

STATEMENT OF PETER LEVINE
FORMER ACTING UNDER SECRETARY OF DEFENSE
FOR PERSONNEL AND READINESS
SENATE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON PERSONNEL
HEARING ON CIVILIAN PERSONNEL REFORM

March 23, 2017

Chairman Tillis, Ranking Member Gillibrand, Members of the Subcommittee, it is a pleasure to appear before your Subcommittee this afternoon. The views I express are entirely my own, and should not be interpreted as reflecting any position of my new employer, the Institute for Defense Analyses.

As you know, I worked on the staff of the Armed Services Committee for 18 years, and I place a tremendous value on the work that you do to support our men and women in uniform and their families. As the Subcommittee undertakes the important task of civilian personnel reform, I would suggest that you take into account a few considerations.

First, the civilian employees of the Department of Defense are an essential pillar of the Department on which our military relies to perform its critical missions around the world every day.

DoD civilians administer highly complex and legislatively mandated personnel and pay systems. They run training and education programs, manage travel and change of duty stations, and provide security, support, and facilities sustainment on military bases. They help address problems like sexual assault, suicides, bullying and hazing, and drug abuse. They provide financial advice, voting assistance, and family life counseling to Service members around the world. They play key roles in running 664 hospitals and clinics, 172 schools for military children, 1,880 retail stores, and 2,390 restaurants for our men and women in uniform.

DoD civilians also serve as operational enablers in the intelligence and cyber domains, and are essential to warfighter training and combat system and equipment readiness. They help manage and oversee more than \$200 billion a year in acquisition spending and run the largest and most sophisticated research and development activity in the world. They operate depots and arsenals that maintain and recapitalize a huge inventory of the most complex and advanced fighting

equipment in human history. And they are the life-blood of a logistics system that works 24 hours a day, 365 days a year to ensure that military equipment and supplies are ready when and where needed, anywhere in the world, and often with little or no notice.

Second, the vast majority of DoD civilian employees are highly motivated, hard-working, and strive to perform with excellence. In my time at DoD, I found that the career civilians who surrounded me believe strongly in the importance of the Department's mission and want to contribute to it. New projects and new work are embraced enthusiastically by employees who work long hours without any reward beyond the challenge of the work itself and the understanding that the results they produce are valued by the Department's leadership.

This, in my view, is the great competitive advantage of the Department of Defense in the employee marketplace. DoD will never be able to pay its civilian employees as much as the private sector. What the Department can offer instead is challenging assignments, great responsibility, and the pride that comes from serving a cause that is greater than oneself. Of course, this also means that when we treat DoD civilians as worthless bureaucrats who are sucking up money that could be better spent on more ships and planes, we risk undermining the competitive advantage that enables us to attract and motivate the capable employees we need to support the national defense mission.

Third, the laws, rules, and practices governing the civil service system at DoD have become overly bureaucratic and stultified over the years. As a result, it is more difficult than it should be to hire the talent that the Department needs, to remove workers who aren't up to the job, and to advance capable employees into the positions in which they can contribute the most. Capable military and civilian leaders at the Department are generally able to work within the existing system to get the results they need, but it can be frustrating and time-consuming for everyone involved.

For example, when I was serving as Acting Under Secretary for Personnel and Readiness, it came to my attention that when a civilian employee moves from one DoD component to another – for example, from the Army to the Navy, or from the Air Force to the Defense Logistics Agency – he or she was treated as a new employee. That meant getting a new ID card, a new drug test, and repeating mandatory training events the employee had already completed in the previous position. By establishing reciprocity in these areas, we were able to save more

than \$25 million dollars a year – and avoid countless hours of aggravation for employees who no longer have to undergo these meaningless requirements.

This Committee has already enacted significant new flexibilities that enable the Department to better manage its civilian workforce. These include demonstration programs providing flexibilities for science and technology employees, for acquisition employees, for intelligence employees, for medical professionals, and most recently for cyber employees. They include the direct hiring authority that you enacted last year, and the revised Reduction in Force authority that you enacted the year before that.

Here's how important these reforms are: two years ago, one of my SES managers complained to me that her aging workforce was reluctant to embrace new technologies. A second manager said that she didn't have this problem – her workforce skewed young and adopted new technologies on their own without prompting. The difference was that the second manager was in the Acq Demo program, with direct hiring authority that greatly enhanced her ability to bring recent graduates into the workforce. The legislation you enacted last year provides this critical authority to the entire Department of Defense.

So, we have a highly capable and motivated civilian workforce, working in a clunky personnel system that too often impedes their performance. This isn't a contradiction, but it does mean that while reform is needed to improve workforce management, the reform effort must be carefully targeted to ensure that it addresses what is broken without undermining the large and diverse civilian workforce on which the Department relies today.

I would suggest that the committee consider three principles to ensure that your reform efforts build and improve upon DoD's civilian workforce and do not risk breaking it.

First, beware of one-size-fits-all solutions. A reform that works for scientists and engineers in defense laboratories might not meet the needs of wrench-turners in the depots and arsenals.

When I served as DCMO, I learned that the hiring process in the Pentagon was hamstrung, in part, because we relied on a standard questionnaire applied by the Defense Logistics Agency to determine who was "best qualified" for a position. Because this questionnaire failed to serve as an effective screen, hiring

managers spent countless hours refining position descriptions to ensure that their new hires were actually qualified.

I got around this problem by authorizing hiring managers to use panels of subject matter experts, in lieu of the DLA questionnaire, to determine who was really “best qualified” for a position. I did not make this process mandatory, however, because the Director of the Pentagon Force Protection Agency told me that he needed to be able to hire several hundred new law enforcement officers at a time, and it would not be practical for him to use expert panels in lieu of a screening test. This was an important lesson for me in the diverse needs of different parts of the DoD civilian workforce.

Second, don’t reinvent more than you have to. Our civil service system is incredibly complex. It has thousands of pages of rules – but that is because there are thousands of issues that human resource managers must address, and they cannot do so without guidance.

Back in the 1990s, when then-Vice President Gore was leading a task force on “reinventing government,” he made a big show of throwing out the civil service rule book as a streamlining measure. I remember being told at the time that savvy human resource managers kept bootleg copies of the rules, because the same questions were still going to come up and they were still going to need to know how to answer them.

A few years later, when Congress authorized the Department of Defense to establish a new “National Security Personnel System,” the Department spent countless hours writing new rules to replace the old ones. NSPS made changes to parts of the system that probably needed change, but it also changed parts of the system that were working perfectly well. In the end it failed because of the controversy generated by parts of the new system that probably weren’t necessary at all, and this failure dragged down the prospect of constructive reform – in areas where it remains very much needed – for another decade.

Finally, any reform effort should treat employees as allies, not enemies. I know, for example, that there is great interest in making it easier to remove poor performers. It is true that the Department has a very small number of civilian employees who simply aren’t up to the job or refuse to carry their share of the workload. These employees can be a drag on the rest of the workforce, and are very difficult to remove.

A large part of the problem is that few DoD managers believe it is worth the time and effort required to go through a performance improvement process that can take more than a year to complete. And at least in the short run, they are probably right: the overall productivity of a program or office is likely to go down, not up, if the senior manager is required to spend huge quantities of time on an employee who produces a tiny amount of work. The kind of managers we want in the Department – the kind of people who are motivated by the mission – would rather spend their time on substantive work, even if it means leaving an unproductive employee on the payroll.

As you consider possible measures to address this issue, however, you consider the impact that any proposed changes would have on the balance of the workforce. If legislation that is intended to address a problem with one percent of the workforce is perceived as threatening and hostile by the other 99 percent, it may undermine morale and reduce the Department's ability to attract and retain the capable employees that it needs. The civilian workforce will not become more productive if problem with a small number of poor performers is addressed with measures that are perceived as a declaration of war on all employees.

Fortunately, I believe that there are steps that Congress and the Department could take to make it easier for managers to remove poor performers within the existing rules, without threatening the vast majority of the workforce whose performance and work ethic does so much for the Department every day.

For example, this Committee recently enacted legislation that established a two-year probationary period for DoD civilian employees, but the Department has done little to take advantage of that legislation. What if DoD were to institute a routine review, before the expiration of the probationary period, to assess the employee's performance and determine deliberately whether or not he or she should be retained as a tenured employee?

And with regard to the existing removal process, why not offer assistance to managers rather than requiring them to bear the burden of the performance improvement process alone? Isn't it possible that by establishing a few dedicated performance improvement managers in an agency, we would change the managers' calculus, opening a route for them to remove unproductive employees without sacrificing countless hours of their own time to the effort?

These are difficult issues, but important ones. I thank the Subcommittee for taking on the issue of civilian personnel reform, and I thank you for inviting me to participate in your review. I look forward to your questions.