, in the government, it tended to start about supergrade level (grade 16). A demographic study showed that a great number of executives were first-line supervisors whose first supervisory experience occurred after they became a supergrade. I won't identify the woman but, when I was a supergrade in the CSC, a newly appointed woman supergrade came in, closed my door, and said, "May I talk with you? Can you tell me how to budget?" She felt she couldn't ask anybody else. She had been thrown into the job with no training, no development. This is absurd. No well-managed organization would do that. Joe could tell you, I am sure, that IRS is one of the best managed agencies and has had very, very strong management development for years. This, in a sense, was our model; not that we were following slavishly a particular pattern, but we wanted management development starting around grade 12 for people on the fast track.

MS. INGRAHAM: How did you define manager? Did you include first line supervisors? Did you say you must supervise this many people?

MS. GREENBERG: No. We adapted the Potter Stewart definition of pornography: I can't define it but I know it when I see it. The fact is that, historically, supergrades just emerged, and they covered everything including high-level scientists not thought to have any managerial responsibilities. There were not many of those. It's a myth that there were lots of them. Supergrades included a few of those and some first-line supervisors who had no previous supervisory experience as well as people who were equivalent to captains of industries. It was extremely hard to draw a line. The jobs would change and shift according to the incumbents as well as according to the political appointees above them. Jobs at this level were and are not cast in concrete. We found it much easier to say in creating the SES that anybody at the supergrade level with any supervisory responsibilities would be in the group. Essentially, that's the way we designed it.

MR. INK: We did put a lot of stress on qualifying people moving into the SES, and many of your recommendations, Sally, dealt with qualifying and training them to be eligible for SES positions.

MS. GREENBERG: It's too late to get somebody who has been some years at a grade 15 and then, just at the brink of their being launched into managerial responsibility at a senior level, suddenly start trying to lay on hands. You've got to get in there earlier. We do not spend the trivial amount of money that is needed to do this. You don't have to assume that you must send them to training courses. A lot of training can take place on the job. That requires no expenditure of funds, just a little care, thought, and attention.

MR. DAVIS: Pat, I might say that IRS may be the ideal model for every agency. We had definitions: A supervisor was a person who supervised the people who did the work. A manager was the person who supervised supervisors. Executive had a very particularized definition at IRS; the definition was institutionalized. Training programs were designed, and we were spending about \$25 million on training. The programs were particularly designed for the first-line supervisors, the mid-level managers and the executives. All the professional employees, technical employees, individual revenue agents, revenue officers, criminal investigators, and so on, training was particularized to those occupational needs and where a person stood in the organization.

MR. INK: The theory behind the reform was that the structure and the regulations which have gotten so much attention were really the beginning point. Unfortunately, that seems to have been what has preoccupied people. The heart and soul of the reform was intended to be the kinds of things we are talking about now: the training and development of employees, of which formal training is really only a relatively small part. We wanted to stress research, pilot operation of new approaches, greater incentives for employees, the removal of disincentives, and positive political leadership, which seems so scarce around this town. These are things which we thought were the heart and soul of Civil Service reform. It is in these areas where there has really been a struggle for survival and where, in many respects, there has been a losing battle.

MS. KLEEMAN: We'll be certain to follow up on and pay attention to that view.

MR. FOSSUM: There has been a broader underlying issue here that relates both to staffing and recruiting questions that Edie raised and the training and development questions that Pat raised. IRS knows how to do it. I just finished looking at a management development program in a department that is three times the size of IRS which has none. The problem here is there is a lack of coherence in our national personnel policy in regards not only to staffing and management development but also to performance and almost every other issue in the personnel system. In personnel management and everything that relates to it, there are not enough people who are making policy who appreciate that. Coherence is a fundamental issue that needs to be addressed. In the Reform Act, we addressed a lot of procedural questions, a lot of which didn't work, because we didn't have that national sense of the coherence necessary to make a personnel system work.

MR. NEWLAND: In part, the PMP effort at Buzzard's Point was a put down of the entire personnel community, and that negative stance has continued right down to this day. I can understand the line manager's exasperation at times, but let us look at one or two specifics. In each of the first 2 years under the Reagan administration, the OPM budget was cut about 18 percent. Likewise, when the deficit quickly rose to \$108 billion, all of the government outside of Defense, Social Security, and interest payments only cost \$78 billion. The President tried to bleed the whole \$108 billion out of the \$78 billion program areas, and a large part of it came from personnel. In short, the folks on the 1977 to 1978 task forces may not have been all that off target when they were saying that if improvements were to come about, something needed to be done to enhance the personnel community.

For example, the personnel professionals then called for an Academy of Personnel. What they were really doing was looking at

the reality that the old personnel manual requirements for training and development of personnelists had long been ignored, neglected, and underfunded. Then, as an aspect of the CSRA effort, there was a continued put-down of personnel experts. The entire personnel field has deteriorated to where, today, it lacks much capacity either at OPM or in the agencies to provide leadership. Unless line agencies and managers stop that foolish put-down, government will not be able to deal with labor relations, EEO, and other functions in which expertise is required. It is time to face up to the reality that we cannot keep cutting in the personnel field and debasing it and then expect personnelists to accomplish something.

MR. INK: I completely agree with you, Chet. We talked earlier about the concerns of the personnel managers that the trend was to develop personnel technocrats rather than managers. The more we centralized the process and the operations, the more we had personnel technocrats rather than personnel managers. What we were trying to urge was a leadership role for OPM and a leadership role on the part of personnel officers. We thought this really called for a high-level person. This would be an important role, but a very different role. We argued that the leadership role is not something to decentralize. We thought that it was extremely important for there to be strong leadership exercised out by OPM and by personnel officers within the departments and agencies. We think that the more that they are concerned with individual actions, processes, and procedures, the less they are going to be able to provide the kind of leadership we were talking about.

MS. KLEEMAN: We are going to give Edie just one more question and then we must go on to our last two speakers.

MS. GOLDENBERG: I'd like to follow up on something Harriet Jenkins said earlier about the EEO effort. One of the things that is happening in a large number of policy schools around the country is that they have seen the proportion of students who are minorities rise. At Michigan, we've gone from below 4 percent to 30 percent, and we are not unusual. And the reason for that has nothing whatsoever, I am sorry to say, to do with efforts from the government. I would think that the federal government should be active in providing opportunities for minority students to prepare for the public service. Now the private foundations which have been providing funding for these students and training and encouragement are about to get out of the business. I was struck by your mentioning federal scholarships. As I think back to the early days of the discussion of the Federal Equal Opportunity Recruitment Program (FEORP) and the efforts of EEO, I am frankly surprised and amazed that the record looks as good as the one you presented here. In the evaluation effort that we put together initially, it didn't take us long at all before we realized that EEO wasn't a high-

priority area relative to other concerns at the time. I guess I am curious about the assumptions that were present early in the Task Force about what it was that was blocking minorities and what it was that was lacking in the encouragement of people to come in. It apparently did not focus on the issue of money and the provision of help for students getting education since I don't see any record of that in the early Task Force discussion.

MS. JENKINS: I'm sure we all concurred that the quality of education that minorities receive plus the subtle encouragement that can make a difference were important to attaining an integrated federal work force. Although these weren't specifically stressed in our final recommendations, some type of federal scholarship was proposed. It is also interesting, if you were to check the federal agencies today that are making the progress that I talked about, this concern is implied.

By the way, I don't want to give you the impression that everything is well and that the goal announced a decade ago has been achieved. But when you compare the civilian labor force representation with grade levels up to about 13, 14, and 15, the results have been pretty good. Keep in mind, minorities and women have not penetrated or been integrated as well into the other levels.

But I was going to tell you that many federal agencies have outreach efforts; they are doing things in public school systems. They are sharing information; they are sending their employees out as models to talk to classes. They are even developing youngsters in summer programs. During the Carter Administration, some of you may remember Dr. Frank Press, the President's science advisor, suggested that agencies should establish a whole cadre of high school researcher apprentices. He asked OMB to insist that those billets were put in the budget of the federal agencies. That program has been successful for a decade. You find very bright youngsters who have been given the opportunity during the summer to be assigned to an agency, to be assigned to a researcher or a mentor, and to develop hands-on technical experiences. Those youngsters go on to college and take the courses that they were not taking traditionally. That's just one example.

We took a survey recently, and I know NASA has in excess of 40 such efforts going on at 9 to 11 of our sites. I am sure we are not unusual. There is now a national Task Force on Women, Minorities and the Handicapped in Science and Technology that has the major research and development agencies as active members. They're looking at this national issue and what is required because, obviously, public school education has to improve. There has to be the opportunity to go to college and to be able to obtain assistance and support when you are there.

I think we are going to see some good recommendations come out of that group.

MS. KLEEMAN: I am going to have to thank the task forces at this time.

MS. BRASSIER: Can I interrupt for just a second? I'll be brief. I want to talk about Pat's question about management levels and management development; I just want to give a clue, not an answer. Sally has not taken adequate credit. One of the great untold success stories of the CSRA was the competency of research to define the levels of management and the behavioral as well as the personal characteristics necessary to perform successfully at each level. I just did a paper for the Carnegie Foundation where I point out that the first of that research, now called the Management Excellence Framework (MEF), is being applied throughout government.

It is stunning how the MEF has taken hold and how far we have moved. We have fully functioning Executive Resource Boards (ERB) in many agencies and flourishing SES Candidate Programs; and enrollment in the Executive Seminar Centers has increased every year of the Reagan administration. I believe all these things have flowed from CSRA. There are problems, but there is also a big success story that needs to be told.

MS. KLEEMAN: That's fine. I am glad to hear that. I always like positive notes if we can find them. In the informal setting that we've had here, I have the feeling that because this is sort of like old home week, I have perhaps neglected to give as much information about our panel as I should here. We do have more of the participants' list that will give you a little bit more information about the panel. I thank you, John Fossum, Harriett Jenkins, Ann Brassier, Dwight Ink, Joe Davis, Sally Greenberg, and Chester Newland. Thank you very much, and while I am thanking, I want to be sure to thank John Tavares, who is on my staff, who did background work for me and taped the session today.

REMARKS BY HOWARD M. MESSNER,
FORMERLY OF THE OFFICE OF MANAGEMENT AND BUDGET

MR. MESSNER: If I had written a paper for this discussion, I would have entitled it, "We'll have to try again." There is a lot more to be done in Civil Service reform than we were able to do in 1976. I think it's important to commend you, Roz and Senators Pryor and Stevens, for having this hearing and taking the time and patience to look backwards before you start forward. There were many lessons I learned in my time with Dwight Ink, Scotty Campbell, Jule Sugarman, Wayne Granquist, and Harrison Welford. We were really the team that oversaw this Civil Service reform process, and I think that some of the ideas from

that experience would help us in the future. I am going to say again that I no longer work for the Office of Management and Budget and I don't represent it. I am now with the private sector, so my remarks are directed at history and not at current events.

The Civil Service reform effort was part of a broader enterprise started by President Carter as a fulfillment of his campaign pledge to look at the total organization of the U.S. government. It was a main plank in his campaign, and something that he took very seriously. The President's Reorganization Project, as it became known, was housed in the Office of Management and Budget under Harrison Welford. It was put into OMB because the President and Bert Lance, his senior advisor, thought that OMB would have the energy, command of attention, and tools to bring about major organizational change. What began with a structural analysis of government organization was soon broadened to include some of the major processes of government. In its earlier days, the President's Reorganization Project focused on the boxes of government, but they quickly realized that the process of government was at least equally important or perhaps more so.

My role as Assistant Director for Management Improvement was to follow up on process reform. I worked on both CSR and General Services Reform. I had the pleasure of working with some wonderful people in this process, political and career. I think some of the lessons learned include that reform of a particular part of the operating process of government requires a broad context, some broader momentum, in order to gain the time and attention necessary to make individual changes. The President's Reorganization Project gave impetus and attention nationwide to the need for improvement and management reform and through the really brilliant work of Dwight Ink and his task force. That opportunity was not wasted, it was put to work on a reform of a key process that we all need to operate. Secondly, this Reform was not called for by the career service, of which I was a very proud member. This reform was brought about by political appointees. Its shape and substance was designed by career people, but it was the political process that kicked it off. It was the political process that used its currency to bring about change in the huge enterprise known as the federal government.

The third lesson was that the political people, who had a great deal of authority in the early days of the Carter Administration, chose to turn to the career service to seek guidance and advice on how to manage change. I thought at the time and I look back on it now as a very important decision and very reassuring. Political people come in with a great deal of anxiety about the bureaucracy. President Carter had campaigned on the nature of bureaucracy and the aggravation that the public felt with bureaucracy. Yet that President and others of his

senior staff had confidence in the career service to solve its own process problems. I think the results, the CSRA, are very tangible examples of what can be done with a partnership between the political and career forces. In part, the opportunities for change at OMB come about rarely, because most of OMB is focused on policy development issues. Choices are made using the budget as a vehicle to give the President and his senior advisors policy options. Operational questions were left to the operating agencies and to the two general management agencies, GSA and OPM.

The operational reform of the Civil Service was unusual and it attracted a lot of attention. OMB's primary interest is in financial efficiency and concern for the size of the budget. It seems to me that OMB did, in that instance, what it was supposed to do, which was to act as catalyst for other management arms of the government to organize and carry out a program of improvement. I think Jim MacIntire, Harrison Welford, and others at OMB who invested in this program, and certainly President Carter, deserve a great deal of credit for standing up to the issues.

I will conclude by saying we were trying to make sensible a very complicated system. I was involved in trying to make it sensible for cabinet members and presidential appointees, who were assigned significant program responsibility but almost no administrative responsibility. Intuitively, they found the process of government unworkable; it didn't make sense to them. It didn't make sense to say you are to carry out our national defense policies, or our housing policies, or our transportation policies, and you have great authority to do that with a lot of dollars attached, but on the other hand you can't touch the personnel process. And don't try to rent a piece of office space, because we don't allow that. That's done by somebody else. I had a lot of those conversations in the early days of the Carter transition with some very brilliant people in the Carter Administration. We haven't gone far enough to empower our managers to feel that the system, as Scotty put it well, is theirs, that the responsibilities and authorities for the system go hand in hand. So, I'll end where I started; I think CSRA, as it unfolded, has done some encouraging things. It has some bright lights, but we sure have a long way to go.

QUESTION AND ANSWER SESSION

MS. INGRAHAM: I don't have a question; what I have is an observation. That is, that I am intrigued by your observation that this was a joint political/career effort with the politicals contributing the energy, if you will, and the resources, but the careerists being a necessary and a significant part of the team. At this point, I don't think that can be emphasized enough in a time now where that strategy is bypassed at every possible opportunity. I think that kind of message is a policy success,

whether or not the policy in the long term worked or didn't work or worked exactly as we thought it would. Strategy for achieving change is a critical point in my view, and I think you've made a very interesting observation.

MR. MESSNER: I agree it is significant. Ray Kline, who will follow me in remarks, will describe some of the ways that process of combining political and career people was helped along through the good organization and management of the project as a whole and the assistant secretaries group in particular.

MS. GOLDENBERG: Howard, you've worked with a lot of political leaders through the years and you were part of these early discussions. I am curious about what your view is of the logic that underlies the notion of an annual performance appraisal being effective as a vehicle in helping with career/political interface. Given what we know about the turnover of political people, the way they come to government, often they lack interest in and experience with real management kinds of interaction. Is that logic well grounded in your view or not?

MR. MESSNER: It's a great dilemma, as Scotty pointed out. The transitory nature of political persons makes it difficult to build a long-term relationship. One of the things we found during our work, and something Dwight told me that impressed me, was how little time is spent in evaluation of performance by managers. Let's talk about the political ones. They can take it better. You find it's somewhere between 0 to 10 minutes a year. I had a simple idea: Let us lock them into the room alone, the supervisor and the career employee at the top of the system, so that they have to spend 1 hour a year together. Let's set a simple standard for the 1 hour. You don't have to say anything. You don't even have to ask questions. You just have to sit across from each other and look each other in the eye, and for 1 hour you can't leave that room. I thought that would be the start of a healthy evaluation program. It has been aggrandized through lots of thoughtful people. But that's what we were getting at. The political people that I worked with have been tremendously enriching to my career and to the career of many of the wonderful people who are here at this hearing. The political people add decisiveness, guts, direction, and leadership, and it is very helpful to force some kind of interaction between the political executive and the career executive in an evaluatory way so there is a dependency relationship between them. We may have to force that kind of interaction. And where we have had disappointments, and there have been some, both on the political side and the career side, in my opinion, a large part of it grows out of lack of communication between the principals and a lack of will.

MS. INGRAHAM: You've already pointed out that President Carter and many other political appointees campaigned against bureaucracy. As a political appointee, how does one make the immediate transition to achieve a quick change?

MR. MESSNER: They usually get thrown up against people like me, Ray Kline, Dwight Ink, and others who bring them to a very fast reality. In the case of a place like OMB, it is a very open place; there was a very great dialogue when Dave Stockman came in or Bert Lance came in. Their conversations with the career people quickly force them to recalculate their appraisals of what they thought they would find. I have found that most career people are very articulate and are willing to stand up and talk; and most political people, if they are going to be around for any length of time, have to learn how to appreciate what they are hearing. The really smart ones do very quickly.

MS. KLEEMAN: Thank you very much Howard. I appreciate your being here, and I think the public service lost a great public servant when you left for the private sector. But perhaps some day we can get you back.

REMARKS BY RAY KLINE, THE ASSISTANT
SECRETARIES MANAGEMENT GROUP

MR. KLINE: I am now President of the National Academy of Public Administration. At the time of the Personnel Management Project, I was an assistant administrator at NASA. I should talk about my reflections from that period of the CSRA as a member of the Assistant Secretaries Management Group. While I am legendary for my poor memory, I do have some reflections. But I present them with some hesitation today because Howard Messner was in that group and Al Zuck was in that group, and I know that more than once, regarding my reflections, they would say, "Where did he get that? I don't remember it that way at all." But to the best of my recollection, I would like to give you my own impression of that period.

The Assistant Secretaries Management Group was a group of about 15 people. It included the assistant secretaries of all of the major departments and then those in comparable positions for administration from the largest agencies in the government. Scotty called this Group together at strategic intervals during the evolution of the CSR legislation to review how the process was coming along. On specific issues, he would seek advice from the Group. One thing I would really like to underline, Scotty and Jule Sugarman really networked with many people as they put the CSR proposal together. The contacts that have been mentioned throughout the morning were nationwide, across the country, in the public sector, in the private sector, at all levels of organizations, headquarters activities, field activities, union people. You name it, they were all talked to. I strongly

recommend that whatever follow-on effort anyone undertakes in fine-tuning the system, as Senator Pryor said, careful attention be given that all of these different publics are heard from and contribute to the process to make it better.

To give you a very quick summary of how I saw the Group reacting to what was going on, in the final analysis, the Group's approval was sought on the fundamental concepts: OPM, MSPB, EEOC, the delegation process, and things along that line. Without restating all of them, I would like to focus on and restate a number of concerns that I recall from the period as these decisions were taking place.

In answer to questions as to where President Carter was in all of this, let me tell you, in the fraternity I represented back at NASA, there was a lot of eyebrow raising about the statements the President was making publicly about the public service and at the same time standing behind and pursuing this initiative. The reason that was important is that many people wondered, "Is this for real? Is this something being done to strengthen the public service? Or is there another agenda working here?" NASA did not stand alone in that concern, on the basis of other opinions I heard in the Assistant Secretaries Group as we went along. But in terms of what should be done now, if there is going to be strengthening of the system, I think we have to have a very clear statement from the top of the leadership of the Nation about what Civil Service is all about, and the need for its future strengthening. The stronger that statement can be made and the earlier it can be made and with great repetition, the better off I think the entire system is going to be.

I would say that the ranking concern that I recall was the merit pay system. Here we were fundamentally introducing, at that period of time, a new idea into the system. People worried about it from the standpoint of is it something government can really do, for the reasons that Scotty was talking about. And then, if it is doable, are we really prepared to take it on? Are our managers raised in the way to do it? The thing that really brought the problem into clear relief was the final adjustment that had to be made when Scotty had to draw the line at the GS-13 to 15 level and not have it penetrate through the entire system. There was a lot of concern about the evolution of merit pay and the way it was laid on; and how the interface would work between those people in the agencies up to the GS-12 level, and those above who were in merit pay, in terms of salaries and benefits and incomes that people were going to be taking along home.

The idea of delegation to the agencies was very attractive among the Assistant Secretaries. You grab for all you can. But at the same time, there was a lingering concern whether this is

for real, and do we really mean what we are saying? Are we in the agencies ready to take it on? Are we ready to assume the responsibilities, not only at the departmental level but down through the organizations to the maximum extent possible? There was concern about making the delegation process work, and some concern about what it was going to take to get a delegation. How do you prove your case to OPM that you are ready to assume it?

Another question that came up was the varying EEO processes, the different ways and the different options an employee had to move a grievance. This was mentioned here earlier about the splintering effect at the top; I do not know that those concerns have totally gone away during the last 10 years. But this was very much on the minds of the Assistant Secretaries at the time. The merit protection process fits in that same kind of comment, so I won't say anything more about it.

The last point I would like to talk about relates to the SES, and here the discussion that I recall focused on a number of points. I don't mind mentioning these because I think some of these concerns linger with us today. I'll never forget, my supervisor back at NASA at the time was a retired Executive Vice-President of a very prominent international organization. He had the job somewhere along the line in his career of sitting at the right hand of the Chairman of the Board and allotting bonuses to all the executives of that corporation worldwide. If I mention the outfit you would be impressed, because this outfit for many years has been at the very top by way of prominence in the selection of its leaders and how it sustains them. I went back home after one of these Assistant Secretary for Management Group meetings. My supervisor asked me to describe what changes are being considered in the executive area. I described the system, that it was going to be a system of bonuses, that 50 percent of the people were going to get them. Without batting an eye, he said it is a fatally flawed concept on two counts. Number one, this is going to be public information and people will read about bonuses in the newspapers. You'll find that, in any private sector outfit worth its salt, there is no sharing of that information in public; in fact, even in the washroom you won't see two guys comparing information about what each got. This is held extremely close. He said you can't do anything about that because this is taxpayer money.

The second fatal flaw is setting an arbitrary number like 50 percent. Here you have two million people in the federal service and you've selected 6,000 of them to be in an elite corps. Then, once a year, you are telling half of them they are not quite hacking it. He said, "Where I come from, the way we apply our bonus system in our executive corps is every year close to 99 percent of that corps gets bonuses. They all don't get the same amount, but they do get something; they do get a check. The 1 percent that doesn't get a check is getting something else.

They are getting the message to pull up your socks or move on. It's a very good way to cleanse a system without having a lot of direct confrontation."

Then, of course, we recall what happened after CSRA became law. I happened to be the point person at NASA. We were the very first to move, and overnight an adjustment had to be made in the number of bonuses to be allowed, down to 20 percent or something like that. You know, the damage from that action is felt to this day in terms of the confidence SES people have in that system. One thing I would strongly recommend is that the integrity of that system, whatever is done to improve it, must come through loud and clear from the halls of the Congress that they will be standing behind what that system provides for.

Another point in the SES area is in regard to mobility. A lot of us had a lot of concern about the governmentwide mobility of executives. The prevailing concept all considered us generalists and, therefore, highly mobile to go elsewhere in government. I came from a culture where that was totally foreign and totally unrecognizable. You achieve your SES status because you put spacecraft in orbit, and you put spacecraft in orbit because you love to. You do not want to entertain even the possibility that in 3 years you are going to be leaving NASA and running an IRS center or a different type of agency, completely foreign to the work of the agency that you are in today. That concept was highly suspect then, and I believe that mobility concept is still a poor feature in the law. Governmentwide mobility, I believe, should be the exception rather than the rule. And you are hearing this from a person who worked in four different agencies so I am saying it without trying to justify my own career path.

Those are some of the things that I recall from that particular period, and maybe Howard will demand even time to come up here to straighten me out. But this is one guy's recollection of what went on. I think in the final analysis that we do come back to the fundamental point that there is the need for some assurance of continuity in the process. In fact, there was a concern among a lot of the Assistant Secretaries about what happens when Scotty Campbell and Jule Sugarman walk off the scene. Was there going to be that same depth and intensity of commitment to drive things through that we were observing at that particular point in time?

[Note: See app. IV for the prepared statement of Mr. Kline.]

QUESTION AND ANSWER SESSION

MS. KLEEMAN: Pat Ingraham had to leave, but she left some questions with me. First, I have one observation that I want to make to you and that is, even now as we are talking, on the House side, there is a hearing related to whether HHS allocated bonuses fairly, whether there were too many, and if so, how many. So the questions related to where you had your problems still haven't gone away.

Now, Pat's question is in the Assistant Secretaries Group, who made the decision not to put extra money into the merit pay and the SES bonus pools. We've talked here some what of the fact that there wasn't enough money to really make it work initially.

MR. KLINE: That was not a decision by the Group. I remember there was a lot of head scratching going on about how we were going to provide this great feature and pay for it without substantially enlarging the budget. So they developed a formula, tapping into some of the other resources that were available and that put an arbitrary cap on the amount of funds that were available. That turned this thing, over the years, into an incredible Mickey Mouse system which is despised governmentwide.

MS. GOLDENBERG: Ray, you heard a number of our panelists talk about what CSRA meant for the personnel community and for the personnel function, and it wasn't all positive. How did the Assistant Secretaries Group and the personnel directors interact? What sort of role was there for the personnel directors? What was the feeling back and forth during that early period?

MR. KLINE: I can only speak for myself; I wouldn't want to try to characterize the whole fraternity. I will say that I don't recall hearing from any Assistant Secretaries in the period who talked about a disjointed or difficult arrangement with their personnel arm about getting things done or driving initiatives. I found in my own place that we had to go to a tiger team concept. We had to lay all of this on at one time and get it implemented, involving people from field centers as well as our headquarters, and I was extremely pleased at the sense of team work, of doing that work together, personnel people and program people. At no point did I sense a tearing or a pulling away during that process.

MS. GOLDENBERG: Just for an example, this enthusiasm that the Assistant Secretaries had for delegations, didn't it receive a cold reception from the personnel directors of your agencies?

MR. KLINE: No! We found that the personnel directors were quite ready to pick it up. There is a tradition of decentralization: the strength of NASA is in its field centers

and those people are very selfish. They grab everything they can and take it into their hearts. So they welcomed this. This was all good news to them.

MS. KLEEMAN: You talked about the Assistant Secretaries being in favor of delegation, and we've heard today a general feeling about delegation. I've also heard you speak of the fragmentation in the work force. Can you put those two together? Can you give us some of your thoughts on how far you can delegate, and what this does to fragmentation?

MR. KLINE: If you like, I brought a statement along which reflects my comments to the Schroeder committee last week, but adjusted somewhat for your needs here. It emphasizes a point about my view on the cultures of government. I think that fundamentally we're going to wind up with a "T-zone" problem. Some of you may remember the T-Zone and the old Camel cigarette advertisements, that you should smoke a lot of cigarettes because they will protect your T-zone. That's the area between your ears and down your throat. I stuck that in a speech one time and somebody went home and sent me an old ad. I can't image where they found it, but a doctor is counseling an 8-year old girl to start smoking when she is a little older to protect her T-zone.

That isn't the kind of T-zone I am talking about here. The T-zone I am talking about is the broad policy apparatus--the horizontal--that one lays on a two-million-person bureaucracy with the vertical cut going down through an individual culture and what those needs are. The question was raised several times this morning: What is the intersect? What is that point of intersect where you have an effective policy apparatus astride this world of cultures versus what should be attended vertically by the cultures. I am an unabashed culturist because of where I've been in my lifetime in this government. Some agencies are like different governments; the people in these agencies don't identify with people in other agencies. A lot of them identify more with their counterparts in the private sector in terms of what they are doing, especially the high-tech people, than they do with other public servants. The only time things come together at the governmentwide level is when we have the annual exercise of people expecting a pay raise and not getting one, or changes to the retirement system and other things along those lines, or generalized bureaucratic bashing that may go on from time to time.

I believe that on the delegation process--and it's hard to speak to this generally without getting into particular functional areas--as I've tried to recite in my paper, we need to take into account the unique aspect of the specialized and highly skilled work force, where that work force is geographically, and the facilities it uses. And, in the final analysis, the answer varies depending on the public service imperative and the

particular requirements of that public that agency serves. In GSA, our public was federal agencies. In NASA, that public was international and private-sector, high-tech organizations. These considerations have a profound bearing on things that relate to personnel management processes. It ranges all the way from the preparation of people, how you seek them, and how you retain them.

Without the special authorities NASA had in the early years, I really doubt they would have gotten to the moon on schedule. With those unique authorities, which you probably remember, NASA was capable of going on campus, finding the best, hiring them on the spot, bringing them in, and using the excepted position authority to attract those at more senior level. I joined the executive ranks myself that way. It was the ability of the administrator to move with some flexibility to get those kinds of things done that was important. I am not saying that same formula is required for the entire government, but I think there are cultural requirements that must be looked at very carefully to understand what the needs are and the best way to satisfy them. It takes special kinds of career people in the central management agency called OPM to understand those cultures and to configure the policy apparatus that fits with them.

MS. KLEEMAN: I think it takes special kinds of people, and I think it's going to take a special kind of legislation. As we review the CSRA, I think we are going to need your help in trying to integrate your ideas into the legislation.

MR. KLINE: Any way we can! The way Civil Service reform finally came together is that it got the right kind of emphasis and the right level of attention on the key issues. And so much flows from that.

One issue is SES bonuses and the merit pay apparatus. Both are in bad repute. People must have a sense that they have been treated fairly when it comes to pay for performance, that the right people are getting their just desserts. I think to highlight one thing that needs attention, that is it.

Another key element is training, which has been talked about a lot here. It is so fundamentally important across the entire performance spectrum. The preparation of executives does not come about solely through SES candidate development programs. Some of us said, back when CSRA was passed, that some of these programs will turn out to be "Mickey Mouse"--like people filling out checklists to qualify to be executives. In some cultures, like IRS, they may work. In others, when an executive slot opens, top management selects performers who have achieved on the job, a heavy premium being placed on on-the-job performance. Formal candidate development programs do not fit all cultures.

At the same time, there are requirements for preparation of managers. I think management development training is getting into things like mastering performance planning, performance evaluation, critical things like the budget process, procurement management, general personnel management; these really need attention. The trouble is when you are zapped and you get an arbitrary budget cut from Congress or OMB, or whoever, the first thing that goes is training, training dollars. Yet training is and will be the critical element.

I would love to see some kind of an apparatus where, even from a congressional level, training money can be "fenced" so we can look after this work force, get it repaired and prepared, and have the kind of people on board to get the job done.

We do need better ways of getting the talent in. Across the country I have found, when I run into young people, their question is, "How in the world do I enter the government? How do I even ask anybody about the possibilities of entering the government?" It's a fog bank. Things are worse now, I think, than they were years ago when there were more processes for attracting people to government service. So it isn't a matter, I don't believe, of just pay and bureaucratic bashing. Lots of talent out there wants to come in and they simply don't know how. I think that point was made earlier.

Another point was made by Mr. Fossum about locality pay. I agree nothing is going to be done because of the political issues, but something's got to be done. I don't see any way of getting comparability increases of more than 20 percent across two million people. I know from GSA, in small cities around this country, the building manager was in the higher range of wage earners in that town, and that's where that building manager belonged. But, I think the business of being preoccupied with what it costs to live in Washington, New York, and five other cities of this Nation, is not representative of the national condition on federal pay. There has got to be a way to get through to locality pay. It's something we just need to do.

MS. KLEEMAN: Well, I hope you will put these ideas in writing for us, so we can include them in the record of the proceedings. Edie, I want to thank you very much for joining us. Also, all of the panelists and all of you who are here to listen, I want to thank you very much. I also want to thank the Subcommittee staff and Senator Pryor for working with us to plan this type of seminar. We will be planning some future ones. We will want to get up-to-date and look at the evaluation and the attainment of the objectives that we have discussed here. So we hope we can gather you all up together again at some point in the near future. Thank you very much for coming.

PREPARED STATEMENT SUBMITTED BY
MR. DWIGHT INK, EXECUTIVE DIRECTOR
OF PRESIDENT CARTER'S PERSONNEL MANAGEMENT PROJECT

Before beginning my statement, I want to make clear that my views should in no way be regarded as necessarily representing the views of either the administration or of the agency with which I am now associated.

BACKGROUND

Prior to the Civil Service Reform Act, the popularity of public service had been gradually dropping, and the public image of the bureaucrat was increasingly expressed as that of an entrenched taxpayer's parasite who had no imagination or initiative and who accomplished very little other than hanging onto his or her job. By the late '70s, suggestions were increasing for legislation that would make much easier the firing of employees. Some comments were quite vindictive in a frustrated effort to get at the bureaucrat who was widely regarded as "the problem" in a government that was viewed as both expensive and non-responsive. At the first meeting I held with our advisors from the private sector, composed largely of personnel vice presidents from major corporations, I was hit with strong statements that our most important objective should be to enable large numbers of incompetent people in the federal government to be removed.

We had recently emerged from the Watergate period in which, after the '72 election, the integrity of the career service was heavily undermined by a systematic political assault of a magnitude exceeding anything seen in many years. The White House staff was assigning people in agencies whose principal objective was gaining control of the career service to further political objectives. Agency personnel officers were bypassed and replaced. Unqualified White House appointments were forced on departmental political and career officials. The use of "must hire" lists was particularly disturbing.

Our study showed that the percentage of management positions in the federal government going to political appointees was steadily increasing. At times, these appointees had little or no management qualifications, greatly handicapping the effectiveness of their organizations and shattering morale.

In a somewhat futile effort to control the inroads on the integrity of the career service, a plethora of regulations had involved over a period of many years. More and more checks and balances had been introduced into the system to try to prevent abuse. It had become very clear, however, that despite these

regulations, the system was still vulnerable to any systematic campaign to control the career service for political purposes.

On the other side of the coin, the system was very unpopular with both political and career employees. There was very little opportunity for mobility and little opportunity to service at higher management levels. Despite several important steps, such as the establishment of the Federal Executive Institute, overall attention to employee development training was far less than in the military service and not in the same "ball park" with the corporate world where most successful corporations devote major attention to executive development.

The external perception that it took an inordinate length of time to hire people and that it was extremely difficult to remove or otherwise discipline employees with deficient performance turned out to be true. Other problems resulted from poor management that failed to provide counseling to employees who had the potential to become productive employees. Similar red tape problems confronted employees seeking to pursue different types of appeals.

Despite great effort on the part of many dedicated and well-intentioned people, the Civil Service Commission (CSC) had been unable to cope adequately with these growing problems. In part this was because it became so involved in investigating and adjudicating individual cases that it had less and less time to devote to types of positive personnel management valued so highly by American business.

Therefore, as we approached the 1976 presidential election, we were confronted with the worst of both worlds concerning federal personnel management. More and more process, more and more checks and balances to prevent abuse, were accumulating and were squeezing out positive personnel management in many agencies as well as in the CSC. Yet, we had just experienced the greatest assault on the merit system in decades. Our final task force report stated that "it is that public which suffers from a system which neither permits managers to manage nor provides employees adequate assurance against political abuse." The system was not working.

PRESIDENT'S REORGANIZATION PROJECT;
PERSONNEL MANAGEMENT

Just prior to the 1976 election, a presidential transition panel of the National Academy of Public Administration, deeply concerned about this state of affairs, suggested a major review of our personnel system which had not undergone any comprehensive assessment since it was established in 1883. I discussed this proposal at some length with the Carter transition team in Atlanta, following the election. Scotty

Campbell then provided the leadership, the energy, and the vision within the new administration to secure presidential support for reform.

Process

At Scotty's request, I agreed to head a task force to review the civil service system and recommend improvements as a basis for reforms which he hoped might be possible. He stressed that he wanted the independent views of a number of people with diverse experience in federal management. Scotty believed the system was in dire need of reform; but, unlike many outside government, he believed most career people were able and, by virtue of their experience, were in a particularly good position to know what was wrong, as well as the practicality of proposed changes. The Director of the Office of Management and Budget (OMB) was very supportive and provided strong reinforcement in launching this review. I established nine task forces, all but one of which were headed by experienced career people. The exception was Mr. Conley, of Minneapolis Honeywell, who I asked to chair the Compensation Task Force. About 120 people served full-time on these task forces for periods ranging from a few weeks to several months.

Outreach

We developed an extensive outreach program, directed by Dona Wolf. Scotty and Jule Sugarman at CSC, with the cooperation of Howard Messner and others at OMB, arranged for a series of public hearings around the country, in which approximately 5,000 federal employees participated. I met on several occasions with the leaders of all the federal unions as a group. We solicited views from professional organizations; from civic groups; and, as I mentioned earlier, from the private sector. Most of the task forces were established in July of 1976. By September, each task force submitted an option paper concerning the preliminary findings of the task force and options for improvement. Press briefings were held at which the option papers were discussed and publicly released. They were also circulated widely among agencies and outside groups to secure comments and suggestions, some of them sent to over 1,000 organizations. The final reports of these task forces were then prepared and later incorporated in Volume 2 of our final staff report. Based upon these reports, I wrote Volume 1, which summarizes material from the whole project. It is very much to the credit of both the CSC and OMB that they preserved the independence of the whole task force operation and insulated us from any political pressures that might have otherwise influenced our work.

While we were hard at work on the task force activities, Scotty Campbell was explaining to the country and also to the

leadership in Washington the need for change in the personnel system.

Our task force deliberations were very open. The General Accounting Office, represented by Roz Kleeman, had a standing invitation to observe these proceedings, as did staff members from congressional oversight committees. Since our draft reports were available to the press and widely circulated to assistant secretaries and career personnel officers within the agencies as well as large numbers of outside organizations, there should have been no surprises in our principal recommendations. I believe that this openness, combined with the skillful leadership of Mr. Campbell and the OMB leadership in translating the recommendations into an acceptable legislative package, contributed greatly to the fact that these recommendations were very rapidly translated into enacted legislation signed by the President only 17 months after the task forces went into operation.

HIGHLIGHTS OF TASK FORCE RECOMMENDATIONS

Most analyses in recent years have focused heavily on only the interests of either the manager or the employee. We strove for a different perspective. Our recommendations were based on the premise that jobs and programs in the federal government belong neither to employees nor to managers. They belong to the people. The public has a right to have an effective government, which is responsive to its needs as perceived by the President and Congress but which, at the same time, is impartially administered.

I will highlight a few of our basic recommendations, and then ask several of our key project people to briefly develop certain areas in greater depth.

Red tape

First, it had become an extremely complicated system in part because it was highly centralized in an effort to provide uniformity to all federal employees. Strong centralization of any system which involves discretionary judgment becomes very complicated, costly, and slow-moving. Each agency flow-charted many cases of personnel actions. After eliminating the extreme cases, we nevertheless found that it was quite common for a completed personnel action to require 18 months and involve an enormous amount of effort. This procedurally oriented system had tended to develop personnel technocrats rather than personnel managers. To many, the rule book tended to become more important than the person. Program managers distanced themselves from personnel decisions which are a basic part of managerial responsibility because they had neither the time nor the

inclination to understand the intricate and time-consuming personnel procedures.

After an initial effort to decentralize a number of personnel responsibilities to the various agencies, this recommendation appears not to have progressed to any extent. Several years ago, a panel of the National Academy of Public Administration pointed out that the Federal Personnel Manual had 8,814 pages that were "not understood by managers, nor do they describe a personnel system which works for them or for their employees in the work place, where a personnel system should really pay off." Interestingly, on several occasions when Congress and the President have seen the critical need for effective operation of priority programs, personnel management was decentralized. The Tennessee Valley Authority; the Atomic Energy Commission; NASA; and, later on, the Postal Service, were in varying degrees taken out from the civil service system and, for the most part, functioned far better than agencies still burdened with the ponderous federal rules and regulations.

Protecting merit principles

We concluded that, by themselves, additional procedures would add little in the way of protecting against individual cases of unfairness within the merit system and would result primarily in more red tape to an already existing maze of procedures which were unnecessarily vulnerable to manipulation. Instead, we believe the most significant change that could be made was then, and is today, that of appointing agency leadership and Office of Personnel Management (OPM) leadership that have broad managerial experience which enables them to understand the value of a merit system. Unfortunately, our propensity for appointing people to leadership positions in government with little or no managerial experience has continued. Without a fundamental change in this approach, no amount of legislation, no amount of procedures, and no amount of reorganization will make much difference.

In contrast to the problem of cases of individual unfairness, we believed additional protection was both essential and possible for the systematic widespread political assault on the merit system, such as we experienced in the Watergate period. The 120-day cooling off period after new political appointees took office was one such recommendation. A stronger oversight role for the General Accounting Office was urged, and this has occurred. Removing the compromising conflict between the operational and adjudicating responsibilities of the CSC is discussed later and was regarded as especially important.

Opportunities for women and minorities

We urged clearer articulation of equal opportunity goals, a coordinated management strategy for achieving those goals, and criteria against which to evaluate progress toward that achievement. We urged that greater weight be given to equal employment opportunity accomplishments in making selections, promotions, and managerial awards.

Helping managers manage

Systems and structures don't manage, people do. As Mr. Davis will describe, we provided a list of recommendations to create an environment providing incentives for employees to do their jobs better, provide managers with better support systems, eliminate counterproductive constraints, and reward success. We placed considerable emphasis on applied research and pilot testing of personnel management techniques, an important provision which has been largely ignored.

We called for greater emphasis on the ethics of public service and the responsibilities all those in the public service have to the public they service.

In one of our most fundamental recommendations, we urged that the totally ineffective employees' appraisal system be revamped for managers so that the appraisal elements would be more related to program performance of the unit he or she managed. In my view, this difficult and far-reaching change in federal management has had excellent results in those portions of departments and agencies having strong managerial competence and leadership. In other areas, it has had mixed results, sometimes leading to more paper and process than substance. The potential is great, but a program focus requires higher managerial skills than the former approach, skills which have not been consistently applied and which often lack topside understanding.

Employee development

We placed great emphasis on the need for greater efforts to be devoted to developing managers and employees. We regarded the policy, at that time, as narrowly based, largely because it dealt primarily with formal training rather than the need for a more comprehensive approach to helping employees develop their potential. I feel this area has not been well implemented for lack of both funds and leadership. Mr. Newland will further develop this important subject.

Organizing for employee development

We recommended an organizational change which we believed could make a difference if given strong leadership. We

recommended transferring from the CSC the authority to decide appeals and discrimination complaints to an independent agency "that does not advise management on personnel matters at the same time it is considering appeals, and is less subject to pressure from the White House, agency heads, and members of Congress." This was the basis for establishing the Merit Systems Protection Board because we thought it should regard its mission as protecting people, not merely systems. The members of the Board were to have overlapping, nonrenewable terms of 7 years each and removable only by cause. The Merit Protection Board would also be served by a special counsel with increased authority for investigating abuses in the merit system. This arrangement was intended to provide an employee ombudsman role.

OPM, which was to replace CSC, would serve as "the central personnel management agency of the government and sensitive to the legitimate needs of the President and of department and agency heads, providing personnel management leadership with executive branch including a more vigorous program of personnel management evaluation in federal agencies."

This arrangement was designed to remove the troublesome conflict involved in one organization having both adjudicatory and operational functions. Further, freed from those time-consuming adjudicatory functions, the new OPM was intended to be free to devote more effort to employee development, employee incentives, and other elements of sound personnel management.

We have not had a return of the systematic assault on the merit system represented in the Watergate days, and this is very encouraging. However, it is too early to speak with confidence as to how well the machinery might work under heavy stress. Certainly, the Merit Systems Protection Board and Special Counsel got off to a horrible beginning, without adequate staff, without space, and without leadership. The 120-day cooling off period has for the most part been quite helpful. I have personally found it extremely useful in minimizing political pressures to remove or transfer able career leadership in the aftermath of political change.

SES

The Senior Executive Service is possibly the most visible part of the Civil Service Reform. These recommendations have their roots in the Hoover Commission suggestions from the 1950s. It was intended to create a wholly new personnel management structure for selecting, developing, and managing top-level federal executives, including a rank-in-person system. Sally Greenberg chaired this task force and is prepared to develop the concept much further.

CONCLUDING STATEMENT

Perhaps our most basic managerial problem in the federal government is that we concentrate on laws and regulations to curb misguided or incompetent leadership and to advance the sound personnel management needed to attract and retain able public employees. This is a process that digs an ever-deepening hole of costly red tape, inequities, and poor performance. Instead, we should be pulling out all the stops to insist on quality leadership.

Unfortunately, we have not yet found a way to elevate to the proper level the priority of selecting the right kind of leadership or provide the funds needed to ensure sound federal management. In particular, we have not been willing to allocate the funds required to develop and maintain an effective public service. I believe the legislative framework is in place that would permit a far more attractive career for young men and women and provide incentives for better employee performance and retention of capable people. The framework will simply not achieve these goals, however, without funds and capable leadership.

ATTACHMENT TO STATEMENT OF MR. DWIGHT INK
(EXCERPT FROM THE FINAL STAFF REPORT OF
THE PRESIDENT'S REORGANIZATION PROJECT,
PERSONNEL MANAGEMENT PROJECT, VOL. 1
[DEC. 1977]

Perspectives

The Civil Service System is a project of earlier reform. It emerged as a protest against the 19th Century "spoils system" with its widespread political patronage and mass influx of unqualified employees with each change of administration. The new civil service concept promised a competent, continuing workforce, in which employees were selected and advanced on the basis of what they knew, rather than who they knew.

To a large extent the system has successfully achieved this goal. As the federal government has assumed increasing responsibilities in meeting critical needs of a dynamic society, the merit system has added many processes, but not enough major changes have emerged to adequately meet these new demands. And with the evolution and expansion of this system over almost a century, there have been frequent and determined attempts to circumvent merit principles, some of which have been painfully successful in recent years.

To counter these assaults, there has gradually developed a bewildering array of complex protective procedures and additional checks and balances. Complexity has also been increased through procedural safeguards for various disadvantaged groups where rights have been too long ignored. The resultant time-consuming and confusing red tape undermines confidence in the merit system. Managers and personnel officers complain that it stresses form over substance, and that the procedures intended to ensure merit and to protect employees from arbitrary and capricious management actions have too often become the refuge and protection of the incompetent and the problem employee.

Ironically, the entangling web of safeguards spun over the years often fails to protect against major political assaults and cronyism. With each new protection measure, there seems to have emerged new techniques to manipulate the system, as best illustrated by the so-called "Malek Manual" compiled for an earlier administration. Further, any system which is too unwieldy to work tends to breed contempt and invites political abuse. Also, many well-intentioned managers and personnel officers who are earnestly trying to attain legitimate objectives believe that strict adherence to the procedures makes timely personnel actions very difficult if not impossible. Those who are credited with being action-oriented and successful are often those who have become skilled in short-cutting the procedures.

The federal personnel system has grown so complicated that neither managers nor employees understand it. Both have been forced to rely on highly trained personnel technicians to interpret it for them. As a result, personnel management has frequently become divorced from the day-to-day supervisor-employee relationship. This separation hurts employees and managers alike. The system's rigid, impersonal procedures make it almost as difficult to adequately reward the outstanding employee as it is to remove the incompetent employee. Excessive delays in filling positions frustrate both the employees applying for these jobs and the managers trying to fill them. Most importantly, when incompetent and unmotivated employees are allowed to stay on the rolls, it is the dedicated and competent employees who must carry more than their share of the load in order to maintain service to the public.

The personnel officer occupies the untenable position of simultaneously trying to serve both the manager and the employee while trapped in a maze of red tape. Personnel officers are increasingly squeezed out of the mainstream of departmental management, and these positions no longer hold the attraction they once did for young men and women with imagination and outstanding talent for public service.

Confidence in the civil service system has been so low at points in the past that several large agencies with programs of high public urgency, most notably the National Aeronautics and Space Administration and the Atomic Energy Commission, were wholly or partially excepted from the system in order to provide their managers the flexibility needed to get the job done. The record in these organizations indicates that agencies can maintain sound merit principles without having to impose rigid procedural barriers.

It is the public which suffers from a system that neither permits managers to manage nor provides employees adequate assurance against political abuse. Valuable resources are lost to the public service by a system increasingly too cumbersome to compete effectively for talent. The opportunity for more effective service to the public is denied by a system so tortuous in operation that managers often regard it as almost impossible to remove those who are not performing. It is families everywhere who suffer from mismanagement of social programs caused by incompetent and inexperienced executives appointed on the basis of personal friendships rather than managerial qualifications. It is hard-pressed neighborhoods and communities across the nation who are discriminated against on a massive basis by managerial decisions which divert grants elsewhere because of the influence of a mayor, governor, or member of Congress.

The staff recommendations in this report are based on the premise that jobs and programs in the federal government belong neither to employees nor to managers. They belong to the people. The public has a right to have an effective Government, which is responsive to their needs as perceived by the President and Congress, but which at the same time is impartially administered.

Managers have no right to impose new spoils systems under the guise of flexibility. Neither do they have a right to mismanage public programs by hiring incompetent cronies. They must, however, be free to manage, or there will be little accountability and citizens will be deprived of the effective Government they have a right to demand. Employees have no right to place their personal gain above the ability of the Government to meet public needs. Neither should they have the right to cling to jobs in which they cannot, or will not, perform adequately. They do, however, have a right to work in a public service that is free of discrimination and partisan political influence, and they have a right to expect advancement to be determined on the basis of merit.

We are proposing a number of reforms which we believe will help restore an appropriate balance between these sometimes competing needs for flexibility and efficiency on the one hand, and adequate safeguards on the other, in order to foster effective, fair management in the federal government.

To be meaningful, however, their adoption must be accompanied by the assignment of a higher priority to sound and equitable personnel management by the White House, agency heads and members of Congress.

PREPARED STATEMENT SUBMITTED BY
MS. SALLY GREENBERG, TASK FORCE
ON THE SENIOR EXECUTIVE SERVICE

The Senior Executive Service (SES) legislation provides for a complete personnel system for senior management employees of the federal government. It is a complex system with interlocking elements, and we obviously cannot cover all aspects in detail. It would seem to be most useful to concentrate on elements of the system which have been troublesome or controversial.

First, however, a preliminary word about the task force. We were fortunate not to have to start entirely from scratch. We had the benefit of some 40 years of thinking on the subject by both practitioners and academics, as well as a decade of data about the federal work force, both demographic information about the background and career patterns of executives and data on the operation of the executive personnel system. We were also in close touch with top managers in the private sector, who provided information about executive personnel management in large American industries. In addition, we had extensive input from federal personnel directors and assistant secretaries of administration, as well as from federal executives themselves, the so-called supergrades.

In designing the SES, we had two principal objectives: first, to consolidate the fragmented system covering the senior management positions in the government and to clear away a tangle of pointless and time-consuming procedures that had grown up over some 3 decades; second, and vastly more important, to improve the productivity of the government.

To begin with, I'll deal with issues falling under the first objective. The first of these is coverage of the SES. Before the SES, fewer than half of the supergrade positions were under the governmentwide system; the rest were under a variety of special authorities, all of which had their own pay, appointment, and retention provisions. Sometimes in a single agency, executives in similar positions would be serving under very different conditions of employment. The SES was designed to bring managerial supergrades under a single system so that they could be managed equitably and consistently, while at the same time providing agencies with flexibility enough to meet their own special needs.

Certain issues have been raised over the past 10 years in regard to coverage. One is why not set up a separate system for scientists at the senior level? There are problems with this notion. Most scientific positions at the SES level are scientist-manager positions. The SES is intended to create a

community of interest among managers in all disciplines. If the scientist-managers were placed instead in a senior scientific service, their community of interest would then be scientific. And scientists already have many professional organizations in which they can exercise their professional interests. Moreover, this would aggravate a tendency for managers in professional disciplines of all kinds to give comparatively short shrift to their managerial responsibilities. A second problem is that once we start shredding occupations out of the SES, it will not be long before we are back with a fragmented system.

I would not, however, oppose studying the possibility of establishing a senior professional service to cover all top-level positions which have no managerial responsibilities. The fact is, however, that there are probably too few such positions to make such a special system worthwhile.

Another question is should the SES cover only the 1,000 or so very top management positions? I see no particular advantage to doing this. After all, the present coverage of the SES represents less than half of 1 percent of the federal work force. Further reducing coverage could only weaken the SES.

Also, should the SES be limited to career executives? This issue was thoroughly considered when the SES was being designed and limitation of coverage to career executives was rejected. Again, the idea seems to serve no useful purpose. Career employees and non-career employees are clearly identified as such under the SES and have different conditions of employment and tenure. And there is a serious drawback to the idea. Career and non-career executives must work together as a team. Anything that helps to bring them together is desirable; anything that further divides them is a bad idea on its face.

A second management issue is mobility. There has been a good deal of misunderstanding about this, partly because in common parlance, the term "mobility" is used to refer to geographic moves. There was nothing in the task force recommendations or in the statute in regard to geographic moves. Nor were we assuming that any SES member could fill any SES position. This is patently nonsense and, again, there is nothing in either the task force recommendations or the law to require such a thing. Furthermore, the SES makes no change in the pre-existing authority of agencies to assign personnel at all levels to different jobs. We did believe, however, that a number of SES members would, from time to time, want to change positions and to take on new challenges. We wanted to facilitate, not mandate, such moves. To help do this, we eliminated the requirement that OPM do a complete competence screening every time an SES member changed jobs. Under SES, once the Office of Personnel Management (OPM) has certified the managerial competence of a career executive, the executive can transfer to another position with no

further reference to OPM. The agency filling the vacancy determines whether the executive meets the specific technical requirements of the position, which is, of course, the way transfers in the government at all other grades are handled. I don't know whether this provision has been working as intended, but I know it can work since I filled one of my key deputy positions very successfully using this provision.

Now, I'd like to move on to our major objective, improving the effectiveness of the government. The centerpiece of the SES is the system of setting goals and objectives and holding executives accountable for meeting them. This system was designed to address a variety of problems: 1. Although many agencies did plan and set goals, there were no rewards for meeting objectives and, worse, no sanctions for failing to meet them. And as often as not, they were not met. 2. Problems have always existed in the interface between political appointees and career executives. In many agencies, communication between the two groups was limited. As a result, top management often was not really aware of what career executives were actually doing, and career executives did not understand the priorities of top management. This, of course, would produce a vicious circle of misunderstanding, not to mention considerable wheel-spinning. Executives would work hard, but often their efforts weren't focused on clearly defined objectives, agreed upon by top management. 3. Despite the fact that the vast majority of executives were competent and hard working, there were exceptions. And in critical executive positions, these ineffective executives could cause damage disproportionate to their numbers. But a study of executive demographics showed that an appointment to a supergrade position was, in practice, as permanent as a judgeship. 4. Also, the frustration level of executives was high. All executives had the identical salary and could not affect it in any way: not by working harder, not by being more creative, and not by taking on more difficult responsibilities. And human nature generally abhors having no control.

The system we designed required annual setting of goals and objectives which had to be approved by the SES member's supervisor. Both parties would thus have a common understanding of what was wanted and what level of accomplishment would be expected. At the end of the period, actual accomplishments would be compared to the pre-established standard and an evaluation of performance made. Provision was, of course, made for changing objectives if circumstances changed. Those who did well would be rewarded, and those who did not would be penalized. Executives who were chronically poor and mediocre performers would be removed from the SES with fallback rights to positions at a lower level.

Critical to this system was the provision of bonuses for effective performers. Our private sector advisors told us that upwards of 70 percent of their managers received annual bonuses. We scaled these down to a maximum of 50 percent for the SES, not from any conviction that federal managers deserved only the lower figure, but because we believed, correctly as it turned out, that the political process would not support the more equitable figure. The intention was that every SES member could begin a year with a reasonable prospect of earning a bonus. The bonus was never supposed to be a prize awarded to an elite handful of executives.

The designers of the SES have often been accused of believing that SES members are motivated only by money. This was very far from our assumption; we were quite as well aware as our critics of research findings on motivation. On the average, government employees are less motivated by money than their private sector counterparts. On the other hand, research has shown that government executives are more motivated by money than is the average federal employee. It is as simplistic to argue that money has no motivating power as it would be to assume that money is the only motivator.

Finally, I'd like to say a word about the concept of rank-in-person. The task force recommendation and the statute provide a structure which I now think is less than optimum. What we have now is not a rank-in-person system but a "rankless" system. I would prefer a genuine rank-in-person system of three SES ranks with overlapping pay bands. Executives would enter at the lowest rank and would move upward in rank by combination of executive experience and superior accomplishment of objectives. The topmost group would constitute an identified cadre of exceptionally competent and experienced executives who would be considered for the most challenging posts, for special assignments, task forces, troubleshooting, and the like. This group would be valuable during changes in administration. Their prestige as top performers in several administrations would enable political appointees to call upon them with confidence in their ability and impartiality. They would serve as a bridge between career executives and political appointees. Incidentally, this group would correspond closely to the 1,000-member SES that has been suggested.

This three-tier configuration also has the advantage of giving SES members an additional form of recognition for consistent outstanding achievement, and would be an excellent incentive, especially for those who are not motivated by financial gain. I do not think the present design is faulty enough to require immediate change, but if other changes were being made, this one would be worthy of consideration.

I would, in closing, like to append a word about what I think is the most vital step to be taken to improve the operation of the public service. What is needed, above all, is for our next President to make it clear at the outset that he regards federal employees to be competent, diligent, dedicated, and honest, and that he intends to make maximum use of their expertise in achieving his program objectives. Saying this, and following through on it, would do more for the civil service than any conceivable legislation, not excluding pay raises.

REMARKS SUBMITTED FOR THE RECORD
BY ANN BRASSIER, TASK FORCE ON
STAFFING

Objective: "Cutting red tape in hiring, promoting, and separating employees"

Major Themes: -- Streamlining a complex, entrenched system

AND

-- Decentralizing personnel management authorities and operations

Recommendations

1. Amend Title 5 USC to allow the President to delegate examining responsibility to agency heads;
2. Abolish the "rule of three," rank candidates by categories (e.g. outstanding, highly qualified, etc.) and allow managers to select anyone from top category;
3. OPM to continue broad-band recruiting and testing; issue top scorers a "hunting license" which agencies could use as authority for direct hire;
4. Authorize small number (5%) of excepted appointments for up to three years;
5. Restructure Veterans Preference:
 - 5 point preference limited to 5 years after separation from military service;
 - eliminate preference for retired military personnel, except those with 30% or more service connected disability;
 - extend Veterans Readjustment Appointment authority and remove GS-5 grade level limit; and
 - authorize accepted appointments for 30% disabled veterans
6. OPM to delegate close-held central authorities such as:
 - special salary rates;

- payment of travel and transportation to first post of duty;
 - temporary appointment extensions;
 - qualifications waivers; and
 - establishment of training agreements
7. Consolidate the numerous temporary appointing authorities into a single authority
 8. Simplify merit promotion requirements

Outcomes in CSRA:

1. Abolished government-wide performance evaluation system
2. Eliminated reduction-in-rank as an adverse action
3. Established probationary period for new supervisors and managers
4. Provided more benefits for severely disabled veterans-- appointment and retention advantages; preference over other veterans in reduction-in-force
5. Eliminated preference for non-disabled veterans with rank of Major or above

Outcomes in CSRA implementation (not legislated)

1. Under Director Campbell (1978 - 80) the newly formed OPM negotiated "delegation agreements" with each agency, to foster maximum delegation
2. The "Fossum Plan" delegated examining authorities to agencies
3. Merit Promotion simplified and deregulated

Devine Intervention

1. Under Director Devine (1981 - 85) OPM took a narrower view of delegation
2. Replacement of PACE with Schedule B hiring authority constituted facto decentralization of college level entry hiring

The Rest of the World Catches Up with CSRA

1. Director Horner (1985 - present) has taken up the task of Civil Service simplification and delegated or deregulated in 33 areas requested by Directors of Personnel, including virtually all the areas addressed by the staffing task force
2. Demographic changes have diminished the significance of veterans preference

PREPARED STATEMENT SUBMITTED BY
MS. HARRIET JENKINS, TASK FORCE ON
EQUAL EMPLOYMENT OPPORTUNITY
AND AFFIRMATIVE ACTION

I'm pleased to have been invited to reflect on a decade of the Civil Service Reform Act (CSRA) and on the recommendations which were produced by the Personnel Management Project which led to the act.

I chaired one of nine task forces, Task Force #4 on Equal Employment Opportunity (EEO) and Affirmative Action. We reviewed and studied a series of problems that had been identified with federal EEO programs. We also presented an array of options and alternatives to garner discussion and feedback from managers, employees, and interest groups. Then we developed recommendations in two broad problem areas: the need for a federal EEO management strategy and the need for an improved discrimination complaints processing system.

ISSUES ADDRESSED BY TASK FORCE #4

In going about our work, our Task Force addressed a number of issues; but some of the key ones were:

- o Lack of agreement on what the federal EEO program was supposed to accomplish. For example, was it simply supposed to ensure lack of discrimination or "color blindness" in all personnel management activities; or was affirmative action supposed to be taken to overcome and compensate for the effects of past discrimination.
- o Lack of leadership on the part of the then U.S. Civil Service Commission to resolve and provide guidance on many of the key issues.
- o Varying degrees of commitment on the part of federal departments and agencies as evidenced by the status given to the EEO program within the organization, the quality and quantity of EEO staff support and resources, and the uneven EEO accomplishments of line and staff managers that were neither rewarded nor sanctioned.
- o A strong feeling on the part of some that EEO program responsibility should be subsumed under personnel departments.
- o The perception by some that EEO and/or affirmative action were incompatible with merit principles.

- o The federal discrimination complaint system was perceived to be biased against complainants--too lengthy, complex, repetitive, and confusing--without protection for the rights of those accused of discriminatory behavior; and it was felt that the system was misused by some employees.

SPECIFIC RECOMMENDATIONS PRESENTED BY
TASK FORCE #4

Facing this rather formidable set of issues, the Task Force on Equal Employment Opportunity and Affirmative Action recommended that the President establish a national EEO goal and assign responsibility for implementing programs to meet the goal primarily to the departments and agencies, with guidance and assistance provided by the central personnel agency. These would be subject to policy-setting and enforcement by the Equal Employment Opportunity Commission (EEOC) and management review by the Office of Management and Budget (OMB). We also recommended that the discrimination complaint system be put under the responsibility of the EEOC.

However, Task Force #8 on Roles, Functions, and Organization for Personnel Management recommended, and the Personnel Management Project accepted, that all equal employment opportunity functions assigned to the Civil Service Commission would be transferred to the new Office of Personnel Management (OPM), except responsibility for investigating and adjudicating discrimination complaints which would be transferred to the new Merit System Protection Board (MSPB).

(As it turned out, on February 28, 1978, the President submitted to Congress his Reorganization Plan #1, which made EEOC the principal federal agency in fair employment enforcement; and this became law.)

Very specifically, all of the rest of the recommendations of our Task Force #4 were accepted by the Personnel Management Project, and they are summarized below:

- o The President should establish a national goal for EEO and affirmative action in the federal service which would obtain the most talented, representative, and effective federal work force possible that would be integrated with minorities, women, and the handicapped at all levels of pay and responsibility and across all organizational units and occupations.

"Representation" of the respective groups was to be substantially equal of their proportional representation in the relevant job market. However, when that representation of women, minorities, and handicapped individuals was substantially lower in the federal labor

market than their proportion of the population, programs were to be initiated to increase the numbers of persons with such skills. (Recommendation 29)

- o The President should assign responsibility and accountability for national EEO goal achievement to agency heads, including responsibility to make substantial annual progress toward full integration of all organizational parts and levels, with special attention to making the agency personnel offices and other top-management offices models of integration.

EEO program leadership was to be delegated to an individual who was under the immediate supervision of the agency head; and the EEO staff was to include special emphasis program managers (such as the Federal Women's, Spanish Speaking, and handicapped programs).

At that time, the EEO program was not to be placed organizationally under the personnel management office, but there was to be close coordination between the two functional areas.

Career development and training in other managerial areas were to be provided to EEO staffs, as well as cross training between EEO and personnel staffs. The skills, knowledge, and experiences of the EEO staffs were to be utilized more fully by the agency by promoting, reassigning, and detailing them into other kinds of work so that service in EEO would not be a dead-end assignment.

Training in EEO program objectives was to be provided to executives, managers, and supervisors; and their EEO accomplishments were to be considered in their performance evaluations, promotions, and rewards. (Recommendation 30)

- o OPM should serve as a model for EEO program planning and implementation by integrating fully all bureaus and staff and regional offices.

OPM also was to design merit system policies and practices which would help achieve EEO objectives; establish recruiting goals; develop a data and tracking system of employees and applicants; and provide technical assistance to agencies which would help them utilize existing staffing alternatives and appointing authorities to achieve affirmative action objectives. (Recommendation 31)

- o OMB should be assigned responsibility and authority to require agencies to integrate EEO considerations into their program and work force planning as well as their

budget development, and to consider their EEO accomplishments when acting on agencies' budget requests. (Recommendation 32)

- o The President should propose legislation which would establish a federal scholarship program for fields of study, such as science and engineering, where minorities, women, and handicapped persons were greatly under-represented. (Recommendation 33)
- o American Indians and Alaskan Natives, hired under Schedule A appointments into the Bureau of Indian Affairs and Indian Health Service, should be able to convert to competitive appointments in other parts of the federal government upon completion of 2 years of satisfactory performance without altering their continued entitlement to Indian preference rights. (Recommendation 34)
- o A new governmentwide upward mobility program should be established.
- o The discrimination complaint process should be shortened, simplified, and improved. (Recommendations 26, 27, and 28)

Additionally, many other recommendations, which were made by other Personnel Management Project Task Forces, would help contribute to the accomplishment of equal opportunity objectives.

POLITICAL CONSIDERATIONS WHICH LEAD TO MAJOR RECOMMENDATIONS BEING ACCEPTED OR REJECTED

As mentioned above, the only recommendation of Task Force #4 which was not accepted by the Personnel Management Project was that delineating which federal agency would have responsibility for governmentwide EEO program leadership. The rationale for placing it at OPM, and with MSPB being the appellate adjudicator, is spelled out on pages 93 to 95 of Volume 1 of the Project's report.

It appeared at the time that the President's decision to place federal EEO program leadership at the EEOC was part of a broader plan to reorganize and focus civil rights enforcement responsibilities in fewer agencies.

MY VIEWS ON HOW THOSE OF OUR RECOMMENDATIONS WHICH BECAME LAW WERE IMPLEMENTED

We were very pleased that the spirit of key recommendations of Task Force #4 were included in the CSRA and in other legislation. Particularly notable and important were the concepts paraphrased below:

- o The policy of the United States is that, in order to attain a competent, honest, and productive federal work force reflective of the nation's diversity, federal personnel management should be implemented consistent with merit system principles and free from prohibited personnel practices. (5 USC 1101)
- o Recruitment should be from qualified individuals from appropriate sources in an endeavor to achieve a work force from all segments of society, and selection and advancement should be determined solely on the basis of relative ability, knowledge, and skills, after fair and open competition which ensures that all receive equal opportunity; et al. (5 USC 2301)
- o Discrimination for or against any employee or applicant for employment on the basis of race, color, religion, sex, national origin, age, handicap, marital status, or political affiliation is prohibited. (5 USC 2302 (b)(1))
- o CSRA was not to be construed to extinguish or lessen any effort to achieve EEO through affirmative action or any right or remedy available to any employee or applicant for employment in the civil service under any of the applicable laws, rules, or regulations. (5 USC 2302 (d))
- o Disabled veterans with compensable service-connected disability of 30 percent or more may be appointed noncompetitively, leading to conversion to career or career conditional employment. (5 USC 3112)
- o OPM shall implement, with EEOC guidelines, a minority recruitment program which shall provide that each executive agency conduct a continuing program for the recruitment of minorities to eliminate their underrepresentation in the various categories of civil service employment within the federal government. (5 USC 7151)
- o Performance appraisals of, and awards to, members of the Senior Executive Service shall take into account such factors as meeting affirmative action goals and achievement of EEO requirements. (5 USC 4313)

On the other hand, we were very surprised by and felt that the CSRA went in the opposite direction from our recommendation to simplify and make less complex the processing of discrimination complaints:

- o An employee may appeal a personnel action which also alleges discrimination (a mixed case) to the MSPB; but the MSPB decision may be appealed to the EEOC and may

ultimately involve a special panel, one member of which has to be appointed by the President, before the issue is finally decided, or the employee exercises his/her rights to go to court. (5 USC 7702)

For some of the other recommendations of Task Force #4 which were not incorporated into the CSRA, but which were included in regulations or guidelines for the implementation of equal opportunity efforts, it is my perception that some retrogression has occurred:

- o The EEO Director in some agencies has been placed in a lower level of the organization and no longer reports to the head of the agency. Some other agencies have added the EEO title to the responsibilities of a senior manager reporting to the head of the agency while the real EEO operational function is carried out by someone much lower in the organization. In still other agencies, the EEO functions, or portions of them, have been placed in personnel and in other offices.
- o OPM discontinued the form which collected minority designation data on applicants, although some agencies have continued collecting this information on their own.
- o Until recently, EEOC had not been given adequate resources to ensure that the discrimination complaints process could be implemented in an expeditious manner; and EEOC has indicated in its most recent guidelines that a federal agency may use goals and timetables, but it does not require that the agency do so in the Multi-Year Affirmative Action Plan.
- o OMB no longer requires an annual reporting of an agency's civil rights activity; nor is there an analysis or assessment in the budget message.

It is also my perception, however, that most federal agencies have continued their efforts to integrate women, minorities, and handicapped persons into their work forces. A member of my staff, Orlando Gutierrez, reviewed the representation of minorities and women in the federal work force over the past decade. His findings are found in the document, "Major Statistical Employment Trends in the Federal Government between 1976 and 1986," which is enclosed with these remarks.

It is very encouraging to find that the representation for nonminority women and each minority group in the "GS and Equivalent" pay system occupations showed increases for each period reviewed. This positive progress is also reflected in total federal employment, except for blacks who decreased substantially in number and percent from 1980 to 1982. (This may

have been caused in part because of the exclusion of the Postal Service in the database.)

The average grade gaps still exist between nonminorities and minorities, as well as between nonminorities and nonminority women; however, the gaps have narrowed.

Challenges remain, however, that still need dedicated attention. Hispanics are not represented in the federal government in the proportions that they are represented in the national labor force. Women and minorities still are not represented in the senior-level grades and executive positions in the proportion that they are represented in the total federal work force; and the number and percent of black executives has decreased substantially.

WHICH PROVISIONS OF THE LAW IN THE AREAS OF
OUR RECOMMENDATIONS WOULD I AMEND

Because of the needless complexity that is perceived about the process, I would recommend that the mixed case section of the CSRA (5 USC 7702) be eliminated or altered drastically. In addition, I would call attention to the reports of demographers who predict that the number of jobs requiring scientific, engineering, and technical education will increase substantially by year 2000 and beyond. Thus, a larger resource pool of talent will be needed by our nation to fill those jobs. The number of white males who traditionally are the major source for these kinds of jobs is decreasing; while the public school populations with the college potential to be educated are increasingly minority and female.

If our nation is to maintain its leadership role in the technological accomplishments of the future, it is imperative that we support the education, employment, and development of talented minority, female, and handicapped individuals. Thus, the recommendation that Task Force #4 made a decade ago--that of a Federal Scholarship--is needed even more so today; and you might say that we have lost 10 years.

It is in our Nation's best interest to see that talented youngsters, minority and nonminority, who have the motivation but who are without the needed financial support, obtain an education. The need for scientists and engineers will be so great and we will face such keen competition trying to lure talented young people into the federal government that it might be worthwhile to consider a return to a kind of national "G-I Bill."

While this kind of effort could be piloted under the Research Programs and Demonstration Projects of CSRA, it could also be introduced as separate legislation. Also, the federal

agencies that will have a great need for scientists, engineers, and researchers could be required via their authorization and appropriation legislation to set aside a proportion of their funds to help develop this kind of talent at pre-college, college, and post-graduate levels.

It was a privilege and a delight to have been a part of the Personnel Management Project which led to the CSRA. Thank you very much for inviting me to share my reflections.

ATTACHMENT TO STATEMENT OF MS. HARRIET JENKINS
(MAJOR STATISTICAL EMPLOYMENT TRENDS IN THE
FEDERAL GOVERNMENT BETWEEN 1976 AND 1986,
PREPARED BY ORLANDO A. GUTIERREZ,
NASA AGENCYWIDE HISPANIC EMPLOYMENT PROGRAM MANAGER)

The comparisons made herein are based on the Federal Civilian Workforce Statistics reports published by the U.S. Civil Service Commission (CSC) and its successor, the Office of Personnel Management (OPM). The results used were the Equal Employment Opportunity Statistics (EEOS), covering fiscal years 1976, 1978, and 1980 and the Affirmative Employment Statistics (AES) reports covering fiscal years 1982, 1984, and 1986.

All six reports are based on information residing in the Central Personnel Data File (CPDF). However, the coverage regarding type of occupation, geographical areas, and federal agencies has changed over the years, making comparisons between different fiscal years inexact in all categories. On the following major trends, reference will be made to false changes caused by the coverage variations in the CPDF through the years.

MAJOR TRENDS

- o The representation of minorities in the total civil service work force covered by the CPDF has increased from 21.3 percent at the end of fiscal year '76 to 26.0 percent at the end of fiscal year '86, representing an increase from 514,500 to 541,800 employees, respectively. During the same time, the total number of employees in the CPDF decreased from 2,418,500 to 2,084,000, respectively. The change in the total number of employees counted is the result of real work force changes plus variations in coverage. The most significant variations were inclusion of employees in Puerto Rico (FY '80); change from full-time only to full-time, part-time, and intermittent employees; the exclusion of the Postal Service, judicial and legislative employees; and the inclusion of employees from Guam and Hawaii (all in FY '82).
- o All the minority groups with the exception of blacks increased their representation between those years. The black loss is mostly affected by the count changes occurring in fiscal year '82, primarily the exclusion of the Postal Service employees from the total count.
- o The real increase in Hispanics and Asians is not as large as it appears between fiscal years '76 and '86 for these groups (Hispanic growth: 3.4 percent to 5.0 percent; Asian growth: 1.0 percent to 3.0 percent). Their count was affected by the inclusion of employees in Puerto Rico

starting in fiscal year '80 and employees from Hawaii and Guam starting in fiscal year '82.

- o In the "GS and Equivalent" pay systems, the comparisons between fiscal years '76 and '86 are more appropriate, as the accounting changes are less significant except as they affect the Hispanic and Asian counts previously mentioned. Overall employment in the GS and Equivalent work force increased from 1,411,500 at the end of fiscal year '76 to 1,592,696 at the end of fiscal year '86. During that time, the representation of all minority groups increased in numbers of percent. The total minority representation increased from 249,400 to 392,600. This is an increase from 17.7 percent at the end of fiscal year '76 to 24.6 percent at the end of fiscal year '86 (Blacks: 12.8% to 15.2%, Hispanics: 2.6% to 4.5%, American Indians: 1.2% to 2.5%, Asians: 1.1% to 2.7%). At the end of fiscal year '86, the total representation of every minority group in the GS and Equivalent occupations was at or above their representation in the current national Civilian Labor Force (CLF), except for Hispanics who were represented at 60 percent of the CLF.
- o The representation of women of every racial and national origin group also increased in numbers and percentages over this 10-year period. The representation of all women increased from 601,000 in fiscal year '76 to 785,100 in fiscal year '86 (42.6% to 49.3%, respectively). Minority women representation increased from 147,200 in fiscal year '76 to 246,300 in fiscal year '86 (10.4% to 15.5%, respectively). Each of every group's representation increased (Blacks: 8.2% to 11.1%, Hispanics: 1.1% to 2.2%, American Indian: 0.7% to 0.9%, Asian: 0.4% to 1.3%). All groups are within 95 percent of their representation in the 1986 CLF with the exception of Hispanic women (74% of their CLF).
- o The average GS grade of minorities and women increased more during the fiscal year '76 to '86 period than the average for the nonminority, but there is still a considerable gap except for the Asian group. The gap between nonminority and minorities decreased from 2.0 to 1.8; the gap between all nonminority and nonminority women decreased 2.6 to 1.9. The gain was greatest for nonminority women (1.0) followed by minority women (0.7). Minorities as a group increased their grade by 0.5 with every individual group showing improvement except for the Asians who dropped from 8.7 in fiscal year '76 to 8.5 in fiscal year '86.
- o Nonminority women and all the minority groups individually have made gains at all grade levels within

the GS and Equivalent federal work force. Significant underrepresentation for each group in the GS-5 to GS-8 and the GS-9 to GS-11 grades has been eliminated except for Hispanics (Hispanic representation: 66 percent of CLF in GS-5 to GS-8, 60 percent in GS-9 to GS-11, and all others above 90 percent of CLF). At the GS-12 and -13 levels, only the American Indian and Asian groups have achieved adequate representation (all other groups are under 74 percent of their CLF), and only Asians are well represented at the GS-14 and -15 levels.

**PREPARED STATEMENT BY JOHN FOSSUM,
TASK FORCE ON JOB EVALUATION, PAY,
AND BENEFIT SYSTEMS**

The Job Evaluation, Pay and Benefits System task force addressed eight issues, including:

- Pay and benefits comparability--the task force report pointed out that Government is at a crossroads--it is decision time in 1978--regarding whether or not its policy of pay comparability should be extended to total compensation comparability.
- A second issue for the task force was how to measure benefits--assessed the state-of-the-art in measuring compensation comparability. Discussed advantages and disadvantages of existing and proposed methodologies. Concluded that a usable measurement methodology for setting and adjusting and comparing is within reach.
- A related concern was the fragmentation of authority to adjust benefits--said the Government's current (1977) decision processes for adjusting benefits is nearly the reverse of its methods for adjusting pay. Suggested that rapidly escalating Federal benefits costs will not be controlled in the absence of a central decision point authorized to determine the relative priorities of different benefit changes.
- The question of dividing the General Schedule was critically examined--the group suggested that the monolithic pay system which lumps clerical, technical, professional, and administrative employees together frustrates achievement of the Congressional objective of pay comparability. Considered consequences of paying some employees on a local prevailing rate basis. Discussed the need for Presidential authority to establish and abolish special pay systems for certain occupations.
- A fifth and final issue related to general pay concerns was the question of including State/local pay rates in Federal pay adjustments--the task force questioned whether exclusion of State/local rates in Federal pay surveys is warranted and concluded that these rates can be included, if the Government chooses to set pay for its employees based on a more representative survey sample.
- The next issue was the blockbuster--merit pay--the report suggested that the Government's merit pay concept is not working, and why. (The reasons being, perhaps, that there

wasn't any.) Noted lack of realistic support for performance rating and performance award processes in achieving the basic objective of paying employees for performance.

- Job evaluation was the next issue--the task force associated this process with the internal alignment principle. Stated that the Government is in transition to a new method of evaluation. Identified problems of administration and possible ways to deal with them.
- Any, finally, the blue-collar and white-collar pay relationship was examined--the group discussed problems emerging in Federal pay management where blue-collar pay increases have outstripped white-collar pay increases. Same problem exists in industry. Found that passage of a Federal Wage System reform bill is essential, and that other possible actions could also offer help in dealing with GS/WG--particular pay inversion problems.

Exploration of these issues led to specific recommendations of the task force on job evaluation, pay and benefits, framed follows:

- Reaffirm the concept of comparability as the single best, stable, long-term policy for Federal civilian pay-setting and extend the concept to include total compensation--pay and benefits together--rather than pay alone.
- Amend the present pay comparability law to provide a total compensation comparability policy: the total of Federal pay and benefits should equal the total of non-Federal pay and benefits.
- Complete the current development and testing of the level-of-benefits method of comparing Federal and non-Federal benefits as the basis of a Federal total compensation comparability system.
- Adjust both Federal employee pay and benefits concurrently within the framework of a central decision-making process. Authorize the Office of Personnel Management to adjust benefits for white- and blue-collar employees just as General Schedule pay is now adjusted, consistent with the existing controls exercised by Congress.
- Include State and local government employees in the Federal comparability process in the same manner as the private sector.
- Propose legislation to permit:

1. Dividing the General Schedule job evaluation and pay systems into two or more homogeneous occupational groupings of employees with national pay rates for some occupations and local rates for others.
 2. Establishing, consolidating, and abolishing special job evaluation or pay systems for those few occupations which do not lend themselves to grouping with other categories, such as physicians.
 3. Temporary bonus authorities applicable to all Federal civilian physicians until a separate pay system, based on reasonable comparability with the non-Federal sector, can be established for such physicians.
- Adopt, if testing and evaluation proves it to be workable, a merit pay system for managerial positions below the levels included in the Executive Service, with the following features:
1. Give managers broad discretion to reward subordinate managers based on overall contributions.
 2. For managers below the level covered by the Executive Service, establish minimum and maximum pay rates for each grade level, without step rates--an open range system.
 3. Grant pay increases to managers above the minimum rate of grade solely on the basis of merit, but grant general comparability increases as necessary to keep a manager's pay at least equal to the minimum rate.
 4. Take into consideration in evaluating managerial success the managers' accountability for properly applying the job evaluation and pay systems in their organizations.
 5. Provide no formal appeal rights for managers who are dissatisfied with their merit increases; limit review to the second higher level of supervision.
- The final recommendation of the task force was to enact the Federal Wage System legislative reforms which have been transmitted to Congress and which are designed to bring wage system pay more in line with private sector and Federal white-collar jobs.

The political considerations that led to the major recommendations being accepted or rejected:

- All of the recommendations of the Task force on Job Evaluation, Pay and Benefits had as their central theme or

purpose an objective to ensure fairness in pay matters--that Federal employees be compensated fairly for their contributions--neither too little or too much.

- None of the ideas embodied in the recommendations were new; all of them had been raised by scholars and practitioners for many years, in some cases going back to the Imperial Chinese bureaucracy. Certainly locality pay is an example of a pay issue that is not new but by any means.
- For the recommendations of the Task Force that were not enacted into law in the Reform Act, or by subsequent legislation--locality pay, again, and total compensation comparability, to name two--were technically and morally unassailable and politically and practically unattainable at the time they were recommended and, for that matter, to this day.

One need only revisit the hue and cry that is raised each time that Federal pay, particularly the pay of members of Congress and senior executives, is proposed for increase, to be reminded that compensating Federal workers at salaries roughly equivalent to their private sector counterparts is anything but a popular notion in society at large. Similarly, while locality pay, one of our major recommendations, is the only sensible way to deal with certain categories of Federal workers. It was as unlikely to be adopted then as it is today because there are more votes in the smaller cities and villages than there are in the major metropolitan areas where the cost of living and, in turn, underpayment of Federal workers in comparison to the cost of living is most acute. So, these are the larger reasons, megapolitical reasons if you will, why fair pay, of necessity, did not become enacted into law--politics, not reason, answered the questions.

- The major recommendation that was implemented, merit pay for managers, floundered almost immediately because it was politically unacceptable to provide a sufficient amount of money to reward top performers. This was recognized almost immediately, and most significantly, by the subjects themselves, the merit pay managers and after considerable tugging and hauling was partially corrected by the passage of Public Law 98-615, in 1984, which established the Performance Management Recognition System.

A second major political consideration relating to merit pay had to do with the question of what Federal employee groups would be covered. In the end, the decision was made to limit coverage of performance pay systems to Federal managers only, although the idea of extending it to all of the workforce was thought to have merit and we so noted in

our report. The opposition of employee organizations was such that even though it would have been technically feasible, it was not politically possible at that time. The end result is that we found ourselves in the somewhat silly position of telling the world that in the Federal service only managers were accountable and paid according to how well they performed--that the remaining employees would continue to be paid on the basis of endurance. It should be noted that the political caution expressed by our task force was probably well founded in view of the violent opposition that was raised to the not altogether noble idea of extending performance pay systems to the General Schedule by regulation--an extension that was "stopped and argued" by the Congress and the courts several times during the early and middle years of the current Administration. We now, of course, do have a sort of performance pay system for General Schedule employees that can best be described as not working.

Observations on the manner in which the recommendations which became law were implemented:

Really, only two of our recommendations were implemented and one of them, what has now become the Physician's Comparability allowance, appears to have been implemented with little or no difficulty. The other, merit pay again, is quite another story:

1. The aforementioned money for performance recognition caused serious implementation difficulties from the beginning and almost violent resistance on the part of Federal managers who quickly discerned that they were going to actually, for most of them, make less money under merit pay than they would have made if they had stayed with the General Schedule. So, from the managers' viewpoint implementation did not go well.
2. There quickly sprung up--as is often the case with major new National initiatives--in the Central Personnel Agency and in each of the departments and agencies a group of "experts" whose principal mission in life seemed to be to make the provisions of the merit pay system as complicated as they possibly could. They quickly arose a kind of "black box" mystique around merit pay. Many managers referring to the process as a performance rating going into a black box and coming out the other side with some kind of money but no understanding of what goes on within that "black box." So, from the managers' standpoint, implementation did not go well.
3. The performance appraisal systems on which the merit pay outcomes were based were simply not ready for the burden

of the major personnel decisions mandated by the reform act--including the pay decision. Appraising employee performance is very nearly the most difficult act a manager in or out of Government has to face and it does need to be thoughtfully done by carefully trained managers and, unfortunately, this was not the case in the early implementation stages of the Civil Service Reform Act. So that while there is almost a universal agreement that people ought to be held accountable for what they do and paid accordingly, the implementation of the merit pay system for Federal managers got off to such an unhappy start that to this day Federal managers are calling for the elimination of pay for performance systems and a return to the within-grade type pay system. So, from the managers' standpoint, implementation did not go well.

Recommendations which became law that I would recommend be amended, again, center around changes that need to be made to performance pay systems:

Once more, performance appraisal and associated pay for performance systems are very difficult to institutionalize and maintain. In many ways what was done with the recommendations of the Personnel Management Project and provisions of the Reform Act were remarkable achievements that led to significant changes in the Federal management style.

Nonetheless, pay for performance systems have been less than successful for three basic reasons: (1) performance appraisal is, difficult, and always will be, (2) there has not been enough money in the performance pay systems, and (3) they don't uniformly cover all Federal employees.

There are many things that can be done to improve performance appraisal in the Federal sector, beginning with a serious attempt to make top management fully committed to the importance of performance appraisal--and "living" it not just "talking" it. Beyond that, there are any number of techniques, too many to be discussed in this setting, that should be tried under the Reform Act research and demonstration authority that could lead to some vast improvements in the performance appraisal processes in Government.

We have a couple of provisions that flowed from our recommendations that have now been embodied in regulation or other legislation that should be dropped in the interest of improving the performance appraisal process: (1) the mandatory five level rating system should be dropped but this is relatively less important than (2) eliminating the prohibition against forcing rating distributions. This

prohibition, I presume, from a political standpoint, is in the law now because it was seen as a necessary protection for employees from arbitrary and capricious managers and rating officials. The only employees protected by provisions like this are the mediocre. We cannot continue to run performance appraisal systems where everybody is rating at the top of the scale because this totally defeats pay for performance and ends up becoming an under-the-table general pay increase. We have to establish a performance appraisal system that will recognize the top performers and reward them with substantial monetary, or as appropriate, non-monetary rewards.

PREPARED STATEMENT SUBMITTED BY
MR. RAY KLINE, THE ASSISTANT
SECRETARIES GROUP

I am pleased to have this opportunity to appear today. The issue of the public service has been high on the agenda of the National Academy of Public Administration for some years and has been the subject of numerous studies. A general conclusion from these studies is that the federal government will neither obtain nor retain a high quality federal work force in the future if we continue to do business as usual in human resources management.

Good government is achievable in only one way: by having good people in government. And it is this imperative in the face of current disturbing downward trends in attracting and retaining good people in the federal public service that has raised this issue as one that needs to be attended with some urgency.

The public service issue has given rise to a veritable cottage industry within the Beltway. The factors giving rise to the issue are being studied by a growing number of boards, commissions, and other organizations. At the risk of some overgeneralization, I believe the key factors contributing to the deteriorating state of affairs may be summarized as follows:

- o Bureaucrat-bashing by recent Presidents and key members of their administrations.
- o Personnel compensation systems which are not competitive in some cases with the private sector. Arbitrary pay caps at the top aggravate the problem.
- o Uncertain and changing rules of the game in personnel management, such as salary setting, the retirement system, and the Senior Executive Service. Policy pronouncements are generally not trusted by many careerists.
- o Continued political penetration of the senior career ranks, in some agencies, resulting in truncated career paths for civil service personnel with high leadership potential.
- o Suffocating bureaucracy and micromanagement levied on agencies by Congress, central management agencies, and departmental superstructures. There is a cry throughout the service to get government off the back of the government and to let managers manage.

It may seem to some that resolving the above problems would, in and of itself, ensure viable public services for the future. Admittedly, that would be a large step in the right direction. But there are other critical considerations that need to be taken into account. And we can start within national demographic trends.

- o The rate of growth of the nation's work force will decline significantly during the rest of this century; it is expected to grow at only 1 percent a year in the 1990s.
- o The work force will become older. The average age of the American worker will increase from 36 to 39 by the year 2000.
- o The work force will become socially more diverse. Eighty-five percent of new work force entrants in the remaining years of this century are expected to be female, members of minority groups, and immigrants.
- o The fastest growing jobs will be those requiring the highest skill and education levels. It is projected that for the first time in our history, a majority of all new jobs will require post-secondary education.
- o By the year 2000, more than 60 percent of all women of working age will have jobs, thus continuing the increase in two-career families.

These national trends will influence rather dramatically the composition of tomorrow's work force. But to fully understand this impact on the federal government, they need to be merged with other trends already underway in the federal work force.

- o Although the size of the total work force remains relatively stable, there are changes taking place in the professionalism of that work force. This is due to the combined influences of government involvement in areas of growing professionalism, on the one hand, and increased contracting out of commercial and industrial services on the other.
- o One-third to one-fourth of the work force will be eligible to retire during the next 5 years. The data reflect that growing numbers at senior career levels are taking advantage of the opportunity.
- o The baby-boomer generation now in the public service is ready to move up and compete for advancement into middle management. Organizations will need to deal with this

tide of rising expectations if they expect to keep the best and the brightest.

- o The baby-bust generation will arrive a short 7 or 8 years from now and, thanks to the public-private sector portability of the new retirement system, will present new competitive considerations not only to attract, but to keep, good people.

These trends, along with the current disarray in the federal service, present formidable competitive challenges to building and sustaining the quality work force to meet tomorrow's needs. Obviously, there are no easy answers, but my approach for stepping up to those challenges would include the following features.

First, we should destroy, once and for all, the myth that the federal government is one gigantic monolithic structure of bureaucrats. We should see the bureaucracy for what it is--a cluster of cultures--and encourage these cultures to become centers of excellence. The traditional "cookie-cutter" approach--that all personnel issues have an impact on all employees in all cultures alike and, therefore, call for mega-solutions across the board--should be abandoned. These distinctive organizations should be encouraged to seek legislative or regulatory authority to develop and manage their own systems within a very broad policy apparatus administered by OPM.

This is hardly a totally new concept. Today 40 percent of federal full-time personnel are exempted from the competitive civil service. Organizations with unique missions--the Postal Service, Federal Bureau of Investigation, Foreign Service, CIA, and Nuclear Regulatory Commission, to name a few--have their own personnel systems. Other organizations with distinctive roles should be encouraged to do the same.

The Academy, under its congressional charter, responds to requests from agencies to conduct studies to improve their performance. Common to these requests during the past several years is the desire of agency managers to find ways out of bureaucratic suffocation in the personnel management processes of government. The Academy's study on revitalizing federal management found that the current personnel system does not seem to work well for anybody. Federal managers do not feel the system is designed to meet their needs. They see it as another set of obstacles they must overcome in doing their jobs. And employees do not view the personnel system as working for them either.

The pressures are bubbling up from within these cultures. They are pressures in search of solutions more far-reaching than

special pay rates. The driving force from the career managers is to make their organizations run better by giving them greater flexibility in recruitment, salary setting, advancement, performance awards, and other key processes of personnel management.

What are the cultural discriminators that call for tailor-made systems? Here are a few:

1. First and foremost, a specialized and highly skilled work force.
2. Unique and highly specialized installations, facilities, and support structures.
3. Unique employee mobility requirements imposed by agency mission.
4. Broad-scale geographic dispersion of people and facilities.
5. Special national security and personal safety requirements.
6. Specialized training requirements for the development of managers and executives.
7. And, last but not least, the public service imperative: the particular requirements of that part of the public the agency is created to serve.

The cultures are not at a departmental level; they are agencies generally within large bureaucracies. They are the Forest Service, not United States Department of Agriculture; the Park Service, not Department of the Interior; the Federal Bureau of Investigation and the Bureau of Prisons, not Department of Justice; the Federal Aviation Administration, not Department of Transportation; the military research laboratories and the military intelligence community, not Department of Defense; the National Institutes of Health and the Centers for Disease Control, not Department of Health and Human Services; the National Bureau of Standards, not Department of Commerce; the Foreign Service; the Central Intelligence Agency; National Aeronautic and Space Administration; the Smithsonian Institution. The list goes on.

These cultures have long and proud traditions. They take great pride in what they have done and are doing. They are populated by tens of thousands of people--some of the Nation's finest--dedicated to programs of national purpose. They deserve far better than what they are getting--in terms of rhetoric, in terms of recognition and rewards, in terms of process.

Second, we need a bold new thrust in personnel management. Too much of the traditional focus in federal personnel systems has been on regulation and control built on the provisions of the Federal Personnel Manual. To meet tomorrow's needs, we need to bring into full flower in every agency of government the concept of human resources management that will introduce new and innovative features built on both organizational and individual needs. With an eye on the trends listed above, the human resources management approach would apply the following principles:

- o Presentation of traditional personnel programs which are custom-made to meet specific agency needs.
- o Recognition of the needs of the whole person, programs and processes that respond not only to the needs of traditional wage earners but also to the needs of single parents and two-career families. Day care centers, flexible working hours, and geographic mobility planning are some examples.
- o Emphasis on training and development programs for people with diverse social backgrounds. Unless there is a dramatic reversal of current trends, the public schools will fall short of fully preparing new workers in rudimentary education. Government agencies will face a training burden of unprecedented proportion.
- o Concentration on factors of the physical environment where people are expected to work: the neighborhood, the building, the work station, and new technology tools for doing work. As competition for good people increases, these factors escalate in importance.

These two features--decentralization and a broad concept of human resources management--would position the federal government to meet tomorrow's needs. It is time to get going as many parts of the private sector are already underway with programs to decentralize personnel management and apply broader concepts of human resources management.

Atop the federal structure would continue to be the Office of Personnel Management, focused primarily on roles of governmentwide policy and oversight. In addition to supporting the apparatus described above, the Office should pursue the following areas with particular vigor:

- o Implementation of a federal compensation review process that is both credible and effective in terms of results. The current process on pay comparability is shot through with problems and invariably yields one predictable

result: expectations throughout the government of a pay raise followed by dashed hopes. One way or another, the locality pay feature must enter the system. Federal pay may be a problem in New York City and six or seven other metropolitan areas, but federal pay is not a problem in many other parts of America, where federal employment is often seen as preferred employment.

- o Development of clear policy guidelines for agency use in recruitment, including simplified but open and competitive recruitment methods. Special intake programs, such as the Presidential Management Intern Program, should receive new emphasis.
- o Unequivocal support for performance-based systems for evaluation of employees at all levels, with performance awards that amount to something. Current merit pay systems are fraught with resource problems when it comes to payout and are disdained by practically all federal managers.

I believe the OPM director should continue to be a presidential appointee. But I believe it is critically important that, at the first management echelon of Office of Personnel Management, the key positions be filled with topnotch senior career officials. The issue of the appropriate balance between new presidential initiatives and continuity of government will forever be with us, but to build the kind of system described above will take the dedicated effort of the best people we can find over a period of many years. And the record conclusively shows that career executives of top caliber know how to support and implement presidential objectives.

I would like to make a brief comment on the Senior Executive Service. I believe it is a good concept, and I generally support the findings and recommendations of the report of the Twentieth Century Fund.

But there is something wrong. Too many now in the SES want to get out. Too many good people at GS-14 and -15 levels who should want to get in do not want to get in.

The report of the President's Commission on Compensation of Career Federal Executives says that SES recruitment and retention problems vary by occupational fields, that the toughest jobs to fill are attorneys, medical researchers, scientists and engineers and computer scientists. Compensation has been identified as the major factor.

Compensation is a factor and needs prompt attention if the drain is not to continue. But there are other concerns. Some "up-and-comers" now in government worry about the integrity of

the SES system and its stability in terms of bonuses and other factors over the long term. Others do not want to run the risk of involuntary reassignment to other geographic areas. Still others maintain that salary compression at the higher grades does not persuade them to take the risks that go with entering the Service.

An elite executive system that discourages some of our best senior managers from wanting to enter it will never meet its full potential nor the needs of the nation. This problem needs to be attacked frontally.

This concludes my statement. Thank you for the opportunity.

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