

February 22, 2021

Subcommittee on Government Operations
House Committee on Oversight and Reform
2157 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Connolly, Ranking Member Hice and members of the Subcommittee on Government Operations:

I write in advance of the important hearing “Revitalizing the Federal Workforce,” and I thank you for taking time to examine the state of the federal workforce and the actions necessary to repair, rebuild and fortify it for the future. Please allow me an opportunity to share the views of the National Active and Retired Federal Employees Association (NARFE) for the hearing record.

Background on NARFE

NARFE is a nonprofit, nonpartisan membership association. Our 170,000 members live in every congressional district across the country and consist of both retired and current federal workers from all branches and levels of the federal government, including the U.S. Postal Service. Federal benefits and retirement plans are unique, complex and subject to change. NARFE provides federal workers and retirees with the clear, reliable and accessible counsel they need to make critical decisions regarding their benefits.

Since NARFE’s founding in 1921, the association’s mission has been to defend and advance the earned pay and benefits of America’s civil servants. Federal workers dedicate their careers to the betterment of our country, and in return they ask their government to hold up its end of the bargain – keeping the promises made when they were hired, including their compensation package. NARFE is here to honor the service of federal employees and ensure that they have a secure future.

Revitalizing the Federal Workforce

An increasingly interconnected world, facing rapid technological, environmental and economic change, presents the federal workforce with new challenges – like responding to a global pandemic – but also many new opportunities. Yet, the last major reform to personnel and performance management laws was 42 years ago. It is unsurprising that there’s widespread recognition¹ that federal human capital management is in need of modernization.

¹ See, e.g., National Academy of Public Administration “No Time to Wait, Part 2: Building a Public Service for the 21st Century,” September 2018, , www.napawash.org/studies/academy-studies/no-time-to-wait-part-2-building-a-public-service-for-the-21st-century; “Transforming the Governance of Federal Human Capital Management: Creating the Capacity to Enable Effective Change,” Summer 2020,

Our nation's federal workers take pride in their service to their country. We should honor their dedication and patriotism by empowering them with the 21st century technology and organizational practices necessary to leverage their efforts to the greatest extent possible. We cannot let the energy and purpose of our public servants go to waste.

In order to revitalize the federal workforce, NARFE suggests Congress support the following policies:

i. Provide market-rate federal pay increases

I urge Congress to support a 3.2 percent average pay increase for federal workers in 2022 via a 2.2 percent across-the-board increase, and a 1.0 percent average increase to locality pay rates in 2022, as provided by the FAIR Act, H.R. 392.

Pursuant to the Federal Employees' Pay Comparability Act of 1990 (FEPCA), federal employees should receive a 2.2 percent increase in federal pay rates in January 2022² prior to any amount being provided for locality pay rate increases.³ This suggested percentage increase is based on the 2.7 percent increase in wages and salaries paid to workers in the private sector, as measured by the Employment Cost Index (ECI).⁴ This 2.7 percent increase in the ECI also serves as the default military pay increase for 2022. An average 0.5 percent increase to locality pay rates would ensure an average pay increase of 2.7 percent, at parity with the expected military pay increase and recent private-sector pay increases. An additional 0.5 percent increase in locality pay would make up for below-market increases in recent years.

As I make this request, I am aware that many Americans face economic crises resulting from the COVID-19 pandemic, as unemployment rates remain high and certain sectors of the economy have been devastated. Yet other sectors continue to thrive, and the stock market has hit record highs. While struggling sectors may apply pay freezes, the data suggests that others continue to increase rates to ensure competitive pay and retain high-performing employees. As federal pay continues to lag behind the private sector, limitations on federal pay increases not only devalue the public service and sacrifice

cdn.ymaws.com/seniorexecs.org/resource/resmgr/Transforming_HCM_Recommendat.pdf; "Inspired to Serve, The Final Report of the National Commission on Military, National and Public Service," March 2020, inspire2serve.gov/reports.

² While FEPCA would dictate a 2.2 percent pay increase prior to locality pay adjustments, private-sector pay rates are projected to increase by an average of 2.9 percent in 2021, according to World at Work. See: www.worldatwork.org/docs/research-and-surveys/sbs/SBS2020-21_TopLevelData.pdf.

³ Locality pay differs by geographic areas and is designed to close the gap between private-sector pay and federal pay in comparative labor markets. Locality pay has never been fully implemented due to the large costs involved. As of October 2020, private-sector workers are paid 23.11 percent more than federal workers engaged in substantially equal work, according to the most recent data from the Federal Salary Council. The Federal Salary Council compares federal and private-sector pay for similar jobs based on Bureau of Labor Statistics survey data.

⁴ For FY2022, the relevant change in the ECI is from the third quarter of 2019 to the third quarter of 2020.

made by federal employees, but they will also cause federal pay rates to fall further behind comparable private-sector pay rates.

Federal workers have made outstanding contributions in response to the COVID-19 pandemic and have faced substantial increased risks to perform their duties. As a result, more than 100,000 federal employees serving this country have tested positive for the coronavirus.⁵ At the Department of Veterans Affairs, doctors and nurses have cared for tens of thousands of individuals with COVID-19 amid shortages of personal protective equipment. Both the Internal Revenue Service and the Small Business Administration have distributed hundreds of billions of dollars to businesses and individuals at record speeds in response to pandemic-related economic crises. Civil servants continue to spearhead the federal response, from tracking new strains of the virus to facilitating vaccine distribution. Countless more federal workers continue to serve the nation through remote work, maintaining government operations amid difficult circumstances. We ought to recognize and honor their service with more than just words. Despite the contributions and sacrifice of federal employees, congressional silence last year resulted in a reduced, 1 percent pay adjustment for 2021, a full 2 percentage points below what Congress authorized for the military.

But it is not just about rewarding service and sacrifice. Federal pay rates must be adjusted annually to maintain the competitive pay required to recruit and retain a well-qualified and high-performing workforce: the doctors and nurses who care for our veterans, the cybersecurity professionals tasked with protecting critical infrastructure and responding to emerging threats, NASA engineers, NIH scientists, federal law enforcement and intelligence officers, prosecutors and judges. These individuals – and many more who comprise our federal workforce – require adequate compensation or else we risk losing their talents.

Absent congressional action, the president must put any raise, or freeze, into effect. President Biden's FY22 budget request will provide the first indication of his intentions, and we are urging him to support a 3.2 percent average increase in federal pay rates. But Congress should not simply shift responsibility to the administration. It is important to show a unified commitment to the federal workforce, and to reestablish the precedent of appropriating market rate increases in federal pay rates.

For these reasons, I urge Congress to reassume its responsibility for federal pay increases, and appropriate at least a modest 3.2 percent average federal pay rate adjustment through the FY22 appropriations process. It would be a prudent and reasonable investment to ensure that the programs and activities Congress authorizes and appropriates money for are overseen and implemented by a capable workforce.

ii. Make federal human capital management a top priority

⁵ Katz, Eric. "Coronavirus Cases Are Spiking At Federal Agencies." *Government Executive*, November 13, 2020, <https://www.govexec.com/workforce/2020/11/coronavirus-cases-are-spiking-federal-agencies/170010/>.

It may not be a headline-catching or vote-driving issue on its face, but there's a human element behind every government success and failure. If our system for recruiting, developing, motivating and retaining people is at risk of failure, so is every government program – potentially depriving taxpayers of vital services. Civil service modernization may not be an attention-grabbing subject, but a failed levee, a botched hurricane relief effort, a sclerotic response to global pandemic, or a crashed website for a signature initiative can sidetrack any agenda. If Congress ignores a root cause of government failures, it endangers the success of every initiative it supports.

But even barring a major failure, the potential reward for improved federal government management and the resulting improvements in mission fulfillment and cost savings for taxpayers are enormous. Amid increasing partisanship and substantial and impactful policy disagreements, the range of disagreements on discretionary spending levels remains modest compared to those for overall discretionary spending. As politics and policy views weigh heavily on the 5 percent of the federal budget that may change from year to year, there continues to be untapped opportunity to improve the efficiency of the 95 percent of federal spending that remains the same from one year to the next. There's a golden opportunity to do so by bringing federal human capital management into the 21st century.

If Congress and the administration make this a top priority, the potential to transform the federal government to work better on behalf of the American people is immense. As members of the Government Operations subcommittee, I suggest you encourage the administration (through advocacy and oversight) to focus on two simple first steps: (i) continue to place appointees with human capital management expertise in the Office of Personnel Management; and (ii) elevate the director of OPM position to the Cabinet. Success will require more than these actions; it will require continuous attention through the annual funding process, oversight and legislative reforms. But the outcome will be worth it, both for the failures it may prevent and the opportunities it will unveil.

iii. Support the development of a human capital scorecard

While a commitment to improvement is a good first step, we need to better assess where we are and how we are progressing. Building off the success of the Federal Information Technology Reform Act (FITARA) scorecard in assessing federal information technology practices, a human capital scorecard would apply the same model to human capital practices and investments.

Currently, we lack adequate data to measure the effectiveness of workforce policies, practices and spending and their impact on mission fulfillment. Without this data, we cannot properly identify the scope of problems and prioritize efforts to fix them. Tracking and publishing workforce data and analysis for federal government leaders, Congress and the public will provide the information needed to make improvements to human capital management and ensure accountability.

iv. Support the formation of a U.S. Talent Service (USTS) to develop and implement innovative solutions to our most pressing human capital challenges

Drawing on the success of the US Digital Service in modernizing federal government informational technology, a US Talent Service would implement that same model, recruiting the best and brightest experts from federal agencies, businesses and NGOs to address our most significant management and talent challenges. This US Talent Service could develop and implement pilot programs, assess their efficacy and expand successful efforts government-wide.

v. Support the development of modern telework policies

Modern technologies have improved the ability and efficacy of telework. Organizations have adapted to take precautions in response to the COVID-19 pandemic, accelerating the use of telework and paving the way for expanded use in the future. The federal government should develop a modern telework policy that utilizes new technological capabilities and emerging workplace trends to improve productivity, maximize flexibility and reduce costs. Of course, the government must remain cognizant of security concerns and other risks and limitations of telework, including the possible consequences of reduced interpersonal interaction on the comradery and morale necessary for organizational success.

I thank Chairman Connolly for his leadership in supporting telework requirements for eligible employees and for promoting and defending telework flexibility for federal employees and agencies. We look forward to continuing to support efforts to ensure federal agencies develop modern telework policies for the future.

Conclusion

This hearing takes an important first step in starting the conversation on how to revitalize the federal workforce and restore faith in public service. While the general public may view the federal government as an abstract entity, the reality is that Americans rely greatly on the work of federal employees every day. Our citizens depend on civilian defense employees to support and equip our military; doctors and nurses to care for veterans returning home from war; cybersecurity professionals to protect critical infrastructure and respond to emerging threats; scientists and researchers to develop new cures for cancers and disease; federal law enforcement and intelligence officers to protect us from foreign and domestic threats to our physical security; prosecutors and judges to uphold the laws, postal workers to keep our communities connected and our economy churning; revenue agents to ensure we have the funds to carry out these missions and much more. The public ought to hear more about their great work, and Congress ought to ensure we are recruiting and retaining the workforce we need and honoring their service appropriately.

Thank you for the consideration of our views. If you have any questions or concerns, please contact NARFE Staff Vice President for Policy and Programs Jessica Klement at jklement@narfe.org.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ken Thomas', with a stylized flourish at the end.

Ken Thomas
National President