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Testimony

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Report of the National Commission on the  
Public Service

Statement of  
Richard L. Fogel, Assistant Comptroller General  
for General Government Programs

Before the  
Committee on Post Office and Civil Service  
House of Representatives



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Mr. Chairman and Members of the Committee:

I am pleased to be here today to present our views on the report by the National Commission on the Public Service.

We at GAO have been concerned about the quality of the public service for several years. As we said in our transition series report on the public service; the laws, regulations, and processes of government are only as good as the people who have to carry them out.

If the quality of the federal workforce is reduced, the quality of government programs is reduced. The bottom line in this situation is not less profit, but, more importantly, less effective government services--services that touch the lives of literally millions of people--and therefore less respect for the government.

Top quality people in the federal workforce, effectively recruited, adequately paid, and continually developed, is essential for the well-being of our nation. Our federal workforce deserves good working conditions and a performance management system that effectively rewards good performers. We have continually advocated these positions in countless GAO reports and testimonies over the years. And, we have tried to implement these concepts at GAO.

Unfortunately, our message has not always been acted on. I wish there had not been a need for a Volcker Commission. But there was.

The Commission represents some of the most eminent men and women in the country. Its report must be taken seriously and acted upon. It does not paint a very positive picture of the state of the public service. And, it eloquently notes that continual erosion of the public service undermines the ability of government to respond effectively to the needs and aspirations of the American people.

The report is an excellent framework of the changes needed to restore vitality and credibility to the public service. Its recommendations require specific action plans and extensive, long term commitment of political and career public service leaders to carry through on the changes. But we can afford no less.

The President, Congress, and Cabinet Secretaries must exert leadership in revitalizing the public service. Agencies such as the Office of Personnel Management (OPM) and Office of Management and Budget (OMB) must take on more effective leadership roles and put development of the public service in a longer term perspective.

Our work has shown that the government is not well-postured to meet critical human resource problems. Agencies do not have effective workforce planning efforts and good executive development programs. OPM has not provided the leadership needed to focus more attention on these areas. OMB has too often not adequately recognized the adverse consequences of decisions dictated by short-term budget considerations on the long-term effectiveness of programs and the people who manage them. OPM needs to better address management problems within OPM itself. The Volcker Commission recognized the need for effective leadership in all these areas.

We at GAO intend to follow-up on the impetus for public service improvement the Commission has initiated and will be involved in issues directly related to several of the Commission's goals and recommendations. We also stand ready to assist you and other Committees in examining any issues of particular interest.

The attachment to my statement discusses our views on each of the Commission's goals and recommendations. We agree with the thrust of almost all the recommendations.

We support the proposition that efficiencies in government operations should be realized wherever possible, but we don't believe essential changes in federal employment policies and practices can continue to be attempted on a "budget neutral"

basis. The federal pay system has broken down and must be changed. Agencies across-the-board cannot continually absorb the costs of all pay and benefit increases.

Commissions have played an important part in our political process by defining problems or issues and presenting the outlines of possible solutions. Organizations such as the GAO can offer advice and recommendations for improvements. But the power to act resides with our elected officials--the Congress and the President.

The course is not always clear and the need for action not always appreciated. That, quite frankly, seems to be the case with the need for significant improvements in the public service situation. There will never be a ground swell of support from around the country for the actions recommended by this Commission. Support for its recommendations by elected officials probably won't win a lot of votes. But the truth is that the vitality of government over the coming years and into the future is absolutely dependent upon meaningful responses to the overall conclusions and recommendations spelled out by the Commission.

It is in everyone's best interest to have an effective, efficient government that serves the people well. The deterioration of the quality of that service and the people who provide it is not something that is easily noticed. It doesn't

happen overnight. But it is happening--as the Commission and we have pointed out.

I believe every elected official has, as part of his or her office, a sort of fiduciary responsibility to leave things a little better than he or she found them. The condition of the public service is an area where people now in office have the chance to do that. But they must have the will to act. The President has taken several positive steps in that regard. And so has this committee. But statements of support just aren't sufficient. Concrete actions on ethics, pay, recruiting and the other relevant issues are needed. The issues are clear, have been debated and discussed at length. Action is needed.

That concludes my prepared statement. I will be pleased to answer any questions the committee may have.

ANALYSIS OF COMMISSION GOALS AND RECOMMENDATIONSGoal 1: Rebuild the Public's Trust

## Recommendations:

1. Presidents, their chief lieutenants and Congress must articulate early and often the necessary and honorable role that public servants play in the democratic process, while at the same time making clear that they will demand the highest performance from those who hold the public trust.
2. Presidents must set the highest standards of ethical conduct for those who hold the public trust, and act quickly and firmly to remove those who violate that trust. Members of Congress and their staffs should be covered by similar standards. Codes of conduct to convey such standards should be simple and straightforward, and should focus on the affirmative values that must guide public servants in the exercise of their responsibilities.
3. The President and Congress should establish an independent advisory council, composed of members from the public and private sectors, to monitor the ongoing state of the career public service and make a bi-annual report to the President. In turn, the President should forward the report to Congress with his own comments and responses, including any recommendations for change that he may have.

We agree with the thrust of the recommendations. Government leaders must be supportive of a quality civil service and insist on the highest performance and ethical conduct. But, statements are not enough. They must be followed by actions. For 12 years in a row, federal employees have been given lesser pay increases than private sector workers received for comparable jobs. Freezes and cuts for social security recipients have been

rejected because of a claimed contractual commitment, while the same freezes and cuts have been proposed for federal retirees. Words of support would ring very hollow if such contradictory actions continue to be taken. Similarly, if the highest ethics are set as a standard, violators must be dealt with. Ethical behavior by public servants has been the law of the land for years. Yet, we found that, of 114 cases in which 10 agencies' Inspectors General concluded that criminal violations of conflict-of-interest statutes had occurred during 1985 and 1986, the Department of Justice prosecuted 2 and agencies took administrative actions against 22. Here again, one sees that words don't necessarily translate into actions.

The recommendation for an independent advisory council to monitor and report to the President on the state of the career service is an intriguing idea. Such a group should not be needed since the Civil Service Reform Act of 1978 gave essentially this responsibility to the Office of Personnel Management (OPM). However, our reviews of OPM activities consistently confirm the Commission's view that OPM is not exercising the necessary leadership contemplated by the act. We recommended that Congress, through its oversight processes, should hold OPM accountable for meeting its Reform Act responsibilities.



Goal 2: Improve the Presidential Appointments Process

## Recommendations:

1. The White House Office of Presidential Personnel should be given the resources and mandate to perform as an active recruiting agency for the President. To assist in this process, the President should direct the Office to develop qualification statements for all top positions, and make appointments based on those merits.
2. The financial disclosure process, while a key protection against conflicts of interest, should be streamlined to ease the burden on political appointees. The Commission encourages Congress to consider legislation to limit the tax penalties of divestiture for those who accept presidential appointments.
3. At the end of their service, presidential appointees should be granted up to three months of severance pay with full benefits as a bridge to outside employment.

How a President decides whom to appoint is a Presidential prerogative. However, we do believe the Commission makes some very cogent points that are worthy of serious consideration by the current and future Presidents. Certainly, the White House Office of Presidential Personnel should have enough resources to carry out its responsibilities and strive to see that presidential appointees are qualified for their jobs.

We see merit in the Commission's recommendation for a streamlined financial disclosure process and tax relief for presidential appointees who must divest financial holdings to avoid conflicts

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of interest. However, we are also aware that the President has submitted a legislative proposal to amend the ethics statutes based on the recommendations of his Ethics Commission. We have not had an opportunity to study the President's proposal and would prefer to defer comment on these matters until we have done so.

We are not convinced that the 3-month severance payment proposed by the Commission for presidential appointees when they leave office would serve a worthwhile purpose. Severance payments are not made to other federal employees who voluntarily decide to leave. The Commission suggested such payments would be a bridge to outside employment and discourage appointees from job-hunting during their last months in office. It is illegal (18 U.S.C. 208) for a presidential appointee or any other federal employee to participate in any matter that they know will affect the financial interest of an entity with whom they are negotiating for employment.

The Commission did not specify which appointees it believes should receive severance payments. If all presidential appointees in the 3,000 jobs the Commission referred to elsewhere in its report were to receive 3-months' pay and benefits upon

leaving office, substantial amounts would be involved, particularly since their average tenure is 2 years or less.

Goal 3: Make More Room Near the Top for Career Executives

Recommendations:

1. The growth in recent years in the number of presidential appointees, whether those subject to Senate confirmation, noncareer senior executives, or personal and confidential assistants, should be curtailed. Although a reduction in the total number of presidential appointees must be based on a position-by-position assessment, the Commission is confident that a substantial cut is possible, and believes that a cut from the current 3,000 to no more than 2,000 is a reasonable target.
2. The President should more frequently consider career officials for sub-cabinet appointments, taking advantage of a prime source of professionalism and experience to his or her Administration.
3. The President and Congress should set a lower limit on the number of noncareer senior executives allowed within a particular department or agency. Current law permits up to 25 percent of an agency's senior executives to be noncareer appointees, thereby crowding out opportunities for career officers.

The Commission believes there are too many presidential appointees and suggested that their number be cut from 3,000 to no more than 2,000. While we would not wish to speculate on how many appointees are enough, we do know that their proportion to other employee groups has increased significantly in recent years. From 1980 to 1986, civilian employment in the Executive Branch increased 0.7 percent. Over the same period, career

Senior Executive Service (SES) members decreased by 5.3 percent while noncareer SES members and Schedule C appointees increased by 13.1 percent and 12.8 percent, respectively.

We agree that the appointment of career executives to top-level jobs is a good idea. However, we have no information on how often such appointments happen now, so we don't know how much of a change the Commission's recommendation would make.

Under current law, noncareer appointees cannot hold more than 10 percent of all allocated SES positions governmentwide. The limit is 25 percent in any one department or agency. Since the Commission did not specify what it thought the lower limit on individual departments and agencies should be, it is difficult to assess the merits of the third recommendation. It should be kept in mind that the objective of the 25 percent limit was to accommodate smaller organizations, with few SES positions allocated. For example, in 1987, the Department of Education was allocated 84 SES positions of which 19, or 22.6 percent, were filled by noncareerists. On the other hand, the Department of Health and Human Services was allocated 580 SES positions of which 57, or 9.8 percent, were filled by noncareerists. If the governmentwide limit of 10 percent were applied to each department, HHS could still keep its 57, but Education would be

limited to 8, or 11 fewer than the 19 it had and 13 fewer than the 21 it was allowed under the 25 percent limit. Thus, reducing the 25 percent limit to 10 percent would not greatly affect the overall number of noncareer SES members in the government but would have a major effect in certain small agencies at or near the 25 percent limit.

The Commission's objective of reducing the number of political appointees in the SES could also be accomplished if the base for calculating the 10 percent and 25 percent limitations was changed to apply to filled positions. The law provides that the percentages are to be applied to allocated positions. Because some allocated SES positions may be vacant or the agency has no intent to fill them, noncareer SES members can represent greater percentages of the positions actually filled. At Education, 23 SES positions were not filled, and its 19 noncareer SES members were 31.1 percent of all filled positions. The 57 noncareer SES members at HHS were 10.7 percent of all filled positions.

Goal 4: Decentralize Government Management

Recommendations:

1. Provided they receive appropriate program guidance from the President and oversight from Congress, cabinet officers and agency heads should be given greater flexibility to

administer their organizations, including greater freedom to hire and fire personnel.

2. In decentralizing administrative authority and flexibility, the President and Congress must ensure that senior managers receive the executive training to exercise their responsibilities effectively.

The Commission provided little specific information in making its two recommendations in this area. It believes cabinet officers and agency heads should be given greater flexibility to administer their organizations, which we agree is a worthwhile objective.

Agencies have expressed concerns about the lengthy processes involved in bringing employees into the government and in terminating employees whose conduct or job performance do not meet established standards. We agree with the Commission that the hiring and firing processes need to be examined and possibly simplified.

The Commission's call for the assurance that senior managers receive executive training commensurate with their responsibilities is valid. Our work has shown that executive training is uneven across agencies, and more attention needs to be paid to this issue.

Goal 5: Strengthen the Presidential/Career Partnership

Recommendations:

1. All presidential appointees must receive adequate orientation to office. Such orientation should be provided during the hiatus between nomination and confirmation, focusing on the substantive policy and administrative responsibilities each appointee faces, the ethical conduct expected of a public official, and the positive role that career officers can play.
2. Cabinet secretaries and agency heads should be given greater opportunity to participate in the choice of their sub-cabinet officers, particularly where the Office of Presidential Personnel and a cabinet secretary disagree on a specific appointee.

We believe the Commission's recommendations could lead to a more effective working relationship between presidential appointees and career personnel. Appointees new to the government need to be familiar with the organizational structure in which they will be working, the government's ethics and other personnel rules, what career employees do, and a myriad of other issues a person new to the government will encounter. We agree with the Commission that required orientation sessions for new presidential appointees is the best way to assure this is accomplished.

It also appears sensible to us that cabinet secretaries and agency heads should have the primary responsibility for

selecting their own sub-cabinet officers, as the Commission suggests.

Goal 6: Rebuild Student Interest

Recommendations:

1. The nation must elevate the importance of civic education as a part of social studies and history in the nation's primary and secondary school curricula.
2. America's communities should increase the opportunity for young people to practice their citizenship skills. The Commission urges local businesses, nonprofit organizations, civic groups, and governments to work together in sponsoring more of the citizenship activities that students deserve.
3. America should take advantage of the natural idealism of young people by expanding and encouraging national volunteer service, whether through existing programs like ACTION, the Peace Corps, and VISTA, or experiments with initiatives like President Bush's Youth Engaged in Service (YES) and some of the ideas contained in the Democratic Leadership Council's citizen corps proposal.

The Commission's recommendations to achieve this goal are based on its beliefs that the citizenry needs to be more informed about the American political system and that the Nation's young people need to develop a stronger sense of civic duty. The Commission believes attention to these issues by educators, businesses, communities, and government leaders will help in attracting students into public careers.



We agree with the Commission. Its analysis of student attitudes toward federal employment showed an alarming lack of awareness of what a government job entails or the exciting challenges it presents. Along with measures critically needed to make government employment more attractive to prospective employees, a greater appreciation of the important role the government plays in the Nation's affairs can only lead to a brighter future for our democracy and the institutions that govern it.

Goal 7: Recruit the Very Best Graduates

Recommendations:

1. The President and Congress should establish a Presidential Public Service Scholarship Program targeted to 1,000 college or college-bound students each year.
2. The President and Congress should expand and strengthen the government's current programs for recruiting college graduates into public careers. Specifically, the Presidential Management Internship Program should be expanded from 400 positions per year to 1,000.

Like the Commission, we believe the very best graduates are needed in the government. We cannot agree with those who suggest that the government can get by with mediocrity or that employees with average ability are good enough for government work.

Unfortunately, evidence is mounting that top graduates are not coming to government now.

The Commission's recommendations to establish a Presidential Public Service Scholarship Program for 1,000 college students each year and to expand the Presidential Management Internship program to 1,000 positions a year would undoubtedly help in attracting more qualified graduates and are deserving of serious consideration. However, it should be kept in mind that these two programs, if the Commission's recommendations are adopted, would account for a very small proportion of the many thousands of graduates the government hires each year and would be only a small step toward achieving the overall quality the government needs. Moreover, a Commission survey of Presidential Management Interns disclosed considerable disenchantment among the Interns with their government experiences and prospects. If the very best graduates are recruited, they must be given opportunities and challenges commensurate with their abilities.

Goal 8: Open New Channels of Communication

Recommendations:

1. The government's executives, both senior and mid-level, political and career, should serve as ambassadors of the public service on America's college campuses.
2. To describe and celebrate public careers, government should open new channels of communication with America's college students--at job fairs, and through electronic bulletin boards, computer software, and/or video cassettes.

3. The OPM should establish a unified federal job bank to help students find openings in the public sector, accessible for student "browsing" through 800-line personal computer hookups.

The Commission has some very good ideas on how to enhance campus recruiting. If students don't know what federal agencies do, what jobs are available, or how to go about applying for openings, the prospects of attracting talented individuals to public service careers are quite limited. We agree with the Commission that OPM and the agencies must be more pro-active in seeking out potential employees rather than waiting for employees to come to them in response to vacancy announcements.

The Commission saw fit to mention GAO as one of the agencies it believes do well in getting their messages out to college campuses. We at GAO take our recruiting very seriously and are already doing several of the things the Commission suggested. GAO's recruitment is led by our senior executives, and they are expected to personally get to know the deans, placement officials, and the department heads of the schools in which we recruit. The competitive climate is just too great to allow us to be passive about recruiting and expect good people to come to us. We are convinced this top-level commitment to recruiting has helped us to bring in the quality of employees we are getting.

We think the 800 number job bank proposed by the Commission would help. The need is evident from the Commission's finding that only 30 percent of top college graduates say they would know how to find a federal job if they wanted one. The survey of Presidential Management Interns also showed they experienced difficulties in getting information they needed about federal employment.

Goal 9: Simplify the Recruiting Process

Recommendations:

1. The OPM should continue to deregulate the hiring process by giving departments and agencies broad, but conditional, authority to set their own rules, as well as through aggressive use and expansion of existing authority to experiment, and continue use of advisory and clearing-house mechanisms to share information across government.
2. The OPM should experiment with a variety of new recruitment incentives for hard-to-recruit professions--for example, more flexible compensation systems that address the costs of starting a new job.
3. The OPM should continue its experiments with on-the-spot hiring of both undergraduate and graduate students to minimize paperwork and delay.

The recommendations to achieve this goal are designed to give agencies greater flexibility in hiring employees, including experimentation with new recruiting incentives and procedures to speed up the hiring process.

We have generally endorsed the proposition that agencies know best what recruitment and other personnel practices fit their needs. The Civil Service Reform Act allows OPM to delegate personnel management authorities to the agencies as it deems appropriate. Thus, the Commission's recommendations are consistent with the Reform Act's objectives. We caution, however, that OPM's record in recent years of evaluating agency personnel operations, including their use of delegated authorities, has been spotty. If agencies are to have greater freedom in their hiring programs and allowed to offer special recruitment incentives to certain employee groups, effective OPM oversight is crucial to assure that merit principles are followed.

We agree with the Commission's recommendation that OPM continue its alternative hiring experiments, including on-the-spot offers to outstanding graduates. These efforts are in their early stages, and we will be monitoring them to see how they work out in actual practice.

Goal 10: Increase the Representations of Minorities

Recommendations:

1. America's educators and community leaders must help more minority students stay in school through high school and

college to help build the talent pool. The Commission recommends that government provide needed training, including high school course work, for blacks and Hispanics upon entry into their government careers.

2. America's graduate schools of public affairs should reach across traditional academic boundaries to interest minority students in public life through cooperative relationships with historically black and Hispanic colleges and universities.

The Commission's objective here was to better prepare members of minority groups for public service careers.

As the Commission pointed out, minority groups are becoming a large portion of the Nation's workforce. However, their low graduation rates from high school and college suggest that many of them will not have the skills government jobs require. We agree with the Commission that special efforts are needed to rectify the situation not only to enlarge the potential workforce for which the government and other employers will be competing in the future, but also to improve the employment prospects for minorities in this country.

Adoption of the Commission's recommendation that the government provide needed training, including high school course work, for minorities entering government careers would represent a significant, and costly, change in federal employment practices. If such an effort is undertaken, we suggest it be recognized as a

training program, perhaps along the lines of a co-op arrangement, for the long-term development of potential employees separate from the employment of individuals prepared from the outset to do the government's work.

Goal 11: Provide Competitive Pay and Demand Competitive Performance

Recommendations:

1. The Commission recommends action to raise executive, judicial, and legislative salaries to 1969 levels of purchasing power.
2. It recommends further that the needed restoration of purchasing power in senior salaries be extended more evenly over time; e.g., 25 percent now and the balance by the beginning of a new Congress in 1991.
3. To build public support for such an increase, the Commission recommends that Congress adopt a clearly enforceable ban on speaking honoraria and other income related to their public responsibilities.
4. Once purchasing power is restored to 1969 levels, the Commission recommends development of a process that will trigger needed increases in a more timely fashion.
5. If Congress is still unable to act on its own salaries, the Commission recommends that the President make separate recommendations for judges and top-level senior executives along the lines proposed and that the Congress act promptly upon these recommendations.
6. If for some reason there is delay in implementing salary increases at the political level, the Commission recommends prompt action by the President and Congress to raise the cap on the Senior Executive Service, even if this means that their pay in some instances could exceed that being received by the political appointees above them.

7. The President and Congress must give a higher budget priority to civil service pay. The Commission recommends a new pay-setting system that recognizes the fact that public employees live and work in localities characterized by widely different living costs and labor market pressures, and adjusts compensation upward accordingly.
8. The Commission is of the view that these changes, including a substantial and prompt narrowing of the gap between public and private pay on a locality-by-locality basis, will create the opportunity for higher performance and productivity within the civil service. Thus, while urging that civil service pay be given a higher budget priority, the Commission believes that a substantial portion of the costs can and should be absorbed through existing personnel accounts, whether through targeted reductions in employment or the elimination of programs that no longer serve essential public need.
9. The Commission encourages the President and Congress to use their respective budget and oversight authorities to monitor closely progress toward improving standards of employee performance, while eliminating duplication of services and unnecessary layers of government through restructuring both within and across departments and agencies.

The Commission's basic premise here is that established federal pay adjustment processes have not worked, leaving federal salary levels far behind those paid in the private sector.

The inadequacies of pay rates for Members of Congress, judges, and top executives were clearly demonstrated by the report of the 1989 Commission on Executive, Legislative, and Judicial Salaries. Our work over the years has also shown that top-level pay rates are too low and have contributed to recruitment and retention difficulties for senior government positions. Similarly, the



government's own surveys, which our reviews have found to be sound, of private sector salary rates for jobs comparable to General Schedule positions show an average pay gap of about 22 percent. The gap is the cumulative result of 12 consecutive years of smaller pay increases for federal employees than the average increase in private sector salaries each year. Federal blue-collar employees' pay increases have also been limited for several years to less than their private sector counterparts received.

We agree with the Commission that this situation cannot be allowed to continue. Reasonable pay rates at all levels of federal employment are needed to provide basic equity to the government's workers and must be achieved if the government is to be able to attract and keep a quality workforce in the future.

For top level officials, the Commission presents a series of alternatives for increasing pay. We believe its call for incremental pay increases is reasonable and will be more acceptable to the taxpayers and other government employees than a large immediate increase, such as was defeated by Congress in February 1989. The Commission also recognizes that large increases would not be necessary if more regular adjustments were made and called for a process to be developed that would

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trigger needed increases in a more timely fashion. We agree with the Commission, but would also point out that such a mechanism has existed in law since 1975 whereby top officials are to receive each year the average percentage increase in General Schedule salaries. This mechanism has not been effective because Congress, more often than not, disapproved the increases. Thus, any mechanism for regular adjustments will be successful only to the extent it is allowed to operate.

Like the Commission, we too, have recommended that congressional pay setting be "de-coupled" from executive and judicial pay. We cannot agree, however, with the Commission's recommendation that SES pay rates be increased even if Executive Schedule pay rates for top-level political appointees are not increased. We believe it is important that pay differentials between levels of responsibility be maintained and, accordingly, would urge that Executive Schedule and SES pay rates be adjusted together.

The Commission also recommended that General Schedule pay rates be established and adjusted on a locality basis in contrast to the national pay scale that now exists. We believe the locality pay concept may have merit and have recommended in the past that it be considered. We recognize, however, that the implementation of locality pay for white-collar workers would not

be an easy task and considerably more information is needed about its desirability and how it could be designed than is now available. We are presently considering how best to examine this issue.

We do not agree with the Commission's assertion that much of the cost of achieving adequate pay rates for federal employees can be absorbed through existing personnel accounts. The Commission suggested that savings are available through targeted reductions in employment and the elimination of programs that no longer serve essential public needs. It gave no specifics of where these potential reductions might be. If employment levels are too high or programs are not needed, corrective actions should be taken regardless of whether employee pay is to be increased. We do not believe essential changes in federal employment policies and practices can continue to be attempted across-the-board on a "budget neutral" basis.

Goal 12: Strengthen the Government's Personnel Agency

Recommendations:

1. The President should highlight the important role of the OPM by sustained contact with its Director and by ensuring participation by the Director in cabinet-level discussions on human resource management issues. The Commission further recommends that OPM's current operating responsibilities-- e.g., specialized training, approval of routine personnel

decisions--should be decentralized to the federal departments and agencies.

2. The number of politically appointed managers inside OPM should be significantly reduced.

The Commission believes OPM should have a stronger influence with the President on human resource management issues and should emphasize its policy setting role, delegating operating responsibilities to the agencies.

We agree. Our OPM management review concluded that OPM has not exerted its leadership responsibilities in planning for workforce needs, assisting with performance management problems, and general oversight of personnel operations in the agencies. A stronger relationship between the President and the OPM Director could bring some of these shortcomings to the fore, allow OPM to be an advocate for the civil service in top level policy deliberations, and make personnel management issues more visible in Presidential decision making. Similarly, to the extent that OPM can divest itself of operating responsibilities, with appropriate oversight, to the agencies, it can concentrate on the many other issues discussed in the Commission's report and thereby be of even more service to the President.

Exactly what OPM responsibilities could reasonably be delegated to other agencies would have to be the subject of much further

study. For example, the Commission mentioned specialized training as an OPM function that would be more appropriate for individual agencies. To our knowledge, individual agencies already are responsible for providing specialized training to their employees, and OPM training covers matters of a more general nature.

We believe the Commission is right in recommending that the number of political appointees at OPM be reduced. It seems to us that, to the extent possible, day-to-day management of the federal personnel system should be kept out of politics.

Goal 13: Increase Government Productivity

Recommendations:

1. In conjunction with the pay increases recommended above, the number of senior executives currently eligible for annual bonuses should be reduced by half to ensure that performance bonuses are only used as bonuses, not as hidden salary increases, and to concentrate scarce budget resources on the highest performers.
2. The OPM must take a stronger leadership role in providing assistance to departments and agencies on performance appraisal and productivity improvement.
3. The OPM should continue past experiments with "gain-sharing" in agencies.

The Commission's recommendations to achieve this goal reflect its view that agencies need to do a better job of rewarding good performance, and thereby enhance productivity improvement.

One of the more controversial recommendations is the proposal that the number of senior executives eligible for annual bonuses be cut in half so that the bonuses would be used to reward the highest performers. This recommendation is consistent with the Civil Service Reform Act's objective for the bonus program of recognizing and rewarding performance. However, if SES bonuses are being used as hidden pay increases rather than performance awards, as the Commission apparently suspects may be happening, it is not evident how a reduction in the number of SES members eligible for bonuses would halt that practice. Also, the recommendation was contingent on the premise that the Commission's proposals for substantial pay raises for SES members and other senior officials would be adopted. If such pay raises are granted, they should help deter any inclination by agency managers to use bonuses for purposes other than performance awards.

Currently, up to 3 percent of an agency's SES payroll can be used for bonuses with no limitation on the number who can receive them. We believe this arrangement is appropriate and see no

reason to impose an arbitrary limit on the number of bonus recipients.

We agree with the Commission's recommendation that OPM give more assistance to agencies on performance appraisal and productivity improvement. We, too, have recommended that OPM assist agencies in improving their productivity and quality of work and give more attention to problems that are preventing performance management systems from achieving their full potential. Our work has shown that agencies are experiencing significant problems in establishing and using meaningful performance standards that are the heart of performance appraisal systems. OPM's own reviews have disclosed similar problems.

We are unaware of any OPM plans to stop its experiments with "gain sharing" in the agencies that the Commission recommended be continued.

Goal 14: Provide for Training to Succeed

Recommendations:

1. The OPM and the nation's schools of public affairs should work together to define the skills needed by today's public executives. In addition, to recognize the importance of management as a distinctive skill, the President should create a separate track within the Senior Executive Service for generalist managers.

2. The OPM should help departments and agencies design clear career paths for advancement to senior executive positions, and provide guidance on the kinds of executive development curricula and succession planning appropriate to future success.
3. As part of the overall decentralization of responsibility recommended by the Commission, OPM should encourage departments and agencies to develop their own programs, to contract with other comparable agencies, or to look outside government for the training needed for their specialized missions.
4. Schools of public affairs should enrich their teaching through a greater appreciation of the role of practical experience. Toward this end, the National Association of Schools of Public Affairs and Administration and its representatives should work toward the establishment of a Public Service Fellows Program, modelled on the prestigious White House, Congressional, and Judicial Fellows programs, designed to bring teachers of public affairs into government for a year of hands-on experience at the federal and state levels.

With one exception, we agree with the Commission's recommendations for achieving this goal. Training is critically important in equipping new employees to understand and carry out their job responsibilities and for keeping employees up-to-date with changing requirements and technologies as their careers progress. Unfortunately, training often is among the first programs cut when agencies seek ways to reduce overall expenditures. The Commission is on sound ground when it calls for greater attention to the federal training program, particularly as it pertains to the development of employees for future executive positions.



We disagree with the Commission's proposal for a separate track within the Senior Executive Service for generalist managers. Management is the essential function of the SES, and managerial skills are needed for virtually all SES members. In fact, the SES was conceived as a cadre of managers who could be assigned across government as needed. We believe it is more appropriate to assure that appointees to SES positions have demonstrated managerial competence than to change the SES concept as the Commission's proposal seems to suggest.

The need for improved preparation for executive positions, as many of the recommendations are intended to accomplish, is real. The Civil Service Reform Act provided for the establishment of the SES Candidate Development Program to assure that prospective appointees to SES positions have the requisite managerial skills. If candidates successfully complete the program, they are certified by OPM as being managerially competent. Our work has shown that most new appointments to SES positions are made to individuals who may possess the technical skills desired but did not participate in the Candidate Development Program. Thus, agencies have no assurance that their SES appointees will be capable managers.

At GAO, our policy is that the SES Candidate Development Program will be the main source of our SES appointees. We have found the program to be an effective means for preparing promising employees for executive positions.

Goal 15: Improve the Government Work Place

The Commission made no recommendations on how the working conditions of federal employees should be improved. It did observe, however, that changes in working conditions could be as important for recruitment and retention as a challenging job and decent pay. We agree and are making significant investments at GAO in improving and modernizing our facilities. Improvements in office space, avoidance of sexual harassment, elimination of red tape, whistleblower protection, and more flexible working hours and locations, all mentioned by the Commission as working condition issues deserving attention, could make government work more rewarding both to employees and the public they serve.