I. FEDERAL WORKFORCE MANAGEMENT - 2014

Throughout 2013, federal managers and their employees faced severe uncertainty. Drastic, across-the-board budget cuts through sequestration took effect in March. These cuts limited the federal workforce's ability to carry out agency missions and goals efficiently and effectively. Further, a sixteen day partial federal shutdown caused by congressional inaction not only created delays in services, such as aid to the elderly and the nation's veterans, but it also cost the national economy an estimated $24 billion in lost economic output.

Federal managers, supervisors and executives got a reprieve in December 2013, when Members of Congress passed the Bipartisan Budget Plan (P.L. 113-67), calling for a delay of the sequester for two years. Additionally, in January 2014, Congress ceased the recent practice of utilizing continuing resolutions for federal spending by passing an omnibus appropriations bill (P.L. 113-76), providing federal agencies with a spending plan. The Federal Managers Association (FMA) hopes this is just the beginning of recognition placed on the need of an effective and sustainable workforce.

As the oldest and largest organization representing the men and women of the civil service charged with managing federal agency and department efforts, FMA assists our elected leaders in meeting the challenges facing not only the federal government, but our nation as a whole. Federal managers, supervisors and executives understand the demands placed on federal agencies continue to be high, while the allocation of resources to realize missions is limited. Because of this, it is critical lawmakers equip federal workforce leaders with tools and flexibilities that will enable agencies to operate in the most efficient and effective manner possible. FMA is committed to working with Members of Congress from both sides of the aisle to promote these commonsense initiatives and deliver on the promise to provide American taxpayers with unparalleled service.

SUMMARY OF FMA LEGISLATIVE RECOMMENDATIONS

1. **To ensure the American public receives the services upon which they rely on a daily basis, Congress must end sequestration and grant federal agencies and departments flexibility to meet budgetary restraints.**

2. **Congress should provide adequate funding to allow agencies to procure the resources and staffing levels necessary to serve the American public based on each agency's established mission, and all appropriations bills should be passed in a timely manner.**

3. **Congress should pass legislation to establish and fund initial and ongoing mandatory training requirements for all managers and supervisors across the federal government.**

4. **Congress should pass legislation to allow federal agencies to extend the probationary period for employees entering the civil service from one to two years.**

5. **Congress and the Office of Personnel Management (OPM) should require all federal agencies integrate succession planning into their strategic plans.**

6. **Congress should reform the current Federal Employees' Compensation Act (FECA) benefits structure to reduce the burden on agency budgets.**

7. **Congress should pass legislation that permanently ends the Federal Prison Industries' (FPI) mandatory-sourcing status across the federal government.**

ELIMINATE SEQUESTRATION AND PROVIDE AGENCIES FLEXIBILITY

To maintain the level of service the American people expect and deserve, Congress must provide adequate funding to allow agencies to execute their missions, and the staffing necessary to carry out those missions effectively.

Members of Congress from both sides of the aisle have vocally denounced the poor policy of sequestration and the blind, draconian budget cuts it requires. However, as sequestration took effect in 2013, several federal departments and agencies were forced to furlough members of the workforce due to financial restraints. As a result, federal employees strained not only to meet congressionally-mandated missions and goals on limited budgets, but also to meet personal financial demands. Over the summer, the Federal Employee & Education Assistance Fund (FEEA) saw an overwhelming amount of financial assistance applications, and provided almost $60,000 in loans throughout June and July to those burdened with furloughs. So much demand was placed on FEEA, it had to suspend loan applications due to lack of funds. In November 2013, the Center of American Progress released a report on how 2014 sequester cuts will devastate the federal workforce, more so than in 2013.

It is imperative lawmakers understand that continuing across-the-board discretionary spending and workforce cuts will prevent federal agencies from fulfilling congressionally-mandated missions and goals and delay the services American taxpayers have demonstrated an increasing reliance upon in the current economic environment. Additionally, the 2013 Federal Employee Viewpoint Survey shows growing dissatisfaction with the federal workplace; only 59 percent of respondents claimed they were satisfied with their job. Continuing sequestration will only impede job satisfaction, federal employees' ability to meet goals, and potentially create a hollow workforce.

FMA urges lawmakers to eliminate sequestration, noted publically as flawed policy that severely jeopardizes the federal government's ability to respond to the needs of the American public. While the Bipartisan Budget Plan (P.L. 113-67) delayed sequestration for two years, Members of Congress cannot depend on deferring these cuts as it causes instability throughout the federal government. FMA recommends Congress evaluate federal agencies' missions on a case-by-case basis and determine which individual objectives will be continued. Agency heads should then be charged to determine the types of critical skills required to fulfill these objectives and the number of employees needed. Based on this determination, Congress should appropriate funds that will allow the agency to fulfill these obligations. Managers will continue to strive to raise the bar of effectiveness and efficiency.

PROVIDE AGENCY FUNDING REFLECTIVE OF MISSION IN A TIMELY FASHION

To improve the federal government's effectiveness, Congress should determine each federal agency's ongoing mission and provide adequate funding to allow agencies to procure the resources and staffing levels necessary to execute their assignments.

If Congress is sincere in its commitment to provide American taxpayers with federal services in an efficient and cost-effective manner, lawmakers must navigate the annual appropriations process in a timely fashion. Federal agencies are unable to provide managers and supervisors the resources necessary to achieve their missions when Congress delays passage of comprehensive spending bills.

Enormous stress is placed on federal programs when continuing resolutions fund operations, as agencies are handcuffed from obtaining the necessary resources required to handle rising workloads. The time of "doing more with less" has passed.

Budget uncertainty forces managers and supervisors to focus more on short-term operations and less on their core missions, impeding efficiency and ultimately costing the government and American taxpayers more money in the long run. The recent reliance on continuing resolutions inhibits agencies' abilities to anticipate funding levels and allocate resources in an effective fashion to boost productivity and the delivery of services. Providing agencies with timely and adequate budgets is the only course of action to prevent these avoidable challenges.

MANDATE AND FUND FEDERAL SUPERVISORY TRAINING PROGRAMS

Congress should pass legislation establishing initial and ongoing mandatory training requirements for all managers and supervisors across the federal government.

Current law requires agencies to establish training programs for managers and supervisors focusing on how to address poor performing employees, enhance mentoring skills and conduct accurate performance appraisals. However, there is no requirement for managers to participate in these training programs, and when budgets are tight these discretionary programs are often the first to see their funding cut.

Studies have shown that agencies often promote individuals to managerial status based on technical prowess, but then fail to develop their supervisory and leadership skills. In doing so, agencies severely jeopardize their capability to achieve their mission. The development of managerial skills is one of the greatest investments an agency can make, both in terms of productivity gains and the retention of valuable employees.

At the National Council on Federal Labor-Management Relations, labor members voiced their desire for managers to take the lead on addressing poor performers. This request underscores the need for mandatory training in documenting: unacceptable performance, efforts to assist the employee, strategies and timelines for improvement; also, training in preparing formal memos to advise employees of their unacceptable performance, the need to improve, the consequences if improvement is not forthcoming, and their rights.

FMA endorsed legislation introduced in the 112th Congress by Representative Jim Moran (D-VS) and retired Senator Daniel Akaka (D-HI), H.R. 1492/S. 790, respectively, requiring agencies to provide supervisors with training on various management topics, including mentorship, career development, prohibited personnel practices, and collective bargaining rights. FMA urges Congress to introduce and approve similar legislation in the second session of the 113th Congress.

ALLOW AGENCIES TO EXTEND THE PROBATIONARY PERIOD

Congress should provide federal agencies the flexibility to extend the employee probationary period to two years, allowing managers and supervisors to thoroughly evaluate their workers' skills and abilities.

Many federal agencies employ labor forces requiring specialized technical skills to carry out their duties. New employees must often master broad and complex procedures and policies to meet their agencies' missions, necessitating several months of formal training followed by long periods of on-the-job instruction. To ensure each manager and supervisor oversees a workforce that exhibits the abilities required to execute its objectives, lawmakers must afford federal agencies the latitude to extend the probationary period beyond the current length of only one year.

In occupations where training takes substantial time, supervisors only have a few months of work to judge employees' performance. Extending the probationary period to two years improves supervisors' assessments and allows employees more time to display capabilities. The current economic environment requires agencies to take on greater responsibility while receiving fewer resources, and it is critical that members of the federal workforce prove they are up to the challenge of serving the interests of the American public.

In April of 2011, the House Oversight and Government Reform Committee passed legislation (H.R. 1470) extending the probationary period to two years for all new employees and supervisors. We at FMA encourage both the House and Senate to revisit this important issue and pass legislation to implement a two year probationary period in the 113th Congress.

INTEGRATE SUCCESSION PLANNING INTO STRATEGIC PLANS

Congress and the Office of Personnel Management should require all federal agencies integrate succession planning into their strategic plans.

Retirement applications will continue to increase over the next several years, with nearly 760,000 federal employees eligible for retirement by 2016. Given this forecast, preparation for the mass exodus of talent is critical to the stability of human capital operations in the public sector. There is a large gap of mid-career federal employees prepared for senior leadership roles. Two major issues to be addressed are: the loss of institutional knowledge and the failure to identify and prepare mid-career federal employees to assume senior leadership positions.

Failing to prepare with succession planning will have a negative impact on the continuity of operations within federal departments and intelligence communities; hinder counterterrorism efforts; cause a deterioration of service to the public; increase overall federal workforce costs; and, compromise national security. Agencies largely turn to contractors to fill knowledge gaps when key federal personnel leave an agency. However, studies report that it costs on average 1.83 times more to employ a contractor than a federal employee, and inhibits transfer of knowledge.

To ensure that agencies effectively meet their missions, FMA encourages agencies to follow a two-prong approach to integrate succession planning into its strategic plan. First, agencies should develop

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replacement strategies and identify staffing needs to project and plan for key losses. Secondly, agencies should invest in critical leadership training earlier in a high performer's career, at the GS-9 level.

A commitment and focus on succession planning will reduce end costs for agencies, reduce the federal deficit, and increase efficiency of federal agencies. According to estimates published in article by Marbury and Mayer in *The Public Manager*, this would result in more than $10 billion in savings over 10 years, with a potential for even greater savings.

REFORM THE FEDERAL EMPLOYEES' COMPENSATION ACT BENEFITS STRUCTURE

Congress should reform the current Federal Employees' Compensation Act (FECA) structure to ensure payments are made in a responsible manner without placing an undue burden on federal agencies.

FECA costs are a significant concern to federal agencies. In 2010, program costs exceeded $2.7 billion, according to the Department of Labor (DOL). Although FECA is administered by the DOL's Office of Workers' Compensation, disbursements for an injured or disabled employee are charged back to an agency's salary and expense account. This charge-back provision, instituted to make agencies accountable for safety, has led many managers to see their rapidly downsizing budgets further tapped to pay for long-term disability cases.

Employees under FECA receive 75 percent of their salary (66 2/3 percent for those who have no dependents) tax-free. As such, FECA income can exceed the injured employee's previous salary, reducing the incentive to return to work. FECA benefits continue after the employee would have otherwise been eligible for retirement, at a continuing cost to the agency, and these benefits frequently exceed retirement pensions. In 2011, over 65 percent of FECA recipients were at least 55 years old.

FMA makes the following suggestions for legislative FECA reform:

- Reduce the FECA benefit from 75 percent to 66 2/3 percent of income for all beneficiaries;
- Establish a FECA retirement program; and,
- Base benefit increases on employee pay adjustments, not the Consumer Price Index (CPI).

During the 112th Congress, the Senate passed the 21st Century Postal Service Act (S. 1789), which included these reforms. Meanwhile, the House of Representatives unanimously passed the Federal Workers' Compensation Modernization and Improvement Act (H.R. 2465). FMA urges Members of Congress to continue to push for these reforms.

CODIFY THE ELIMINATION OF FPI'S MANDATORY-SOURCING STATUS

Congress should pass legislation that permanently ends the Federal Prison Industries' (FPI) mandatory-sourcing status across the federal government.

For too long, federal managers and supervisors responsible for purchasing goods and services have been forced to spend taxpayer dollars on products provided by the Federal Prison Industries (FPI), regardless of whether the transaction represents the best return on public dollars. For all contracts exceeding $2,500, federal agencies must purchase procurement goods from FPI. In the 109th Congress, the House of Representatives approved H.R. 2965 to end the mandatory-sourcing status of FPI and allow government agencies to acquire procurement goods and services through a competitive sourcing process; however, the measure has yet to advance further.

Additionally, Congress approved a provision in the fiscal year 2005 Consolidated Appropriations Bill (P.L. 108-447) to end FPI's mandatory-sourcing status. However, as this was agreed to within an appropriations measure, it was not codified into public law. As of 2002, Congress ended the practice of mandatory sourcing in the Department of Defense, but the rest of the government is still required to procure goods from the unreliable and expensive FPI. FMA encourages the 113th Congress to permanently end this ineffective and costly practice.