

Stenographic Transcript  
Before the

Subcommittee on Personnel

COMMITTEE ON  
ARMED SERVICES

## **UNITED STATES SENATE**

HEARING TO RECEIVE TESTIMONY ON DEPARTMENT OF  
DEFENSE CIVILIAN PERSONNEL REFORM

Thursday, March 23, 2017

Washington, D.C.

ALDERSON COURT REPORTING  
1155 CONNECTICUT AVENUE, N.W.  
SUITE 200  
WASHINGTON, D.C. 20036  
(202) 289-2260  
[www.aldersonreporting.com](http://www.aldersonreporting.com)

1 HEARING TO RECEIVE TESTIMONY ON DEPARTMENT OF DEFENSE  
2 CIVILIAN PERSONNEL REFORM

3

4

Thursday, March 23, 2017

5

6

U.S. Senate

7

Subcommittee on Personnel

8

Committee on Armed Services

9

Washington, D.C.

10

11

The subcommittee met, pursuant to notice, at 2:33

12

p.m., in Room SR-232A, Russell Senate Office Building, Hon.

13

Thom Tillis, chairman of the subcommittee, presiding.

14

Members Present: Senators Tillis [presiding], Ernst,

15

Gillibrand, and Warren.

16

17

18

19

20

21

22

23

24

25

1           OPENING STATEMENT OF HON. THOM TILLIS, U.S. SENATOR  
2 FROM NORTH CAROLINA

3           Senator Tillis: Thank you all for being here, and I  
4 am sorry, we are running a little bit late. I do not like  
5 starting late. We just had a vote, but now we can dedicate  
6 our attention to a very important topic. I appreciate the  
7 ranking member and the Senator from Iowa joining us, and we  
8 may have other members join us later.

9           But the Senate Armed Services Personnel Subcommittee  
10 meets this afternoon to discuss a very important topic in  
11 my mind, and it is civilian personnel reform. We are  
12 fortunate to have a group of former Department of Defense  
13 appointees with us, and I do mention "former" just in case  
14 people want to treat you like the current ones, to discuss  
15 ideas for forward-thinking reforms.

16           The Honorable Dov Zakheim, the former Under Secretary  
17 of Defense Comptroller; the Honorable Peter Levine, former  
18 Deputy Chief Management Officer and official performing the  
19 duties of the Under Secretary of Defense for Personnel and  
20 Readiness. Was that your full title?

21           [Laughter.]

22           Mr. Levine: Senator, I was Acting Under Secretary,  
23 and then with the Vacancies Act, at a certain point, you  
24 are not allowed to be "acting," and they give you a tongue-  
25 tying title to replace that.

1           Senator Tillis: Gotcha. And the Honorable Laura  
2           Junor, former Principal Deputy Under Secretary of Defense  
3           for Personnel and Readiness.

4           I think most of us know, but it bears repeating that  
5           the Department of Defense employs close to 1 million  
6           civilian employees who serve in capacities supporting the  
7           warfighter, such as depot maintenance, facility mechanics,  
8           administrative support, nuclear engineers, scientists,  
9           healthcare professionals, lawyers, and accountants. These  
10          individuals are an important force multiplier for the  
11          Department of Defense missions worldwide. Today, we will  
12          discuss areas for improving the laws and regulations  
13          governing these employees.

14          The management structure governing civilian employees  
15          is outdated, restrictive, and cumbersome. The Department  
16          of Defense and service branches are constantly asking for  
17          relief to make the system more flexible and manageable.  
18          This committee has spent the last few years legislating  
19          around restrictive civilian personnel practices, adding  
20          direct hiring authorities for scientists, students,  
21          acquisition personnel, and requiring stronger performance  
22          metrics and demanding that employees and supervisors be  
23          held accountable for mission accomplishment.

24          However, these efforts are merely a start. Beginning  
25          in late 2015, the Senate Armed Services Committee held a

1 series of hearings at the full committee level dedicated to  
2 the Department of Defense management overview and reform.  
3 At our November 15, 2015, hearing, "Overcoming Obstacles to  
4 Effective Management," Mr. Richard Spencer, a former member  
5 of the Defense Business Board, testified to the challenges  
6 faced by an outdated system that prioritizes tenure above  
7 all else.

8 He noted, "On the civilian side, we need to adopt  
9 meaningful management performance measurement tools and  
10 educate managers on how to use those tools in order to  
11 craft a high-performance Government service and Senior  
12 Executive Service cadre.

13 "To quote a charge-charging GS-14 we interviewed, 'How  
14 can the building compete for the best and brightest when  
15 the strategy for long-term success and promotion is just do  
16 not die?'"

17 Today, we will discuss alternative strategies for  
18 effectively hiring, managing, supporting, promoting, and  
19 divesting Department of Defense civilian personnel. I look  
20 forward to hearing from our distinguished panel on the  
21 important issue of civilian personnel reform.

22 Senator Gillibrand, would you like to read an opening  
23 statement?

24

25

1 STATEMENT OF HON. KIRSTEN E. GILLIBRAND, U.S. SENATOR  
2 FROM NEW YORK

3 Senator Gillibrand: Sure. Well, thank you, Senator  
4 Tillis, for your leadership and holding this hearing.

5 I want to join you in welcoming our witnesses as we  
6 discuss this important topic.

7 I want to start by stating for the record how  
8 essential I believe the civilian workforce is to the  
9 Defense Department. They are integral to the total force.  
10 They provide continuity at all levels of the force, from  
11 units deployed overseas to installations in the States to  
12 headquarters in Washington.

13 They maintain our equipment at depots throughout the  
14 Nation; provide contracting and legal expertise;  
15 investigate misconduct, fraud, and waste and abuse; and  
16 address myriad issues within the services, such as  
17 investigating and responding to sexual assault and hazing.  
18 They are Americans who are committed to our national  
19 defense and may spend a lifetime performing vital work on  
20 behalf of the Nation in the capital region, across the  
21 country, and across the globe.

22 In recent years, this committee and this Congress have  
23 used the civilian workforce as a target for cost cutting,  
24 with little focus on the larger strategic picture of how we  
25 recruit and retain the best people to support our

1 warfighters. Congress reduced the civilian workforce's  
2 retirement benefits twice and mandated across-the-board  
3 reductions to workforce that were completely divorced from  
4 strategic purpose or consideration for health of the force.

5       These measures have hurt morale, and they inhibit the  
6 Government's ability to properly shape this workforce.  
7 Under President Trump, management of civilian workforce has  
8 deteriorated further. Days after his election, the  
9 President instituted a Government-wide hiring freeze,  
10 which, though it has a national security exemption, has led  
11 to the confusion, frustration, and disarray within our  
12 civilian workforce.

13       As just one example, my office has fielded calls from  
14 concerned military parents whose DoD school cannot hire  
15 teachers and whose military child care center cannot hire  
16 staff needed to address child care shortages. And I know  
17 many others on both sides of the aisle are receiving  
18 similar complaints.

19       There is a better approach to civilian personnel  
20 reform, which focuses on improving the Department's ability  
21 to hire talented individuals, sharpens the incentives to  
22 manage the workforce, and ensures the integrity of the  
23 workforce by enforcing merit principles and competitive  
24 hiring practices.

25       I thank the chair, Senator Tillis, for holding this

1 hearing so we can hear directly from these experts about  
2 how to more efficiently and effectively manage DoD's  
3 civilian workforce to shape the force we need today and  
4 into the future.

5 Lastly, I would be remiss if I did not point out that  
6 most, if not all, legislation in this area is actually in  
7 the primary jurisdiction of the Homeland Security Committee  
8 and Government Affairs Committee, which Senator McCaskill  
9 is ranking on.

10 Again, I thank the witnesses and look forward to your  
11 testimony.

12 Senator Tillis: Thank you, Senator Gillibrand.

13 And Senator Warren, welcome to the committee.

14 Senator Warren: Thank you.

15 Senator Tillis: Thank you for attending.

16 Senator Warren: Thank you, Mr. Chairman.

17 Senator Tillis: We will start with the witness  
18 statements, and we will begin with Dr. Junor.

19

20

21

22

23

24

25



1           STATEMENT OF HON. LAURA J. JUNOR, FORMER PRINCIPAL  
2 DEPUTY UNDER SECRETARY OF DEFENSE FOR PERSONNEL AND  
3 READINESS, DEPARTMENT OF DEFENSE

4           Dr. Junor: Thank you, Chairman Tillis, Ranking Member  
5 Gillibrand, for allowing me to come and talk about a  
6 workforce that I have the utmost respect for.

7           I have already submitted my written testimony. So I  
8 would like to just briefly cover some of the observations  
9 and thoughts I have on reform.

10           Over the course of my career, the vast majority of my  
11 colleagues have been high performers, if not overachievers,  
12 even in the midst of furloughs, pay freezes, and a constant  
13 rhetoric about how they more often detract from the  
14 business of the Government -- of the Department rather than  
15 being part of the critical enabler.

16           In fact, most of the frustration I have observed is  
17 not with the DoD's civilians themselves. Rather, it has  
18 been with the inflexible human resource system that governs  
19 them.

20           For example, I have observed that it is hard to hire  
21 employees especially if you require particular skills for a  
22 position. It is also surprisingly difficult to hold  
23 employees accountable for poor performance or violating  
24 clearly established departmental or Federal policies.  
25 Finally, I found that it is difficult to adapt the

1 inventory of Federal civilians even when the work goes away  
2 or substantively changes.

3 For example, consider my experience on Secretary  
4 Gates' efficiencies task force in 2010. As I am sure you  
5 are aware, Secretary Gates wanted to shift the Department's  
6 resources away from overhead and towards activities more  
7 closely aligned with warfighting capabilities.

8 Rather than repeating mistakes of blind percentage-  
9 based reductions, he preferred the painstaking approach  
10 within OSD of identifying and then eliminating low-priority  
11 lines of work and the staff that was associated with them.  
12 In the end, we found that adjusting the inventory of the  
13 traditional Title V workforce was much harder than we  
14 expected it to be.

15 I believe there are some changes that could yield a  
16 more efficient workforce. First, publicly recognize the  
17 talent and significance of our civilian workforce. Again,  
18 this workforce has been plagued by furloughs, pay freezes,  
19 and this rhetoric that systemically associates them with  
20 being more of a burden to the Department than a critical  
21 enabler. It is hard to believe that we will continue to  
22 attract top talent with this as a background vocal.

23 In addition, we should consider finding the right  
24 balance among Federal civilian, military, and contract  
25 labor forces. Each one of these labor pools has pros and

1 cons. Imagine what we could do if we allocated work based  
2 on those attributes alone.

3 We should also evolve towards flexible hiring  
4 authority, specifically the use of Title X, term employees,  
5 and I want to point out that I am currently sitting in a  
6 Title X term billet right now. That is how I am employed  
7 at the National Defense University.

8 Finally, I want to consider holding supervisors more  
9 directly responsible for the performance of their  
10 subordinates and also supporting their validated employee  
11 assessments.

12 In closing, I am proud to serve as a DoD civilian and  
13 humbled by the talent of my colleagues. This is an  
14 important topic. Thank you again for holding this hearing,  
15 and I look forward to your questions.

16 [The prepared statement of Dr. Junor follows:]

17

18

19

20

21

22

23

24

25

1           Senator Tillis: Thank you, Dr. Junor.  
2           Mr. Levine?  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

1           STATEMENT OF HON. PETER K. LEVINE, PERFORMED THE  
2 DUTIES OF THE UNDER SECRETARY OF DEFENSE FOR PERSONNEL AND  
3 READINESS, DEPARTMENT OF DEFENSE

4           Mr. Levine: Thank you, Mr. Chairman, Senator  
5 Gillibrand, members of the subcommittee.

6           And thank you for taking on this issue. I think it is  
7 a tremendously important issue, and I agree with -- with I  
8 think everything that Dr. Junor just said.

9           I would like to -- you have my written statement. So  
10 I would like to just focus again on a few key points.

11           First, the DoD's civilian workforce is not only  
12 incredibly important. It is also an incredibly diverse  
13 workforce. We have everything from nurses to truck drivers  
14 to people who make foreign policy recommendations, and I  
15 think that you need to understand that, and I hope that you  
16 will keep that in mind and avoid "one size fits all"  
17 solutions, thinking that the same solution that we need for  
18 the policy adviser is also appropriate for the truck  
19 driver.

20           With that said, I would like to specifically address a  
21 number of the topics that you raised in your invitation  
22 letter. First, hiring. It seems to me that the single  
23 most important thing that you could do in hiring is the  
24 step that you took last year by giving DoD direct hiring  
25 authority for students and recent graduates.

1 I know when I was in the Department, we really  
2 appreciated that, and if there were one thing I could urge  
3 you to do, it would be to make that authority permanent.  
4 If you were going to look for other areas to reduce red  
5 tape, I would suggest giving the Department its own  
6 classification authority independent of OPM.

7 I would -- you might also want to think about  
8 establishing a separate DoD SES workforce, a defense SES  
9 workforce so that DoD would be able to hire its own SES  
10 employees independent of OPM review and approval. I cannot  
11 tell you how long and aggravating that OPM review and  
12 approval process is.

13 Second, with regard to pay systems, DoD has long  
14 benefited from the flexible pay authorities that Congress  
15 has authorized for science and technology employees,  
16 acquisition employees, medical professionals, the cyber  
17 employees, and I support these kinds of authorities -- the  
18 expansion of these kinds of authorities to financial  
19 managers, policy experts, and other knowledge workers.

20 I think there are a variety of approaches you could  
21 consider for these kinds of knowledge workers, including  
22 the use of step increases based on performance rather than  
23 tenure, more flexible bonus authority. I think it is  
24 extraordinary right now, and I do not know how many people  
25 know this. But an SES employee can get up to 15 to 20

1 percent of their salary, their base salary in bonuses, but  
2 a GS-15 is limited to about 1 percent. Now that is not a  
3 balance in terms of incentives that makes a lot of sense to  
4 me.

5       The one thing I would be cautious about is an across-  
6 the-board pay banding approach like what the Department  
7 tried with the NSPS system, and that is because, again,  
8 looking at the diversity of the workforce, the authorities  
9 that the Department needs for its high-tech professionals  
10 and knowledge workers may not be appropriate for clerical  
11 workers or truck drivers, wrench turners, warehouse  
12 workers, and others.

13       And experience shows that it will take a lot of effort  
14 for the Department to establish that to try to impose that  
15 kind of authority. And in the past, that undermined the  
16 entire effort, and the effort to reform DoD personnel  
17 practices were lost over that.

18       Third, performance management. I was personally  
19 disappointed by the recent change in the DoD performance  
20 management system that makes it more -- that eliminated --  
21 reduced the number of evaluation categories, making it more  
22 difficult to distinguish employees who show consistent hard  
23 work from those who just meet minimum requirements. And  
24 this may be the right answer for some parts of the  
25 workforce, but I would advocate again, at least for the

1 knowledge-based workforce of the Department, restoring a  
2 fourth evaluation category so that those employees who go  
3 above and beyond requirements can be rewarded for their  
4 effort.

5       Finally, with regard to preference eligibilities, I  
6 think that the committee made a noble effort last year to  
7 address this issue, even though the language that you  
8 drafted proved problematic because of unintended  
9 consequences for the veterans preference, and I would  
10 suggest that if you choose to address the issue again, it  
11 would be wisest to focus specifically on internal  
12 promotions and to clarify that internal promotions are to  
13 be merit based, with preferences as a tie-breaking factor.  
14 That would then ensure that the role of preferences for all  
15 outside hires would remain unchanged.

16       I appreciate your inviting me here today. I  
17 appreciate your taking on these difficult issues. They are  
18 very complex, and I look forward to your questions.

19       Thank you.

20       [The prepared statement of Mr. Levine follows:]

21

22

23

24

25



1           Senator Tillis: Thank you, Mr. Levine.  
2           Dr. Zakheim?  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

1 STATEMENT OF HON. DOV S. ZAKHEIM, FORMER COMPTROLLER,  
2 DEPARTMENT OF DEFENSE

3 Dr. Zakheim: Well, thank you, Chairman Tillis and  
4 Ranking Member Gillibrand and members of the committee.

5 I appreciate your giving me the chance to testify on  
6 this issue. I have also submitted written testimony, and I  
7 would request that it be included in the record, if that is  
8 okay?

9 I do not disagree with much of what you just heard,  
10 but I would go further and wider. First of all, and maybe  
11 this is because I not at all that long ago was a green  
12 eyeshade, DoD civilian personnel account for about 36  
13 percent of all full-time DoD personnel, including the Guard  
14 and Reserves that serve full time.

15 In the past 15 years, DoD has added 77,000 more  
16 civilians. That represents an 11.5 percent jump in the  
17 workforce since 2002. Military end strength declined by 8  
18 percent, or 120,000 personnel, in the same time frame.

19 Over those 15 years, civilian pay increased by a very  
20 healthy 31 percent, and most of that increase went to  
21 General Schedule white collar workers. The blue collar  
22 wage board -- it is about one-third of the total civilian  
23 force -- their pay actually declined in fiscal year 2017  
24 dollars by about 5.5 percent. So you got a real imbalance  
25 right there. At the same time, of course, as you know,

1 total military pay for actives and full-time Guard and  
2 Reserve barely rose at all, 0.2 percent.

3 So with civilian pay consuming a significant portion  
4 of the budget and in light of other needs in the defense  
5 enterprise, whether it is to increase active duty end  
6 strength or enhance readiness or provide more funding for  
7 acquisition, you have got to look at whether the  
8 productivity of the civilian workforce justifies the  
9 resources it has consumed over the last decade and a half,  
10 and I think the answer is clear. It simply has not.

11 It is highly questionable whether defense civilians --  
12 not all of them, obviously -- are making the most of  
13 information technology systems that are available to them,  
14 operating at the cutting edge of cyber technology, or  
15 acting as an educated consumer when procuring the vast  
16 range of high-tech systems that combine with our military  
17 personnel and comprise the lifeblood of our fighting power.

18 And finally, the availability of contractors to carry  
19 out many of the same missions as the civilian staff, which  
20 we politely term "staff augmentation," has often resulted  
21 in civilians offloading to contractors works for which they  
22 are themselves responsible with the result that what is  
23 produced is more costly and often, in my personal  
24 experience, less than adequate to the task.

25 I am first going to talk about manpower efficiencies

1 and then talk to some training and education issues and the  
2 issue of staff augmentation. GAO, in December 2015,  
3 reporting on just the acquisition workforce, said that the  
4 Department had yet to identify and certainly not address  
5 all the gaps in civilian skills, and I am quoting here,  
6 "that are essential for effective human capital  
7 management."

8 At the time of the report, DoD had not an updated its  
9 acquisition workforce plan, and at that time, it appeared  
10 that DoD had not established time frames for addressing  
11 these concerns, all of which go to the heart of workforce  
12 efficiency. Not clear to me how much progress has been  
13 made in the past year.

14 Then in October of 2016 -- in other words, 6 months  
15 ago -- GAO addressed the entire workforce, and it said that  
16 DoD had "not developed and implemented an efficiencies plan  
17 for reducing civilian and contracted services workforces."  
18 And in fact, DoD, according to GAO, seemed to be  
19 circumventing the intention of Section 955 of the 2013  
20 NDAA, which called for this kind of a plan to cover fiscal  
21 years 2012-2017.

22 Section 955 allowed DoD to exclude required reductions  
23 that it identified as critical, and the Department -- and  
24 this is not the first time I have seen this happen in my  
25 career -- excluded 538,000 out of the 776,000 civilians,

1 which meant, of course, that you really were not going to  
2 be dealing with the entire civilian workforce. And DoD has  
3 not really challenged GAO's findings or the assumption that  
4 the civilian workforce could be more efficient.

5 In fact, in his memo of February 17th of this year,  
6 Secretary of Defense Mattis explicitly called for, and I am  
7 quoting, "making our business operations more efficient and  
8 freeing up funds for higher priority programs." So what I  
9 am saying is not original at all.

10 Moreover, and here he was incorporating a taxonomy  
11 that the Defense Business Board highlighted in its own  
12 January 2015 examination of DoD efficiencies, the Secretary  
13 called for "exploring efficiencies with respect to human  
14 resource management." And the board specifically  
15 identified civilian personnel as a major target of  
16 opportunity for efficiencies in the human resources realm.

17 The board pointed out that annual savings from what it  
18 termed "optimizing the Government labor footprint" could  
19 amount to anywhere from 8 to 13 percent of total back  
20 office costs. Allowing for the fact that 60 percent of  
21 that force is civilian, we are talking about \$5 billion to  
22 \$8 billion in the fiscal 2017 budget alone.

23 Part of the reason that the workforce is not as  
24 efficient as it could be is lack of training and education  
25 that it needs to keep pace with new development in

1 technology, in cyber, and in human resource management  
2 itself. DoD civilians can take courses in everything from  
3 auditing to contracts management to test and evaluation and  
4 cost estimation. But many or most of these course are  
5 taught via distance learning, which does not necessarily  
6 ensure that students will absorb or retain what they have  
7 been taught.

8       They take these courses at the Defense Acquisition  
9 University. All you have to do is go online and look at  
10 the course offerings. It does not offer courses in human  
11 resource management, which is key to ensuring that  
12 officials at every level strive for efficiency on the part  
13 of their staffs, and most of its courses are, in fact,  
14 distance learning courses.

15       Now the various better buying power of reforms that  
16 have been promulgated in recent years, they have gone some  
17 distance to remedying the paucity of training requirements  
18 for acquisition officials, but there is some way to go.  
19 And human resource training programs for civilian managers,  
20 which you have just heard about, are much further behind.

21       And there is no advanced education requirement for  
22 members of the Senior Executive Service or people who want  
23 to be promoted to the Senior Executive Service. DAU offers  
24 training. That is very different from education. To be  
25 proficient in the management of human resources or even to

1 be an educated consumer of technology, you need more than  
2 training.

3 The military has a system of professional military  
4 education. You cannot move up unless you have taken, been  
5 at staff college, been at National War College or one of  
6 the service war colleges. Not the case for civilians.  
7 There is no civilian equivalent.

8 And I would recommend that no civilian be promoted to  
9 the SES, the Senior Executive Service, without getting a  
10 year of appropriate education at one of the Nation's top  
11 business schools or at a top institute of technology.  
12 There has never been such a requirement imposed by the  
13 Department nor by OPM.

14 It looks like legislation would be the only way to  
15 ensure that our top civil servants and those aspiring to  
16 make it to the top will both get the education and the  
17 training they need to carry out their tasks most  
18 efficiently.

19 Now in addition to changes in the way the civil  
20 servants are trained and educated for their jobs, there is  
21 an urgent need to alter the culture that seems to govern  
22 their behavior. And again, I am speaking from eyewitness  
23 experience.

24 Too often DoD civilians rely all too heavily on  
25 contractors for work that they should undertake themselves.

1 It was for good reason that Secretary Gates sought to  
2 reduce the level of staff augmentees. The work should be  
3 done by the civil servants.

4 And one way to change the situation would be to  
5 prohibit anybody from retiring from the military, as well  
6 as any retiring DoD civilian, from serving in a staff  
7 augmentation position for 5 years after retirement. Too  
8 many folks flip their badges. Friday, they are a  
9 Government official or a military person. Monday, they are  
10 working for a contractor back at the same job, back with  
11 the same colleagues. Now, come on.

12 Given the cost of DoD's civilian workforce and its  
13 acknowledged lack of efficiency -- again, it is not me,  
14 Secretary of Defense -- it might have been expected that  
15 the proposed fiscal 2018 budget as well as the 2017 budget  
16 amendment would call for a reduction in civilian end  
17 strength. But even though the Trump administration is  
18 proposing cuts to the Federal civilian workforce, it has  
19 not identified any reductions in the DoD workforce, not the  
20 \$54 billion increase in 2018 or the \$25 billion amendment  
21 for 2017.

22 It is true that there is a hiring freeze and, combined  
23 with anticipated retirements, there could be some reduction  
24 in civilian levels. But the proposed increases in 2018  
25 could well result in a higher civilian force should the



1 freeze be lifted. And even if the freeze is not lifted,  
2 civilian personnel levels may not or probably will not  
3 decline significantly.

4 The only way to do it is through a targeted effort,  
5 and that is something that Congressman Ken Calvert has  
6 proposed in his REDUCE Act, which stands for -- it is a  
7 heck of an acronym -- Rebalance for Effective Defense  
8 Uniformed and Civilian Employees Act. He has been  
9 proposing it for the last several years because what it  
10 would do is limit full-time positions in DoD in each year  
11 of fiscal years 2024 to 2028 to a number of not greater  
12 than 85 percent of the number of such positions as of  
13 September 30th of 2018.

14 And to begin the process, the bill would authorize the  
15 Secretary to offer separation incentive early retirement  
16 payments to civilian employees. But if he does not hit the  
17 right number, he can reduce force and reduce personnel  
18 involuntarily. The act would also cap Senior Executive  
19 Service at 1,000 personnel.

20 Now, not surprisingly, this bill has been opposed  
21 bitterly by the Civil Service unions that represent DoD  
22 civilians. The unions have been a major stumbling block in  
23 the way of Civil Service reform. They want to see no  
24 changes in the '78 Civil Service Reform Act, which, among  
25 other things, enabled civil servants to unionize.

1           So when the Secretary of Defense, my former boss,  
2 Secretary Rumsfeld, sought to initiate a merit-based system  
3 for evaluating and promoting civilian personnel, which my  
4 colleague Peter Levine mentioned in passing reference, and  
5 that would have clearly led to more civilian efficiency  
6 because it was merit based, he was met with a boatload of  
7 criticism and lawsuits filed by the unions, and he had to  
8 drop the proposal.

9           It should be noted, however, that the very same act  
10 allows the President to exempt groups in the name of  
11 national security. The armed services, employees of CIA,  
12 and the FBI are already exempted. So, in theory, the Trump  
13 administration could -- the Secretary of Defense could  
14 exempt civil servants in the Department of Defense from  
15 unionizing. That would free up a lot of the kinds of  
16 recommendations that you have heard from my colleagues here  
17 on the panel and several that I have talked about.

18           DoD relies heavily on its civilian personnel. They  
19 are integral to the Nation's ability to fight and win its  
20 wars. To that end, it is critical that we ensure that the  
21 DoD's civilian corps operates in the most efficient manner  
22 possible, and it is an urgent requirement if DoD is  
23 successfully to confront and overcome the challenges that  
24 are constantly emerging in today's international security  
25 environment.

1           Thank you for your patience in listening to me. I  
2 would be delighted to answer your questions as best I can.

3           [The prepared statement of Dr. Zakheim follows:]

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 Senator Tillis: Thank you.

2 You know, one of the big surprises to me when I came  
3 into the Senate 2 years ago was how you form your office.  
4 I just naturally assumed there were all kinds of personnel  
5 requirements and structures, and they basically say your  
6 State is this big. You have this allocation. Best of  
7 luck.

8 Which was great because we were able to treat it like  
9 a small business and create personnel practices. I  
10 immediately went back to the work that I had done when I  
11 was doing recruiting and retention work at Pricewaterhouse,  
12 and we adopted a very similar model within my office.

13 Every staff has a professional development plan.  
14 Every staff has a knowledge and skills inventory at the  
15 beginning of the year. We have very specific expectations  
16 for continuing education. There is a place for online  
17 education, but there is also a place for hands-on applied  
18 education.

19 And we have made that every staff in our office at  
20 every level has these plans, and they are expected to  
21 perform and develop a knowledge and skills that shows  
22 growth over time. I do not think any employee, and I  
23 believe it may have been Mr. Levine that talked about how  
24 sometimes there is no, you know, direct obvious attainment  
25 of knowledge and skills from year to year. I think that

1 that is a problem because you are not adding value.

2 And if you are not adding any additional value other  
3 than what you got paid for the year before, why should you  
4 expect to get anything more over the cost of living? That  
5 mentality does not seem to exist anywhere in the Federal  
6 Government.

7 We also at Pricewaterhouse had an 18 percent attrition  
8 rate. A lot of people say, oh, my goodness. We thought  
9 that was healthy, somewhere between 15 and 18. I do not  
10 know what it is today. About half or two-thirds of those  
11 were people who consulting was not for them.

12 That is when working at home happened on Saturdays and  
13 Sundays and when there was not such a thing as mobile  
14 commuting. Hopefully -- or happily, we have gotten past  
15 that, but it was a tough job, and we expected people to  
16 move on.

17 But we also counseled out 5 to 8 percent a year. They  
18 were brilliant people. We recruited them from the best  
19 schools, and they all had GPAs of 3.5 or higher. But it  
20 was a tough job, and they just did not demonstrate the  
21 value that made sense for the firm.

22 So is there any evidence of that happening anywhere in  
23 the DoD? Is there any best practice or an area out there  
24 that we should be looking at?

25 Dr. Junor: Well, I am currently at NDU, and I am --

1 like I said, I am filling a Title X term position. When I  
2 was at P&R, I also oversaw, as did Peter, the Defense  
3 Language Institute, which is also run by -- for Title X.  
4 And the advantage -- so I am not a "one size fits all"  
5 proponent either. But the advantage of this authority is  
6 that you are hired with a -- for a very specific job, and  
7 you can ask for very specific attributes to meet that job,  
8 which is surprisingly not common, and that goes to the  
9 classification authority that Peter was alluding to  
10 earlier.

11 But when you are hired, in my case, we are hired on  
12 average for a 3-year term, I know every 3 years, I have got  
13 to come to a table, and I am going to be held accountable  
14 for whether I have met my performance objectives. And if  
15 my term runs out, this is not something I can dispute. It  
16 is done. So I can be not renewed either because I failed  
17 to meet performance objective or because the needs of my  
18 employer change.

19 Senator Tillis: Now let me talk about -- let talk me  
20 talk about performance objectives, and reading the  
21 background material, it seems like do have the situation  
22 where you may be working for somebody who works for the  
23 DoD. They move to different assignments, and sometimes  
24 there seems to be a lack of real interaction between the  
25 supervisor and the employee with respect to the development

1 of their knowledge and skills and really preparing maybe  
2 for the next opportunity.

3 Do we have a problem there any of you would want to  
4 talk about? Mr. Levine?

5 Mr. Levine: Sure, let me address that one. I think  
6 we have a problem with the systematic development of  
7 careers for civilian employees. We have a systematic focus  
8 on military careers, and we know what education blocks and  
9 what training blocks and what are expected and what those  
10 are building to.

11 There is nothing comparable for civilian employees.  
12 So when civilian employees have the kind of training that  
13 Dov talked about, they have training opportunities, but  
14 those training opportunities may be handed out as a plum to  
15 somebody who has done well. They may also be handed out to  
16 somebody who is not very good that you just want to get out  
17 of your organization.

18 And either way, there is not a whole lot of conscious  
19 thought what is that building to, what is the next step,  
20 and how are we going to utilize and take advantage of that  
21 training? So that kind of planning is something that the  
22 Department has been short on, and really, it is not easy to  
23 address, but needs to be addressed.

24 Senator Tillis: Well, thank you.

25 Consistent with my policy of rodeo rules, I do not

1 want to go 8 seconds over. So I am going to go to Senator  
2 Gillibrand, and then after we go through a round, if you  
3 all are okay, we will just open it up to questions if we  
4 have them.

5 Dr. Zakheim: Mr. Chairman?

6 Senator Tillis: We will just do it openly.

7 Dr. Zakheim: Mr. Chairman, could I just add, if I  
8 may?

9 Senator Tillis: Yes.

10 Dr. Zakheim: Peter actually pretty much said what I  
11 wanted to say, but I want to add one other thing. I am  
12 familiar with at least one case of somebody who was clearly  
13 looking to get out of -- had enough years to get a pension  
14 and needed something more to be able to get a good job on  
15 the outside. So that person went to his supervisor and got  
16 to the Kennedy School. That is not what you want.

17 And it seems to me that unless --

18 Senator Tillis: Dr. Zakheim, we will come back to  
19 that in my follow-up.

20 Dr. Zakheim: Okay. Good.

21 Senator Tillis: Thank you.

22 Senator Gillibrand?

23 Senator Gillibrand: Thank you, Mr. Chairman.

24 I want to talk a little bit about cyber. Growing the  
25 cyber workforce has been a subject of intense interest on



1 this committee, including determining the proper mix of  
2 active duty and Reserve component, including National Guard  
3 and civilian personnel. 2016 and 2017 defense bills  
4 included additional authorities for the Department to hire  
5 cyber civilian employees, including direct hire and special  
6 pay authorities.

7       What are your views on these provisions and how the  
8 Department is or is not using them? And what else would  
9 you recommend with respect to hiring and retraining --  
10 excuse me, hiring and retaining civilians with critical  
11 cyber and computer skills, including those who are members  
12 of the Reserve components? How best can we utilize those  
13 talents, and is there more we could be doing with  
14 universities to increase recruitment in this area?

15       Dr. Junor: Mr. Chair --

16       Mr. Levine: Well, the answer is --

17       Senator Gillibrand: Can I ask Ms. Junor to do the  
18 first? Thank you.

19       Mr. Levine: Oh, I am sorry.

20       Dr. Junor: That is fine. Getting the right balance  
21 of the cyber workforce is a -- it is an absolutely huge  
22 issue. Like the three components or four components that  
23 you just labeled, each has their own pros and cons. And  
24 when I was -- so I am a little -- my knowledge is a little  
25 bit dated. I have been out for over a year now, but the

1 Department struggled with, first, identifying the  
2 appropriate mix and then determining exactly how to recruit  
3 and retain and continue to grow those cyber professionals.  
4 That work is ongoing.

5 Senator Gillibrand: Mr. Levine?

6 Mr. Levine: So, first of all, the authorities that  
7 you have given the Department, I think, are very important  
8 ones. So you did ask about that. This is another area  
9 where you have given the Department flexible hiring  
10 authority and flexible pay authorities, which I think for a  
11 high-tech workforce, in order to compete with the private  
12 sector, those are very important.

13 I agree with Dr. Junor that we have not done what we  
14 need to do yet in terms of figuring out the proper mix of  
15 the workforce, but I think there is an underlying problem,  
16 which is we have not figure out what we are doing in terms  
17 of cyber strategy. And until we figure out our cyber  
18 strategy it is hard to figure out what the workforce is you  
19 need to meet that strategy.

20 Senator Gillibrand: Dr. Zakheim?

21 Dr. Zakheim: It is Zakheim, by the way. I would only  
22 add that at the service level, they know they have the need  
23 and they are boxed in by the categories they have for  
24 taking people on. In particular, they could do very well  
25 hiring Reservists or, rather, taking in Reservists who have

1 that background, but the system for taking in Reserves does  
2 not necessarily fit.

3 And so individual commanders decide whether they will  
4 kind of bend the rules a little bit. They need some more  
5 guidance and help because they know what they want, and as  
6 Reservists, they have got people to do it. But you will  
7 get people in the Navy who are basically working in the  
8 bilge or something and actually are CEOs of high-tech  
9 companies.

10 Senator Gillibrand: Separate topic. Civilian hiring  
11 authority for healthcare providers. The military is having  
12 difficulty hiring and retaining civilian healthcare workers  
13 in critically needed healthcare occupations, such as  
14 behavioral health, family medicine, pharmacy, and physical  
15 and occupational therapy.

16 In a report issued in February of this year, DoD  
17 reported that despite the use of special salary rates and  
18 hiring flexibilities authorized by Congress, current and  
19 projected difficulties relate to competition from the  
20 private sector and supply shortages. Interestingly, the  
21 report does not recommend to request new and enhanced  
22 hiring authorities or additional compensation authorities.

23 Does the Department need enhanced civilian hiring  
24 authorities and/or authority for additional compensation in  
25 order to address these shortages for healthcare providers?

1 And if so, what do you recommend? Dr. Junor?

2 Dr. Junor: I am not exactly sure what -- I would have  
3 to -- I am an economist. I would have to look at exactly  
4 what the mismatch is in that labor pool. I think all the  
5 authorities that you could provide would be helpful. For  
6 example, the -- if it is a pay disparity, the pay you get  
7 on the outside has a much higher potential than it would  
8 with our limitations within the Civil Service. That is  
9 clear.

10 I also, though, worry, and this goes back to the how  
11 we cast our civilian workforce, and I have been worried  
12 writ large about the ability to hire especially in areas  
13 where there is a lot of competition from the civilian side.  
14 If the background vocal continues to be that the civilian  
15 workforce is more of a plague than an asset, then I think  
16 this is going to be an issue with cyber, with health, with  
17 any technical skill set.

18 So, yes, increasing authorities would definitely help,  
19 but along with finding a way to better manage this  
20 workforce and talk about it.

21 Senator Gillibrand: Mr. Levine?

22 Mr. Levine: So, first, with regard to competing on  
23 salary, we cannot compete on salary with Federal employees.  
24 You will not give enough for some of these specialized  
25 professions. You will not give enough salary authority or

1 allow us to pay high enough, and so we then have to look at  
2 a contract model in some cases.

3 But I would agree with Dr. Junor that our biggest  
4 competitive advantage in hiring and retaining people is the  
5 mission and the feeling of people that they have an  
6 opportunity to contribute and contribute to something  
7 greater than themselves that they are involved in public  
8 service. And when we undermine that by the way we talk  
9 about civil servants, we undermine our ability to attract  
10 and retain really highly qualified people that we need.

11 Senator Tillis: Senator Ernst?

12 Senator Ernst: Thank you, everyone, for joining us  
13 today.

14 And I am going to continue along those same lines and  
15 not just cyber or healthcare industry. Dr. Junor, you  
16 talked about a lot of other fields as well, but when we are  
17 looking at those that are in the STEM fields, or the  
18 science, technology, engineering, and math, recruiting  
19 there can be really challenging, and I have seen a lot of  
20 the benefits coming from STEM even in my home State of  
21 Iowa, who does tend to be on a leading edge with STEM  
22 education.

23 What incentive systems exist out there, or are there  
24 any, where we can recruit the best and the brightest of  
25 those young people that are engaging in STEM fields? Is

1 there something that exists out there that we are not aware  
2 of, and if it does not exist, is there something that we  
3 should look at?

4 And if we could start with you, Dr. Junor?

5 Dr. Junor: Peter referenced the direct hiring  
6 authorities for the recent graduates. I think that is a  
7 very big deal. If you can -- if you can get these folks in  
8 right after they have learned the skill set, number one,  
9 they are bringing in current thinking that is  
10 technologically relevant. This is an aging workforce. So  
11 that is helpful.

12 But also if we can get them in and retain them and  
13 attract them and get them hooked on our mission, which is  
14 actually a pretty cool way to spend your career, that is an  
15 absolute plus.

16 Senator Ernst: Very good. Mr. Levine?

17 Mr. Levine: What I would add to that is that you need  
18 to think about the work that you are giving people when you  
19 are bringing them. So if you are going to try to attract  
20 and retain highly skilled workers, you bring in these young  
21 people, you do not want to plug them in so they are another  
22 widget in a giant system. You want to give them the  
23 ability to be creative and feel like they are really  
24 contributing.

25 And I think the IT area is a place where we can do

1 that because we are challenged in IT in every way, and we  
2 can use these teams that sort of stand outside the system  
3 and try to reinvent the way we work. But you need to think  
4 about that and recognize that the only way you are going to  
5 attract and retain young people who -- with these kind of  
6 talents is if you challenge them and make them excited by  
7 the work.

8 Senator Ernst: Very true. Dr. Zakheim?

9 Dr. Zakheim: There is a program that is not career  
10 but is important called Highly Qualified Experts. And we  
11 tend to think of highly qualified experts as people in  
12 their fifties, whatever. But when you are talking about IT  
13 and high tech, probably the highly qualified experts are  
14 25.

15 Senator Tillis: Or 19.

16 [Laughter.]

17 Dr. Zakheim: Well, that is true. I mean, my  
18 grandchildren are clearly highly qualified experts.  
19 Bringing those kinds of folks in under the program,  
20 expanding it, and then perhaps as we -- creating a vehicle  
21 for those that want to stay to be able to stay because they  
22 are doing interesting work might be another way to deal  
23 with this issue.

24 You find somebody who is 25, 30, whatever, who is  
25 doing fantastic work. You bring them in as a highly

1 qualified expert, and then if they are good, it becomes a  
2 kind of, you know, almost probationary-type effort, and  
3 then they stay and we will benefit.

4 Senator Ernst: Very good. I know that we have the  
5 USAJOBS hiring process that exists out there, and Dr.  
6 Zakheim is laughing. Yes, we have experienced so many  
7 difficulties with this system, and the length of time it  
8 takes to bring those applicants into the system is  
9 horrendous. I have heard story after story.

10 So the direct hiring process is one way that we could  
11 mitigate that. And can you explain some of the problems  
12 that we are having with USAJOBS, and then what is a better  
13 alternative?

14 Mr. Levine: So when you are trying to bring in a  
15 college -- somebody who is graduating from college, if you  
16 have to go through the USAJOBS process, then you can go to  
17 the campus, but you cannot offer them a job. You can say  
18 go ahead and apply. There is this portal, and in 6 months  
19 or a year, it will kick out or it will not kick out. And  
20 you have got to apply job by job.

21 That is not the way anybody else recruits on campus,  
22 and we cannot compete if we do that. We need to be able to  
23 go there and say you are talented, we want you. We will  
24 find a place for you, and here are the kinds of things we  
25 can do, and here are the kinds of places we can put you.



1 And yes, we are going to tell you yes now, and we are going  
2 to figure out a way to make it work.

3 Direct hiring enables us to do that. USAJOBS will  
4 never enable us to do that.

5 Senator Ernst: Thank you.

6 Dr. Zakheim: It takes about 83 days now to hire  
7 somebody, apparently. So it is about 3 months. But again,  
8 the manager is not the one that actually gets into the  
9 hiring process until very late in that process. That is  
10 because of HR getting into it and the automated stuff that  
11 Peter spoke about so that if -- again, if you are looking  
12 for a job and you are good and other people are offering  
13 you something, you are not going to have the patience to  
14 wait around and see what happens.

15 Senator Ernst: They are going to snap you up before -  
16 -

17 Dr. Zakheim: Yes.

18 Senator Ernst: Right. Certainly.

19 Dr. Junor: Eighty-three days is on the short end. I  
20 have tried to hire and be hired on USAJOBS, and there is a  
21 lot of things wrong with it. But the single most  
22 frustrating part to me is how the work is classified.

23 If you get stuck in a rigid OPM "this is how we have  
24 to define the attributes for a job," it is lethal. I ended  
25 up -- I worked in OSD personnel and readiness, and I wanted

1 to hire somebody. I gave up. I was frustrated.

2 It took -- we iterated for the better part of a year,  
3 and I could not -- I had some attributes that I wanted, and  
4 I could not figure out how to jam them into the rigid boxes  
5 that OPM gave me so that I was sure I was not going to come  
6 out with really odd matchings that I had to contend with.  
7 In fact, that is what happened, and that is why I ended up  
8 giving up.

9 And if you are on the -- trying to be noticed, if are  
10 trying to get a job, these things are equally lethal. So  
11 the direct hiring authority, being able to actually list,  
12 if you are an employer, what you want in an employee and  
13 then allowing employees to match to that, it is much better  
14 on both sides.

15 Senator Ernst: Very good. Thank you very much.

16 Thanks, Mr. Chairman.

17 Senator Tillis: Senator Warren?

18 Senator Warren: Thank you, Mr. Chairman.

19 In October, a gunman opened fire on American personnel  
20 visiting an Army munitions supply point outside Kabul. Two  
21 Americans were killed in the attack. One was Army sergeant  
22 Douglas Riney. The other was Michael Sauro, a civilian  
23 employee of the Department of the Army.

24 They may not wear the uniform, but civilian workers  
25 are an essential part of our national defense effort. They

1 care for service members in military hospitals, as we were  
2 just discussing. They service our most advanced aircraft.  
3 They keep our military bases running.

4 Thousands of civilian from DoD, from State, from our  
5 intelligence agencies have been deployed in Iraq and  
6 Afghanistan over the last 15 years, serving right alongside  
7 uniformed personnel. Some have been wounded. Some, as  
8 this shows, have been killed. And I mention this because I  
9 am not convinced that we are treating these personnel with  
10 the respect that they deserve.

11 Our civilian workforce has become accustomed to hiring  
12 freezes, to furloughs, even a Government shutdown, and it  
13 is getting worse. The new administration has issued yet  
14 another hiring freeze that includes much of DoD, and the  
15 budget released last week would require the largest cuts to  
16 the Federal workforce post World War II.

17 So I just want to ask, Mr. Levine, what impact do  
18 actions like the furloughs and the pay freezes have on the  
19 effectiveness of the Defense Department's civilian  
20 workforce?

21 Mr. Levine: We have to worry about demoralizing the  
22 civilian workforce. I think that the morale is still  
23 pretty high because there is belief in the mission. But  
24 the more these attacks accumulate, the more you have a  
25 problem, and you can undermine the effectiveness of the

1 workforce.

2 I agree with Dr. Zakheim and Dr. Junor that we have a  
3 three-pillared workforce. It is not only the military, not  
4 only the civilians, but also the contractors. And it is  
5 important to recognize that we rely on all of them. And  
6 you start with you have a job that gets done. Who is the  
7 right person to perform that?

8 One of the reasons that we have more civilians and  
9 fewer military now, and it is you do these trade-offs. But  
10 we had an effort over the years to say let us get our  
11 military more to the pointy end of the spear. Let us get  
12 them out of doing the back office stuff that they used to  
13 do, and as you do that, somebody still has to do the work.

14 So you are relying on civilians to do all kinds of  
15 things that the military cannot do their job without, but  
16 it is all one workforce, and we need to -- we need to treat  
17 them as one workforce and respect them as one workforce.

18 Senator Warren: So let me go back to this point in  
19 terms then of professional development that you raised  
20 earlier and that we have talked some about here, and talk  
21 about the disparity. We assume with contractors that they  
22 work on professional development. That is part of their  
23 job.

24 Obviously, with the military, we have been very strong  
25 on professional development. But on civilian employees of

1 the Government, we have not done the same, even though they  
2 have positions of great responsibility.

3 So, for example, we will let people pause their  
4 military career so they can go back to school and acquire  
5 more skills that they will bring back to the jobs. We send  
6 them to schools. We send them to professional development.  
7 We do not do the same with civilian managers.

8 So let me ask you the question. Now I am going to  
9 assume that we would benefit from a robust institutional  
10 process that assures that civilians get more access. Why  
11 has it not happened? Anyone want to weigh in on that?

12 Dr. Zakheim: I think -- yes.

13 Senator Warren: And I want to be careful about my  
14 time.

15 Dr. Zakheim: Sure. I think it has not happened in  
16 part because, in that respect, civilians are taken for  
17 granted. In part because the system is so rigid that you  
18 move up the scale almost no matter what, as long as you  
19 have been around. If you are alive, you are going to move  
20 up.

21 I think it is unfair to the civilians. It is not just  
22 unfair to the Department or the taxpayer. It is unfair to  
23 them because they need to get out there. I mean, look, if  
24 you get a physics degree, say, a master's at the age of 23,  
25 and you do not take another course for 40 years, I mean,

1 how really can you understand what the latest developments  
2 are when Moore's law tells you every couple of years, you  
3 know, the computing capability doubles?

4 Senator Warren: I hear --

5 Dr. Zakheim: We are doing them a disservice. And I  
6 think this needs to become, and that is why I have said, it  
7 needs to become a requirement, particularly if you are  
8 joining the Senior Executive Service. You want to be a top  
9 manager, you better spend a year at Harvard or MIT or  
10 whatever.

11 Senator Warren: I hear your point. I just have a  
12 little bit of time left.

13 Dr. Junor, could you just weigh in on this, please?

14 Dr. Junor: Yes, I think Dr. Zakheim nailed it. We  
15 have a current system -- sorry. We have a current system  
16 right now that is completely focused on longevity.  
17 Everything is about longevity, and so that is not going to  
18 breed the best productivity out of our people when it comes  
19 to, you know, hiring the young, eager, technically savvy  
20 workforce. If they come into this kind of -- that is  
21 lethal if they come into this kind of environment.

22 So, in a sense, we are not even promoting mediocrity.  
23 We are promoting sitting in a seat. People do not want  
24 that. Most people love their job, and they want to be good  
25 at it. That is one of the attributes of feeling good and

1 having self-confidence.

2 So if we built a system that rewarded and encouraged  
3 that through things like learning, I think the civilians  
4 would be better off, the Government would be better off.  
5 Turns out that is a little bit hard, although there are  
6 tools out there where we have seen this work.

7 Senator Warren: Thank you.

8 I appreciate this because it just seems to me we have  
9 got to have both compensation structures and opportunity  
10 structures that really help our civilian employees that  
11 recognize all they have done, but also help them develop  
12 and be all they can be.

13 Thank you. Thank you, Mr. Chairman.

14 Senator Tillis: Thank you, Senator Warren.

15 And you know, Senator Warren made some points that I  
16 think bear repeating, and I -- because my time was limited,  
17 I did not get to it in the first discussion. But we do  
18 need to make it very clear that they are a very important  
19 part of what we do.

20 I have been to several military installations. I have  
21 seen helicopter maintainers, aircraft maintainers. They  
22 are in there. They believe in the mission as much as  
23 anybody else in the military. So they need to understand  
24 we understand the role that they play, the force  
25 multiplier. And if there is any doubt, at least on my

1 part, and I think I speak for the members here, that they  
2 are important to us.

3 But what this is about is enriching their opportunity,  
4 enriching them professionally, building their knowledge and  
5 skills, and recognizing that in any group of employees,  
6 some are higher performers than others. Do they satisfy  
7 minimum requirements to keep them employed, or is there  
8 some point where you need to counsel them out?

9 That is very difficult. We called it counseling out.  
10 Divesting is an interesting one. I have used it more in my  
11 financial business than I have with a human being. But I  
12 mean, it is more a matter of creating a high-performing  
13 environment.

14 But you cannot create a high-performing environment --  
15 and to Senator Ernst's point, STEM, I mean, we are all  
16 fighting for STEM resources -- public sector, private  
17 sector. The difference is when I would go and recruit at  
18 Penn State or Cornell or somebody, I saw somebody who was  
19 extraordinary, they could get an offer right there. I had  
20 the authority to do it.

21 Bring them into training and get them deployed to an  
22 engagement 6, 8 months, 9 months later after an extensive  
23 training program. And it is 120 days. I believe my staff  
24 in the staff memo said the average is 120 days, and it can  
25 extend up to 180 days.



1           You are not going to get a kid that graduated with a  
2 physics degree or, you know, pick -- an economics degree,  
3 something like that from a top school with a high GPA and  
4 say we just need you to wait around 4 to 6 months, and  
5 maybe these five different jobs that you apply for, one of  
6 them will pop up. So that is clearly an area that I think  
7 that we need to drill down on.

8           The other thing I just wanted to ask, and Senator  
9 Gillibrand, just jump in if you have any other questions.  
10 But I know we have an internship program, and I was asking  
11 about that at about the same time that Senator Ernst asked  
12 about the USAJOBS system. But it seems like you could come  
13 in and have an intern do great work, and you want to hire  
14 them. But there is such a lapse between having that  
15 promising person who really wants to go work and actually  
16 transition to a job.

17           That seems to be another area that we need to focus  
18 on. Would you agree with that, Dr. Zakheim?

19           Dr. Zakheim: Absolutely. I had interns that were  
20 what in those days called "presidential management  
21 interns." I think there is a slightly different name now.  
22 But you are hired as a civil servant. So you come in.

23           By the way, the only reason I used 83 days is because  
24 that is the lowest number I could find.

25           [Laughter.]

1           Dr. Zakheim: I do not disagree with you at all. But  
2 getting an intern in the sense that you did or I did in the  
3 private world just does not happen. And so an internship  
4 program that then allows you, as in the private sector, to  
5 move into the Government, as opposed to being hired as a  
6 Government official who is then an intern, I think that  
7 would be a tremendous step forward.

8           Senator Tillis: Dr. Zakheim, you said something that  
9 I do not think I really take exception to it, but -- but as  
10 we are looking at policies that once we pass something, it  
11 becomes this rigid thing that people follow or have to  
12 follow. And I am thinking more in the cyber space or the  
13 technology space.

14           I understand at certain levels, there are requisite  
15 requirements, particularly within the Comptroller's office.  
16 Financial, education, those sorts of things are important.  
17 But it also goes back to treating different jobs and  
18 different skill sets differently. And I could think about  
19 cyber as one example.

20           I was actually recruited to Pricewaterhouse without a  
21 college degree. When I started there in 1990 at 30 years  
22 old, I did not have a college degree, and I was continuing  
23 my education, but I happened to work in a technologies  
24 field that was imaging and kind of artificial intelligence  
25 field that there was not a lot of people doing that back

1 then.

2 So we have got to make sure that when we look at  
3 getting these top skills where clearly credentialed skills  
4 are necessary for certain jobs that you would have  
5 performed, that we have the flexibility to bring in top  
6 talent and not take a Bill Gates, who did not get a college  
7 degree and not have him come work in software development.

8 Dr. Zakheim: Well, let me --

9 Senator Tillis: Would you not agree?

10 Dr. Zakheim: Let me make myself clear. I am not --  
11 was not talking about how we take them in. I think you are  
12 absolutely right. I would have hired Bill Gates, and so  
13 you would, I think, Senator.

14 But once they are in, you do not want them to just  
15 live off their intellectual capital forever.

16 Senator Tillis: That is right.

17 Dr. Zakheim: And that is really what I was focusing  
18 on.

19 Senator Tillis: Okay, very good. Mr. Levine?

20 Mr. Levine: Mr. Chairman, I think you are onto a  
21 point there because as -- as somebody who was a senior  
22 manager, I wanted to be able to get the most talented, most  
23 capable person for a position, and I resented where there  
24 was an artificial constraint so I could only look at this  
25 subcategory.

1           So I would be careful. I think that authorizing  
2           somebody to establish requirements, and a few years ago, we  
3           authorized the Comptroller, for example, to require CPAs  
4           for certain positions. And authorizing that is a good  
5           thing. Requiring it is another matter. Because if you  
6           require it, then you say you are not allowed to have the  
7           choice to get the person you think is best suited.

8           Senator Tillis: Thank you.

9           Senator Gillibrand?

10          Senator Gillibrand: No, I have no further questions.  
11         Thank you so much for your testimony. It was excellent.

12          Senator Tillis: Well, I have got one or two others  
13         then.

14          Senator Gillibrand: Go ahead.

15          Senator Tillis: And then I can crawl off to  
16         Judiciary. But, Senator Gillibrand, I know if you have  
17         other commitments, certainly feel free to leave when you  
18         need to.

19          This needs to be a dialogue. There is a lot of things  
20         that we will follow up, based on your statements.

21          But you know, I remember working for a Marine. He was  
22         an Annapolis graduate. By the way, I did get my degree  
23         after I was admitted to the partnership. But I did finish  
24         it off because I told everybody I love public education so  
25         much I went to it for 17 years after graduating from high

1 school.

2 But this partner, he was a Marine, and he had this way  
3 about him that was truly what you would expect out of a  
4 Marine coming out of the Naval Academy. He said I am going  
5 to treat you all fairly, but I am not going to treat you  
6 equally.

7 There are certain things that we have to accomplish  
8 for our clients, and there are certain skills that we need  
9 to bring, which means that I necessarily have to  
10 differentiate based on your knowledge, your skills, and the  
11 value that you are producing.

12 And we went to a point in the '90s where we had what  
13 we called "hot skills bonuses." And that when there was a  
14 specific task that required a unique skill. May not be  
15 something, particularly in today's world because of the  
16 changing of technology, last year's hot skill may or may  
17 not be next year's hot skill.

18 What flexibility do we have or do we need to allow  
19 that same sort of capability among our employee base?

20 Dr. Junor: I think this is the area that we need the  
21 most work, frankly, and it is not a simple thing to fix.  
22 The flip side of being part of a critical workforce like we  
23 have is being accountable for your performance in that  
24 critical workforce, and that is hard for a variety of  
25 reasons.

1           When you hold -- and this is -- accountability is part  
2 of this issue. But focusing just on accountability, it is  
3 very difficult to hold -- and as I said in my testimony, to  
4 hold an employee accountable for poor performance, for  
5 example. The process is long and drawn out. Most  
6 supervisors just do not do it for a variety of reasons.

7           A low performer is most likely to be given a middle  
8 grade because it is easier. The -- being rewarded -- so  
9 the poor performers gravitate toward some kind of middle  
10 score. We do not have a lot of flexibility to reward the  
11 high performers. In the Title V system, you cannot -- you  
12 cannot promote them really early.

13           Senator Tillis: Do we have any system of creating --  
14 it would seem to me we have a large enough population to  
15 create cohorts that we can force into a bell curve on  
16 performance. I mean, if you look out at a lot of HR best  
17 practices, there is this theory that any cohort will fit  
18 into one of three or four categories -- the top 15 percent  
19 performers, the 25 percent exceeds expectations, 35 percent  
20 expectations, 15 percent need to bump up or get out.

21           Do we have any examples of where we -- where either  
22 the organization has adopted these practices or been  
23 allowed to adopt these sorts of practices among the  
24 civilian employees?

25           Mr. Levine: I would say that the entire culture of

1 the Department of Defense is contrary to that, and not  
2 only-- not only with regard to civilians, but with regard  
3 to contractors. It used to frustrate me no end that you  
4 would see contractors who were clearly failing in their  
5 performance who would get 98 percent ratings on their past  
6 performance ratings.

7 It is the same thing on civilians. It is a -- it is a  
8 management culture which generally tries to avoid  
9 confrontation, and avoiding confrontation means you do not  
10 grade somebody at the bottom level.

11 Senator Tillis: What is the potential -- what is the  
12 potential risk of forcing a bell curve? In other words,  
13 you do your individual evaluations, but they have to be --  
14 if I have a supervisor of a group of people they have got  
15 to be forced into a bell curve where you are having to do a  
16 comparative assessment within a cohort, what are the  
17 potential challenges for doing something like that?

18 Dr. Zakheim: Well, Secretary Rumsfeld actually tried  
19 that, and he ran into, like I said, a buzz saw of union  
20 opposition. Because what he tried to do is take the  
21 various GS levels and create much wider bands, which would  
22 then allow for exactly what you are talking about. But he  
23 just could not pull it off.

24 And you also have another issue here that OPM is a  
25 major player in this, and OPM's whole approach is kind of

1 different. I remember I was on one commission or another,  
2 I cannot remember which, where we talked to OPM folks and  
3 discovered that I think it was 90 percent of SESers were  
4 above average. Now that is straight out of Lake Wobegon.

5 And so you have got a fundamental problem with how  
6 people are evaluated.

7 Senator Tillis: Yes. That is -- Dr. Junor?

8 Dr. Junor: Yes, there is certainly nothing easy about  
9 this. But I go back, if you have a small organization,  
10 then the bell curve is really not going to work. Because  
11 if you have three people, it is entirely possible that they  
12 are all superstars based on the criteria that you used to  
13 pull them in.

14 Let me give you a counter thought. A counter thought  
15 would be what if we could get rid of the incentives or the  
16 restrictions that prevent managers from honestly assessing  
17 their employees? What if we -- what if we could find a way  
18 to reduce the friction or compel managers to be held  
19 responsible for the performance of their employees?

20 In other words, if your employees mess up a project,  
21 that is now on your performance statement, right? You  
22 cannot do any better than your worst employee kind of  
23 thinking. And on the other end, I mean, what if we could  
24 give GSers more of a bonus, spot bonuses that reward? From  
25 what I have read about improving employee performance, spot



1 bonuses, rewards, especially recognition for things well  
2 done right when it happens is probably more impactful than  
3 waiting to the end of the year for a bureaucratic  
4 assessment of what they have done.

5 Senator Tillis: Well, I could go on forever about  
6 this, and actually, I want to. But I think that Senator  
7 Gillibrand and I both intend to work on language that will  
8 move forward to the full committee, and we would like your  
9 continued feedback. Because, again, an environment where  
10 we really recognize role model behavior and we put on  
11 performance plans those who need to add value or counsel  
12 them, respectfully, into other careers are things that we  
13 want to talk about.

14 I would also like to follow up on a comment, Dr.  
15 Zakheim, that you made about somebody that rebadges. One  
16 day, they have got one badge. The next day, they have got  
17 another badge. Because I think that that is another area.

18 We saw that in the private sector. A lot of times we  
19 go in and we would see problems with an IT shop. It is  
20 because they were not really changing the mix, and they  
21 were just broadening the base of problems, to be honest.  
22 Not in every case. Some cases you want to retain those  
23 people, and it may be the only way you can.

24 But you all have given us a lot of feedback in this  
25 brief committee, and I hope that we can continue the

1 dialogue with myself, the ranking member, and our staff as  
2 we move forward marking up language for consideration for  
3 the full committee.

4 Thank you all for being here.

5 I also want to move, without objection, that we  
6 include any outside statements received in the official  
7 record for the hearing. And without objection, so moved.

8 [The information referred to follows:]

9 [SUBCOMMITTEE INSERT]

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1           Senator Tillis: Thank you for being here this  
2 afternoon.

3           This meeting is adjourned.

4           [Whereupon, at 3:38 p.m., the hearing was adjourned.]

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25