



PARTNERSHIP FOR PUBLIC SERVICE

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Prepared for

**The Senate Committee on Homeland Security and
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**Hearing Entitled,
“Developing Federal Employees and Supervisors: Mentoring,
Internships, and Training in the Federal Government”**

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Chairman Akaka, Senator Voinovich, Members of the Subcommittee, thank you very much for the opportunity to appear before you today. I am John Palguta, Vice President for Policy, of the Partnership for Public Service, a nonpartisan, nonprofit organization dedicated to revitalizing the federal civil service and transforming the way government works. Prior to joining the Partnership over 8 years ago, I spent more than 30 years as a career federal employee. Most of my time in the federal government was spent in a supervisory and management capacity and I had the privilege to serve as a career member of the Senior Executive Service as the Director of Policy and Evaluation for the U.S. Merit System Protection Board.

The Partnership has two principal areas of focus. First, we work to inspire new talent to join federal service. Second, we work with government leaders to help transform government so that the best and brightest will enter, stay and succeed in meeting the challenges of our nation. This hearing today focuses on a topic of vital importance to the effective and efficient operation of our government and one in which the Partnership has a strong and ongoing interest – the willingness and capability of the federal government to invest in the growth and development of its most valuable asset, federal employees and supervisors. Unfortunately, too often this issue is either ignored or relegated to the “nice to have” category and afforded a low priority within the executive branch – a case of benign neglect stemming from a lack of both understanding and clear accountability.

Chairman Akaka and Senator Voinovich, I sincerely commend you and this Subcommittee for your many years of devotion to the task of addressing a number of federal workforce issues that have been too easily forgotten or overlooked in favor of more transient but higher profile issues du jour. The subject of this hearing may not be front page news, but the growth and development of federal employees and supervisors is clearly of long range strategic importance to the ability of government to accomplish its many missions on behalf of the American public.

In my testimony today, I will focus on four major issues.

1. **A Cause for Concern.** Why there is a pressing need for increased training and employee development activities in the federal government.
2. **Solutions at Hand.** The potential for interventions such as S. 674 – the *Federal Supervisor Training Act* – to make a difference.
3. **Getting It Right at the Outset.** The reasons for the increasing popularity of the Federal Career Intern Program, which was established with a dual focus on recruitment and development of exceptional talent, and issues the Subcommittee may wish to consider in your oversight of this hiring authority.
4. **The Untapped Potential of Student Internships.** The tremendous but often overlooked value of temporary student internships as part of the long range talent pool for government and as an opportunity to begin early development of that talent.

A Cause for Concern

Since shortly after the launch of the Partnership for Public Service in the fall of 2001, it became clear that the effective and efficient operation of the federal government requires not only a well-qualified and motivated federal workforce, but also a workforce led by well-trained and capable managers and supervisors. Unfortunately, there is overwhelming evidence that far too often the government falls significantly short of the latter goal.

One of the first major initiatives of the Partnership was the creation, in collaboration with American University, of the *Best Places to Work in the Federal Government* ranking of federal agencies (www.bestplacestowork.org). This ranking uses the results of an annual government-wide Federal Human Capital Survey, recently renamed the Federal Employee Viewpoint Survey, conducted by the U.S. Office of Personnel Management to rank agencies based on employee satisfaction with their job and their work environment and the degree to which they would recommend their organization to others as a good place to work. The purpose of the *Best Places* initiative is to build interest in the government as a potential employer and also to provide an incentive to and a roadmap for government leaders seeking to improve employee engagement. Not surprisingly, employee engagement is directly related to organizational productivity and outcomes. As one goes up so does the other.¹

Our first rankings were issued in 2003 and updated periodically since then. In the Partnership's analysis of the results, we use other questions from the OPM survey to identify patterns associated with high or low levels of employee satisfaction and commitment. Consistently, the number one predictor of changes in employee satisfaction has been changes in employee attitudes towards their supervisors and higher level managers. As employee views of their supervisors decline so does employee satisfaction. This being the case, the results of the 2008 government-wide employee survey are troubling. For example, while 66 percent of federal employee report that their supervisor is doing a "good" or a "very good" job, this is significantly below the 74 percent of private sector employees who report similar attitudes toward their supervisors. Further, among federal employees, 21 percent report their supervisors do only a "fair" job and 13 percent believe their supervisors do a "poor" or a "very poor" job. Additionally, only about two out of every three employees (64.5 percent) believe their supervisors support employee development.

Warnings of a need to improve the training and development of federal supervisors have been sounded over a number of years but, until recently, there was little action taken in response. For example, a January 2001 report by the Office of Personnel Management titled *Supervisors in the Federal Government: A Wake-up Call* concluded that "most agencies still do not identify employees with supervisory potential and develop them for future leadership positions." That same report noted that supervisors themselves "believe that leadership development is given a low priority" and that "they need more and better

¹ See, for example, "The Power of Federal Employee Engagement," U.S. Merit Systems Protection Board, November 2008.

development in people skills, such as communicating, coaching, dealing with poor performers, and resolving conflicts.” More recently, an October 2009 report by the U.S. Merit Systems Protection Board (MSPB) titled, *As Supervisors Retire: An Opportunity to Reshape Organizations*, notes that “the nature of supervision is changing, largely because today’s supervisors are faced with many challenges that affect the work they and their staffs do and how they do it.” MSPB also notes that as an impending wave of Baby Boomers in the federal government begins to retire with a disproportionate impact on supervisory and managerial ranks, “maintaining organizational efficiency and effectiveness in the face of these changes will be a growing concern for agencies as both administrative burdens and supervisory losses mount.”

The good news, however, is that the coming turnover of experienced supervisors and managers also provides an opportunity to remake and improve the future cadre of government leaders. This will only happen, however, if we respond constructively to the mounting evidence of shortcomings and the lessons learned from past mistakes, which include a failure to systematically invest in and build a new generation of highly capable supervisors and managers.

Solutions at Hand

While there are clearly problems with the training and development for supervisors, managers, and executives, there are also signs of progress. For example, OPM issued final regulations on December 10, 2009 which made significant enhancements in this area. Those regulations finally implement provisions of the *Federal Workforce Flexibility Act of 2004*, and include a requirement for the training of new supervisors within one year of appointment, and retraining every three years. That training must specifically include strategies for mentoring employees, improving performance management and productivity, and conducting employee performance appraisals.

Of course, a requirement in regulation for the systematic training and development of supervisors, managers, and executives is one thing; effective implementation of that requirement is something else. For the latter to occur, there must be resources, commitment, and accountability. In that context, the Partnership firmly supports Senate bill S. 674, the *Federal Supervisor Training Act* introduced by Chairman Akaka, which would provide legislative backing for the establishment and authorization of funding for training programs specifically tailored to the competencies supervisors need to effectively manage and be accountable for the performance of employees. The bill also directs the Office of Personnel Management to gather data, evaluate progress based on a set of identified metrics, and report on the effectiveness of agency responses to these requirements. The Partnership believes that S. 674 would be a very positive step toward providing funding and accountability for improved managerial and supervisory development.

The Partnership is also pleased to be part of the Coalition for Effective Change, an organization of professional and managerial organizations established in 1995 and committed to sharing information and taking action on issues that further the goal of an

effective and efficient federal government. In the interest of full disclosure, I should also note that I volunteer as the Vice Chair of the Coalition. Recently, the Coalition issued a letter of support for S. 674. Along with 26 other member organizations, the Partnership is listed on that letter which urges passage of this important legislation. As noted in the letter, “Under current law, agencies must establish training programs for federal managers and supervisors, but when agency budgets are strained, training is viewed as a secondary expense and funding is often cut. Additionally, agencies are not held accountable for ensuring this training takes place. As employees are frequently promoted to supervisory roles based on technical skills, it is essential agencies invest in developing their managerial competencies to build effective leadership.” We believe the *Federal Supervisor Training Act* will help in this regard.

Getting It Right at the Outset

Of course, training and development for federal employees should not wait until they become supervisors. The need for and the value of investing in relevant training and development starts early, i.e. when an employee first walks in the door of their federal workplace. This was clearly recognized in the establishment by Executive Order of a hiring authority that has continued to grow in popularity with federal agencies but which is also currently subject to some controversy and a law suit. That authority is the Federal Career Intern Program (FCIP).

The FCIP was established by Executive Order 13162 in July 2000. Although it incorporated the term “intern” in its title, the FCIP is not an intern program in the way many people think of internships. For example, the FCIP is not a hiring mechanism for filling temporary jobs with students who will be returning to school at the end of their internships. Rather, the clearly stated purpose of the FCIP is to “provide for the recruitment and selection of exceptional employees for careers in the public sector.” Federal agencies may and typically do hire these “career interns” directly into entry level positions in mission critical occupations for the hiring department or agency with the expectation that they will become part of the permanent workforce.

The hiring authority for the FCIP is via Schedule B of the excepted service as outlined in the Code of Federal Regulations for title 5 U.S.C. An appointment under the FCIP is for two years and, at the discretion of the employing agency, competitive civil service status may be granted to a career intern who satisfactorily serves for two years and meets all other requirements prescribed by OPM. Another significant feature of the FCIP is a requirement that an individual hired under the FCIP “shall participate in a formal program of training and job assignments to develop competencies that the OPM identifies as core to the Program, and the employing agency identifies as appropriate to the agency’s mission and needs.”

There are three other aspects of the FCIP that are important to note. First, the Executive Order and OPM make it clear that veterans preference and equal employment opportunity considerations apply. Second, the merit system principles apply in that selections must still be made based on the relative qualifications of the applicants and selection may not

be based on non-meritorious factors. Finally, there is no public notice requirement for career intern appointments, which means that a federal agency may target their recruitment by limiting the areas from which they will solicit applications. For example, an agency may elect to target selected colleges and universities as their recruitment source if they determine that there is a sufficient supply of well-qualified and diverse candidates available at those locations. This is not dissimilar to the long-established and well-accepted practice under agency competitive merit-promotion programs wherein an agency may limit consideration to current government employees only (a widely used limitation on the area of consideration). Federal agencies may further limit consideration to only employees of a particular agency or to only government employees in a certain geographic area (typically the local commuting area).

So what has been the result in terms of the use of the FCIP by federal agencies? Starting with a modest 411 hires in the first year the authority was available (FY 2001), the number of appointments each year has been greater than the year before. In FY 2009, for example, there were 26,709 hires made under the FCIP. And since the general view among agencies using the FCIP is that it is a hiring authority intended to help them select “exceptional employees” for career positions, the vast majority of hires are converted to competitive civil service after their two-year FCIP appointment expires.

Are federal agencies complying with the requirement under the FCIP that they provide “a formal program of training and job assignments to develop identified competencies? I am not aware of any authoritative data which has been gathered relevant to this last question. Based on what we know about agency investments in training and development overall, however, I would hazard a guess that some agencies do a very good job of providing the required training, others meet the minimum requirement of a formal training program, and at least a few agencies are likely not meeting the intent of this provision of Executive Order 13162. However, without better reporting requirements and more complete data, we cannot know the true state of the training and development opportunities provided to FCIP hires during the first two years.

Why has the use of the FCIP hiring authority continue to grow? I believe the growth is related to a very simple reason overall – it works well as a hiring authority for those agencies that use it. I think two features of the FCIP are particularly attractive to agencies in this regard. The first is the ability to make better use of scarce recruitment and assessment resources by doing targeted recruitment in lieu of a general public notice. Secondly, the two year period of the excepted appointment provides, in essence, a two-year probationary period during which an agency is able to confirm that the individual hired is or is not a good match for the job and worthy (or not) of conversion to a competitive civil service appointment. If the agency determines that continued employment of an individual is not in the best interest of the public served by the federal government, the FCIP appointment simply expires. There is no right to continued employment.

There is a possibility the Executive Order may ultimately be rescinded or the FCIP hiring authority otherwise withdrawn. If that should be that case, Congress and/or the

Administration may wish to consider establishing an alternative hiring authority that preserves those aspects of the FCIP that have been most productive in meeting the intent of the Executive Order. That intent was to provide a vehicle that enhances the ability of government to attract and hire highly qualified individuals well matched to the requirements of the job and to provide for their training and development over a two-year period to ensure the presence of a highly capable and motivated workforce going forward.

Should there be a replacement for the FCIP, it should avoid use of the word “intern” to avoid confusion. Beyond that admittedly cosmetic change, however, any replacement should also allow an agency to define the area of competition but require the area to be large enough to ensure that it yields a reasonable number of highly qualified candidates from among which the selecting official may choose. In addition, any replacement for the FCIP should also provide for a two year trial period that would serve, in essence, as the last stage of the assessment process. Continuation in federal employment at the end of the two year period should require an affirmative declaration by the employing agency that the employee meets established standards of conduct and performance. Absent such an affirmative declaration, the employee’s appointment would expire. Finally, veterans preference and the merit system principles should still apply in the hiring process.

We would also like to note that the complex federal hiring process contributes to agencies’ desire to use a less complicated hiring authority like FCIP. S. 736, the *Federal Hiring Process Improvement Act* introduced by Senator Voinovich and Chairman Akaka, will do much to simplify federal hiring and we strongly urge its swift passage by the full Senate.

The Untapped Potential of Student Internships

Finally, a discussion on developing federal employees would not be complete without a reference to one of the earliest stages of building a talent pipeline – one that holds tremendous promise but which, for the most part, is woefully underutilized in the federal government. I am referring to student internships, particularly those such as the Student Career Experience Program (SCEP), which come with an option for the non-competitive conversion to permanent employment for students who have demonstrated their potential to be successful employees and who meet certain conditions.

In an effort to build pipelines of talent into the federal government, agencies must do a better job of utilizing its student interns. In a recent Partnership report *Leaving Talent on the Table*, we found that federal agencies lag behind their private sector counterparts in converting interns into full time hires. In 2007 federal agencies employed 59,510 interns through two of its largest paid internship programs, yet only 3,939 – 6.6 percent – of those student interns were hired into permanent jobs. Even among the students in 2007 who were employed under the SCEP program and who could have been easily converted to permanent employment, just a little more than 1 out of 4 (26.7 percent) were actually converted. In comparison, private sector employers in 2007 converted 50.5 percent of

their interns to full-time, permanent positions according to a survey by the National Association of Colleges and Employers.

Part of the value of student internships as another source of talent for permanent positions is based on the fact that one of the best assessment tools for determining a potential employee's fit for the position is the ability to observe the candidate's actual work and work habits on the job. That is precisely what a student internship provides to a potential employer. And since highly qualified and motivated interns will frequently have multiple options for employment upon graduation, an internship also allows the intern's place of employment to "woo" the intern. Of course, both of these advantages only work if the federal government and federal hiring officials view student internships as a valuable part of the talent pipeline and act accordingly. In short, the federal government can and must do a better job using student employment programs as a means of finding and assessing potential new hires. In order to do this, agencies need to understand where their interns come from, how they are utilized, and the quality of their internship experience. Agencies must also do a better job of advertising their internships so highly qualified students know how to find them.

Representative Connolly's *Federal Internship Improvement Act* (H.R. 3264) gets at the heart of this matter. The legislation requires agencies to collect data and provide an annual report to OPM and ultimately Congress on a number of important items, including how agencies recruit interns, the type of work in which interns are engaged, and the quality of the internship experience as identified through exit interviews. Agencies are required to designate an internship coordinator and publicly post available internship positions with a clear point of contact to help attract the best candidates. The legislation also requires OPM to create a central database with the names of individuals who are completing their internships and are seeking federal employment. The central database will enable agencies to gain access to a talented pool of potential candidates.

We commend Rep. Connolly for introducing this legislation and although the Partnership has provided some recommendations for strengthening the bill, we are convinced that the intent of the bill is sound. We suggest the Senate consider introduction of a similar bill and the Partnership would be pleased to provide some additional information in this regard.

Conclusion

As I've noted in this testimony and as the Partnership has found in its research and analysis, there are steps that can and must be taken to ensure that the federal government is investing in the training and development of its workforce. S. 674, the *Federal Supervisor Training Act*, is one of the steps that can be taken and we thank the Subcommittee for its leadership. What is at stake is nothing less than the ability of the federal government to protect and serve the American public.

Thank you and I would be pleased to answer any questions.