← NO TIME TO WAIT →

BUILDING A PUBLIC SERVICE FOR THE *21*ST CENTURY

ABOUT THE ACADEMY

The National Academy of Public Administration is an independent, non-profit, and non-partisan organization established in 1967 and chartered by Congress in 1984. It provides expert advice to government leaders in building more effective, efficient, accountable, and transparent organizations. To carry out this mission, the Academy draws on the knowledge and experience of its over 850 Fellows—including former cabinet officers, Members of Congress, governors, mayors, and state legislators, as well as prominent scholars, career public administrators, and nonprofit and business executives. The Academy helps public institutions address their most critical governance and management challenges through in-depth studies and analyses, advisory services and technical assistance, congressional testimony, forums and conferences, and online stakeholder engagement. Learn more about the Academy and its work at www.NAPAwash.org.

A White Paper by a Panel of the

**NATIONAL ACADEMY OF
PUBLIC ADMINISTRATION**

Sponsored by the Samuel Freeman Charitable Trust

July 2017

*No Time to Wait:
Building a Public Service
for the 21st Century*

PANEL

Donald Kettl (Chair)*
Doris Hausser*
Jozef Raadschelders*
Ronald Sanders*
Stan Soloway*

NATIONAL ACADEMY OF
PUBLIC ADMINISTRATION®

*Academy Fellow

Officers of the Academy

Reginald Robinson, *Chair of the Board*
Sallyanne Harper, *Vice Chair*
Teresa Gerton, *President and Chief Executive Officer*
B. J. Reed, *Secretary*
Jonathan Fiechter, *Treasurer*

Study Team

Joseph P. Mitchell, III, *Director of Academy Programs*
Thelma Hite-Harris, *Project Director*
Sally Jaggar, *Senior Advisor*
Diane Irving, *Senior Advisor*
Adam Darr, *Senior Research Associate*

As we move into the third decade of the 21st Century, the federal government continues to struggle with building a public service workforce that can meet the unique demands of our time. Its human capital system actually hinders the ability of federal departments and agencies to recruit, develop, and retain top talent; hold administrators and employees accountable for results; and strike the right balance between civil servants and contractors.

These are widely acknowledged challenges, but there is no consensus on how they should be addressed. Fortunately, the National Academy of Public Administration (the Academy)—an independent, nonprofit, and nonpartisan organization established in 1967 and chartered by Congress—received support last year from the Samuel Freeman Charitable Trust to determine how the federal government's human capital challenges could best be addressed.

The Academy has worked for decades to provide advice to government leaders and the general public through its more than 850 Fellows—including former cabinet officers, Members of Congress, governors, mayors, and state legislators, as well as prominent scholars, career public administrators from all levels of government, and nonprofit and business executives. Through our studies for government agencies and our thought leadership efforts, Academy Fellows and our professional staff provide assistance to government leaders to help build more effective, efficient, accountable, and transparent organizations.

The Academy formed a Panel of respected human capital experts, chaired by Dr. Donald F. Kettl, to review the landscape and develop strategies to address the federal government's civil service and human capital challenges. In this White Paper, the Panel is presenting a reform proposal that would transform the federal government's existing human capital system and processes in a profound way. Once fully implemented, the new system would strengthen the ability of federal departments and agencies to attract, recruit, retain, motivate, pay, and hold accountable a high-performing workforce required to meet 21st Century challenges.

This White Paper could not have been completed without the support of the Samuel Freeman Charitable Trust, and I especially want to thank Academy Fellow Paul Verkuil for his dedication in making this project possible. Thanks to the Academy Panel, which held numerous sessions, had serious debates about both the problem and a range of potential solutions, circulated many drafts for review, and ultimately reached consensus on the policy framework and recommendations contained herein. The Panel received critical support from the professional study team, the members of which were indispensable throughout the project.

The Panel was very deliberate in titling this White Paper, *No Time to Wait*. The federal government touches all of our lives on a daily basis and is essential for our nation's security and economic welfare. It is my hope that the Executive and the Legislative Branches and all

key stakeholders will find the ideas presented here useful in helping to ensure that the federal government has the talent—a highly skilled, agile, and responsive workforce—needed to meet its enormous responsibilities. Together, we can build a public service for the 21st Century, and we can start right now.

Teresa Gerton
President and Chief Executive Officer
National Academy of Public Administration

TABLE OF CONTENTS

THIS PAGE INTENTIONALLY LEFT BLANK

DEFINITION OF TERMS AND STRUCTURAL ELEMENTS

Federal Human Capital—all human resources from all relevant sectors that perform the federal government's work, including:
- the federal government (to include the civil and uniformed services),
- government entities at other levels (i.e., State and local, regional and tribal),
- the nonprofit sector, and
- contractors.

Federal Human Capital Strategy—results-focused, mission-oriented values, plans, objectives, policies and government-wide programs that shape and affect the management of **federal human capital**; agencies have their own mission-driven human capital strategies for using human resources from all appropriate sectors.

Federal Workforce—the portion of federal human capital and the multi-sector workforce that consists solely of **federal civil service employees** in the executive branch.

Federal Human Capital System—the laws, rules, principles, policies, authorities and programs that support the management of the **federal workforce**; within the federal government, the federal human capital system operates at two levels:
- an **enterprise level**, through a **human capital system** founded on values and principles and realized through government-wide rules and authorities established by a **central governance structure** responsible for implementation, adaptation, oversight and evaluation of the federal human capital system; and
- an **operational level**, achieved by exercising government-wide authorities to fashion and adapt **customized agency-specific human capital systems** for attracting, recruiting, developing, retaining, and leading the agency's federal workforce; such customized human capital systems could be established and adapted to operate across multiple agencies through collaborative design and shared services arrangements.

Federated—a system in which the components maintain a high level of operating autonomy, but unite in pursuit of an agreed-upon set of core principles.

We believe that any new enterprise-level federated human capital system should rest firmly on a balanced three-legged stool comprising:
- *Mission*—a system that enables departments and agencies to achieve their policy goals in ways that are optimum for their missions.
- *Principles*—a system that pursues this strategy in ways that uphold the time-honored values of merit.
- *Accountability*—a system that enables managers to be held responsible for using 21st century strategies and tactics to accomplish agency missions while adhering to core principles.

THIS PAGE INTENTIONALLY LEFT BLANK

EXECUTIVE SUMMARY

We launch this White Paper with a profound sense of urgency. In case after case, ranging from ensuring cyber safety to protecting the nation's borders, the federal government faces profound problems in making government work for the American people. And in case after case, these problems share a common root cause: the federal government's human capital system is fundamentally broken. The more complex and wicked problems become, the more government needs smart leaders with the skills to solve them. But the current system, too often, has become trapped in processes that keep leaders from leading.

There is no time to wait. The nation's problems are too urgent. We need to build a human capital system that meets the needs of the nation's 21st century government and we need to start now.

What the federal government most needs, we believe, is a human capital system built on a sturdy three-legged stool: *mission first, principles always, and accountability for both.* We need a federated system that provides agencies with the flexibility to effectively manage the missions that Congress has set for them. We need a renewed commitment to the principles of merit that have been the foundation of the federal government's people systems for more than 130 years. And we need an innovative strategy, at the enterprise level, to promote accountability for both of these goals, a strategy that is outcome-based and data-driven. Such a system, we conclude, would:

- Provide individual agencies the flexibility to create human capital systems that meet the needs of their missions;
- Uphold the core principles on which a civil service ultimately depends; and
- Establish a governance and accountability structure that balances the two and uses collaboration and data analytics to redefine accountability and to accelerate the system's ability to adapt to the future.

This three-legged stool, we believe, will provide the foundation the government badly needs to serve citizens in these challenging times.

Creating and leading such a system will not be easy. It requires:

- Recommitting to—but modernizing—merit system principles at a time when some so-called reformers seek to undo some of its protections;
- Shifting from a system based in process to one focused sharply on results;
- Giving up a familiar (even if broken) approach for a newer (but highly promising) one;
- Redefining the role of enterprise-level leadership for human capital in the federal government.

The federal government's capacity to do what needs to be done—most importantly, to serve the needs of citizens in the 21st century—urgently depends on undertaking the steps we have outlined in this White Paper.

THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTION: MISSION FIRST, PRINCIPLES ALWAYS, ACCOUNTABILITY FOR BOTH

The federal government's civil service system is badly out of sync with the needs of an effective 21st century government. Some of the system's critics might question whether the system, created in the late-19th century, still matters more than 130 years later. We believe the answer is a clear "yes"—but that the system must be modernized, refreshed, and reinvigorated to fit the needs of the digital age.

In the 19th and 20th centuries, industrialized democracies around the world created professional civil service systems to prevent the corruption, nepotism, and poor performance that had existed under earlier "spoils systems." These standardized systems made sense when governments had a limited number of agencies and relied on a workforce largely consisting of clerks. The system proved remarkably effective for a very long time, in virtually every sphere of American life: responding to economic crises like the Great Depression, fighting two world wars (and one cold one), and stimulating technological innovation.

Now, however, government's changing responsibilities require a more highly skilled and agile workforce. Among its many problems, the current civil service system is no longer a system. It is mired in often-arcane processes established after World War II, in the days before the Internet, interstate highways, or an interconnected global economy. Pursuit of those processes, many now largely obsolete, has become an end in itself, and compliance with them has tended to come at the expense of the missions they were supposed to support.

As a result, the federal civil service system has become a non-system: agencies that have been able to break free from the constraints of the outmoded regulations and procedures have done so, with the indulgence of their congressional committees. But that practice can risk undermining the merit principles that originally gave birth to the system in 1883. Meanwhile, those agencies unable to maneuver a breakout find themselves trapped in processes that fail to serve their missions.

An important point about "the merit system" deserves clarification. Frustrated managers often rail against the "constraints of the merit system." Although that sentiment is understandable, those problematic constraints are in fact produced not by the basic merit system principles, but by the particular ways those principles have been brought to life in the personnel authorities currently established in title 5, United States Code, and their elaborate implementing regulations.

Why Improving the Human Capital System Matters

The many flaws in the federal government's human capital system—with its decades-old civil service rules that govern how employees are hired, developed, paid, and retained—have real-world consequences. While the human capital system is not exclusively responsible for the government's problems, solving them without reforming that system is impossible. Consider some instructive examples.

3

Cybersecurity at the Office of Personnel Management and Internal Revenue Service

The growing reliance of government, private companies, and individual citizens on the Internet has created a vast array of vulnerabilities—and the need for a new generation of cybersecurity professionals. One breach in a single federal agency could quickly affect millions of citizens. Given the intense global competition with which the government must contend, we need a human capital system that is far more adaptable and flexible; that enables agencies to modify and moderate internal and external roles and responsibilities in ways that enable the government to meet its critical mission. Cyber-attacks are certain to continue and the gap between the skills the government needs and its ability to hire cyber professionals will only increase. The failure to hire the cyber security skills needed has already had real world implications.

1. *Office of Personnel Management (OPM).* In 2015, OPM discovered that the personnel records of 4.2 million current, former, and prospective federal employees and contractors had been stolen.[1] Even more records were stolen from databases created from background investigations. Together, these breaches meant cyber-thieves acquired the names, birthdates, home addresses, and social security numbers of millions of government employees, as well as information about their family members, contractors, and others who had undergone security checks— more than 22 million people in all. Inadequate security—and the lack of enough skilled cyber-employees—had made the breach possible. To prevent future breaches, the government must attract and keep skilled cyber-talent.

2. *Internal Revenue Service (IRS).* In February 2016, IRS discovered that a breach almost a year earlier turned out to be far larger than first thought. Hackers used one of IRS's own online programs, "Get Transcript," to steal as many as 700,000 social security numbers and other sensitive information.[2] IRS shut down that program but then faced the enormous ongoing problem of how best to allow taxpayers to check their refunds online, while protecting their identities. IRS sought to devise new systems to solve these problems—and to acquire and keep the cybersecurity talent with the agility needed to anticipate and thwart criminal activity.

Doctors and Nurses at the Department of Veterans Affairs

The Department of Veterans Affairs (VA) has struggled to attract and retain medical professionals such as doctors and nurses. VA's complex hiring practices, along with its lengthy and complex recruiting processes, have created a "disadvantage with the private sector resulting in understaffing."[3] That, in turn, lies at the core of VA's longstanding crisis in delivering quality health care services.

The hiring problems have produced understaffing, and the understaffing has sometimes produced crises. In 2012, the Government Accountability Office (GAO) found that the VA

---

[1] U.S. Office of Personnel Management, *Statement of the Honorable Katherine Archuleta before the Committee on Homeland Security and Governmental Affairs, U.S. Senate*, June 2015.

[2] U.S. Internal Revenue Service, *Written Testimony of Commissioner Koskinen on Unauthorized Attempts to Access Taxpayer Data before Senate Finance Committee,* June 2015.

[3] National Public Radio, *VA Hospitals Still Struggling With Adding Staff Despite Billions From Choice Act,* January 2017.

needed to take aggressive steps to improve its staffing processes.[4] These and ongoing challenges led GAO to put the VA on its "high-risk list" of programs most prone to fraud, waste, abuse, and mismanagement.[5]

In response to these concerns, Congress passed the Veterans Access, Choice, and Accountability Act (2014) and the Department of Veterans Affairs Accountability and Whistleblower Protection Act (2017), which required the VA to address staffing problems.[6] So far, however, the VA has struggled to fill the shortages of doctors and nurses, as the department's own inspector general has found.[7]

The Backlog at the Social Security Administration

About one-third of SSA's most experienced staff is expected to retire by 2022. Meanwhile baby boomer retirements continue to soar and the Social Security Administration's (SSA) workload is burgeoning. GAO reports that workforce problems have hurt the service provided by SSA's field offices and its telephone hotline. This has also hindered SSA's ability to manage the eligibility reviews for individuals in its two disability programs, Disability Insurance and Supplemental Security Income. In fact, in 2014 GAO found that SSA had a backlog of 1.3 million disability reviews—and in some cases had made payments to those who should not have received them.[8] Moreover, SSA has struggled to hire a sufficient number of administrative law judges to hear appeals on retirement and disability rulings. These problems have persisted for years and, without careful attention, SSA will be unable to keep up with the increasing demand for its programs.

Hiring Federal Law Enforcement Officers

The agencies charged with protecting the borders and managing the immigration system—the U.S. Customs and Border Protection (CBP), and the U.S. Immigrations and Customs Enforcement (ICE)—are already short-handed. President Trump has proposed hiring an additional 15,000 CBP and ICE agents, but that will require filling the current backlog and then attracting literally tens of thousands of new applicants to stressful jobs, which are often in remote locations with frequent turnover. During the agency's last major hiring surge in 2014, it had to screen over 100 applicants to identify a single successful candidate, with a process-intensive hiring timeline that took months.[9] The prospect of doing so

---

[4] U.S. Government Accountability Office, *VA Health Care: Reliability of Reported Outpatient Medical   Appointment Wait Times and Scheduling Oversight Need Improvement,* GAO-13-130, December 2012.

[5] U.S. Government Accountability Office, *Progress on Many High-Risk Areas, While Substantial Efforts Needed   on Others: Managing Risks and Improving VA Health Care,* GAO-17-317, February 2017.

[6] U.S. Department of Veterans Affairs, *OIG Determination of VHA Occupational Staffing Shortages,* Report No.   16-00351-453, September 2016.

[7] *Ibid.,* p. 1.

[8] U.S. Government Accountability Office, *SSA Could Take Steps to Improve Its Assessment of Continued   Eligibility,* GAO-14-492T, April 2014. "Children make up about one fifth of all SSI recipients, and GAO reported   in 2012 that many of their CDRs (continuing disability reviews) were overdue. For example, more than 24,000   CDRs for children with mental impairments were overdue by 6 or more years, including over 6,000 CDRs   for children who were expected to medically improve within 6 to 18 months of their initial determination.   GAO also identified several cases which exceeded their scheduled review date by 13 years or more."

[9] U.S. Department of Homeland Security Office of the Inspector General, *DHS Is Slow to Hire Law Enforcement Personnel*, October 31, 2016, p. 3.

again—this time to fill 15,000 new positions and existing vacancies—will be difficult indeed within current civil service practices. That, in turn, puts our border security at risk.

In October 2016, the Inspector General overseeing these agencies issued a report, *DHS Is Slow to Hire Law Enforcement Personnel*, which noted that the "inability to hire law enforcement personnel in a timely manner may lead to shortfalls in staffing, which can affect workforce productivity and morale, as well as potentially disrupt mission critical operations."[10] It is especially important to attract a large number of potential recruits for these positions given that, among CBP applicants, for example, over 40 percent historically have failed to schedule or attend their entrance exams and just 40 percent of polygraph takers passed.[11] Although some of the recruitment challenges, hiring delays, and attrition result from needed security precautions and the nature of these jobs, a modernized human capital system could ameliorate some of these challenges.

A Strategy for Reforming the Civil Service and the Federal Human Capital System

As these examples show, the federal government's personnel system is broken. It serves neither the agencies' programmatic missions nor the system's broad principles. Incremental steps to tinker with current personnel practices would only make the system more complicated and difficult to administer. Limping down different roads can never fix it. We have a system that no one likes and that simply does not serve the government or its citizens well.

There is much debate as to the future of human capital in the 21st century within the public service. This paper proposes an innovative strategy for a refocused civil service system, with a new federal human capital strategy driven by a central concept: *mission first, principles always, and accountability for both.* We believe that the new enterprise-level human   capital system should rest firmly on a balanced three-legged stool comprising:

- *Mission***:** a system that enables departments and agencies to achieve their policy goals in ways that are optimum for their missions.
- *Principles***:** a system that pursues this strategy in ways that uphold the time-honored values of merit.
- *Accountability***:** a system that enables managers to be held responsible for using 21st century strategies and tactics to accomplish agency missions while adhering to core principles.

---

[10] *Ibid., p. 5.*

[11] *Ibid.,* p. 3. The OIG noted it takes CBP an average of 282 days to hire a border patrol agent and 221 days for a CBP officer; it takes ICE an average of 212 days to hire a deportation officer and 219 days to hire a criminal investigator in FY 2015.

As we will explain below, we seek to reclaim "accountability" for its original and proper meaning. In some recent policy debates, "accountability" has become a euphemism for making it easier to fire public employees. The system surely needs more flexibility, and poor performers should not be retained in public service positions. But "accountability" means much more than that. It is a time-honored principle that government should be responsible for serving the public interest.

Moreover, we believe that public servants should not be viewed as symbols of big government or as problems that need to be eliminated whenever possible. The nation needs to follow the central lesson taught by its leading private corporations: the best-managed companies see their employees as their biggest assets, and government should too. Government employees are fundamentally important assets in pursuing government's goals. Although we certainly need greater accountability in public service, what we most need is a *system* that holds administrators accountable for results. How well government employees accomplish government's mission and what principles are pursued in doing so are the key issues. Viewing "accountability" through the narrow lens of "firing employees" does the debate and the country no good service.

Instead, the focus should be on the creation of a federal human capital system that (1) focuses on how best to achieve the government's mission, (2) fits the core principles of merit to meet the government's new challenges, and (3) redefines accountability through strategies and tactics that meet citizens' needs. What the country does *not* need is a system preoccupied by—and mired in—process.

Nor does it need a "one-size-fits-all" strategy that jams all federal agencies into uniform boxes. The federal government's work and missions are just too varied for this to succeed. Efforts to force one-size solutions only undermine the ability of government's many departments and agencies—each created for a different reason—to serve their diverse constituents in ways that meet their individual (and individualized) needs.

The reader may have noted a recurring theme among the problems cited so far: the important role that skilled leaders must play in preventing problems and solving them when they do develop. Recruiting highly qualified leaders and managers to federal service and retaining them is yet another arena where an improved human capital system is needed. The government must equip its leaders with an improved human capital system that emphasizes *mission first, principles always,* and *accountability for both* so they can effectively accomplish their mission*.*

Governments around the world are struggling to reform their human capital processes to meet the new demands of the digital age. As with civil service reforms of the 19th century, we are presented with a unique historical moment that calls for creativity and imagination in devising a fundamentally new human capital framework. Certainly, no "silver bullet" solution can solve these problems, but we believe that the strategy outlined in this White Paper would significantly improve the current system. We urge its careful consideration by Congress and the Administration.

THIS PAGE INTENTIONALLY LEFT BLANK

THE FEDERAL GOVERNMENT'S HUMAN CAPITAL CRISIS

If the federal government is to serve its citizens in the 21st century, it needs to embrace a strategy regarding its *human capital.* "Human capital" is about creating the capacity to do government's work. That requires treating employees as assets rather than liabilities. The term "civil service," sadly, has degenerated into debates about administrative processes and structures, with civil servants seen as costs on a balance sheet, to be shed to meet fiscal constraints.

Consider how different the country and its government are today compared with the immediate aftermath of World War II, when the current civil service system was created (see Figure 1). The population of the United States has grown considerably since 1950 (151.3 million). It is estimated that by the year 2020, the United States will have a population of 334.5 million.[12] As the country's population has changed dramatically, the relative size of the federal civilian workforce has not. The population has also become much more diverse, a trend that will continue in the coming decades.
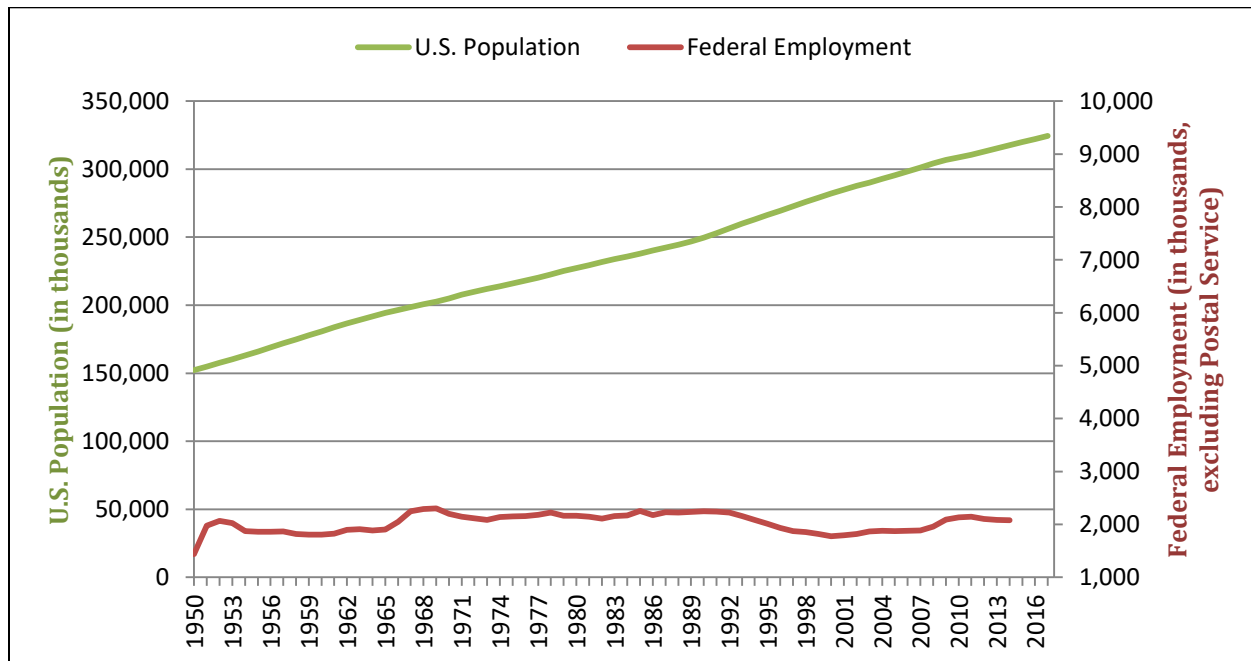
Figure 1: U.S. Population and Federal Executive Branch Employment (Sources: U.S. Office of Personnel Management, "Historical Federal Workforce Tables." The World Bank, "U.S. Population, total." U.S. Census Bureau, "Monthly Population Estimates for the United States: April 1, 2010 to December 1, 2017.")

---

[12] U.S. Census Bureau, *Projections of the Size and Composition of the U.S. Population: 2014 to 2060*, March 2015, p. 2. https://www.census.gov/content/dam/Census/library/publications/2015/demo/p25-1143.pdf

Ten Challenges Facing the United States

Even more important, the challenges facing the country have dramatically changed. Consider these ten fundamental challenges.

1. *Wicked problems.* More of society's problems are increasingly complex and interconnected, and many citizens increasingly look to government to solve them. Several decades ago, cybersecurity was a non-issue. Today, in a globally networked world, an intrusion can appear in an instant from any direction and demand an instantaneous response. Financial regulation is increasingly a global puzzle, in a world where financial markets are always open somewhere. Domestic issues such as poverty, inequality, and health care increasingly stretch across multiple sectors. Any problem anywhere can quickly become a wicked problem everywhere. The federal government needs employees capable of addressing such wicked problems. Most of these problems have no easy solutions—and all effective solutions are complex, reaching across boundaries among federal agencies, levels of government, sectors of society and, indeed, a globalized world.[13]

2. *Generational change.* The nation faces an unprecedented generational shift in the labor force, which has profound implications for the Federal government and its civil service. Millennials already comprise the largest segment of that labor force, but the Federal government has been singularly unsuccessful in attracting them to its ranks. And this could not come at a worse time, given GAO's estimate that 34.3 percent of the federal workforce will be eligible to retire by 2020.[14] Half of the air-traffic controllers in the tower at Chicago's O'Hare Airport are eligible to retire today.[15] GAO found that without careful management of turnover and the hiring of new employees, federal agencies can find themselves without the skilled workers they need to do the people's work.[16] The federal government is behind the curve in adopting succession planning—ensuring talent is available to fulfill important positions when incumbents leave.

3. *Government transformations.* The federal government, like other levels of government and the private and nonprofit sectors, must make the transition to new data-driven technologies and other changes that are revolutionizing the way government's work should be performed and managed. For example, in 2014, a report by an Academy Panel on the future of the Social Security Administration

---

[13] Churchman, C. West, *Wicked Problems,* Management Science 14(4), December 1967. "The adjective 'wicked' is supposed to describe the mischievous and even evil quality of these problems, where proposed 'solutions' often turn out to be worse than the symptoms." (p. B-141)

[14] U.S. Government Accountability Office, *Federal Workforce: Sustained Attention to Human Capital Leading Practices Can Help Improve Agency Performance,* GAO-17-627T, May 18, 2017.

[15] U.S. Department of Transportation, Office of the Inspector General, *FAA Continues to Face Challenges in Ensuring Enough Fully Trained Controllers at Critical Facilities,* Report AV-2016-014, January 11, 2016, p. 10, https://www.oig.dot.gov/sites/default/files/FAA%20Controller%20Staffing%20at%20Critical%20Facilities%5E1-11-16.pdf

[16] U.S. Government Accountability Office, *Federal Workforce: Sustained Attention to Human Capital Leading Practices Can Help Improve Agency Performance,* GAO-17-627T, May 18, 2017, https://www.gao.gov/assets/690/684709.pdf

pointed out the vast challenges—and opportunities—that data transformation raises for one of the federal government's most important programs.

As Governor of Indiana, Mike Pence championed an effort to transform the state's use of data in government's management of its programs. Data-driven management helped dramatically reduce homelessness among veterans in the last 10 years. The digital age offers benefits and opportunities to all corners of government. But digital-age government needs government managers who are skilled at developing and applying these new tools.

4. *Horizontal governance.* Many of government's most important programs require effective horizontal communication and management, yet too much of government still operates within vertical silos that hinder horizontal collaboration. The government increasingly suffers from what we call an advanced case of **bureausclerosis,** caused by increasing administrative layers and walls between policymakers and the administrators charged with carrying out policy.

   Both the Bush and the Obama administrations devoted substantial effort in their management agendas to cross-agency priority goals. With more problems spanning the boundaries of individual agencies, ranging from infrastructure and STEM education to security clearances and customer service, government needs more managers who are boundary spanners.

5. *Multi-sector workforce.* To accomplish its various missions, the federal government must manage human capital that is increasingly multi-sectoral in nature, stretched across multiple levels of government as well as the private and nonprofit sectors. This broader conceptualization of federal human capital is essential to the success of federal programs, but melding it into an effective system presents enormous challenges.

   Many agencies, like the Department of Energy and NASA, have far more contractors than government workers. In World War II, the government fought with a ratio of contracted personnel to military of 1:7; by the time of the conflicts in Iraq and Afghanistan, the ratio was 1:1.[17] More of government's work is being performed by non-government employees. Government increasingly needs a strategy for integrating the management of all those who do government's work—both its own employees and those employed by other organizations who just as clearly contribute to the performance of government's work.

6. *Changing career patterns.* The current federal civil service was created to foster the selection of skilled employees who would rise through the ranks and spend their entire careers in government service. Expected career paths have fundamentally changed since then. A 2015 survey found that one-third of millennials in the federal workforce intended to leave government to look for another job, and almost half of

---

[17] Defense Procurement and Acquisition Policy, *Contingency Contracting throughout U.S. History.*
http://www.acq.osd.mil/dpap/pacc/cc/history.html

those anticipated leaving within one to three years. On a more hopeful note, however, a Federal News Radio survey found that 80 percent of millennials envision a future career for themselves in the federal government.[18]

The trends are difficult to forecast with certainty, but one thing is sure: human capital planning is a fundamentally different job than a decade or so ago—and it differs even more greatly from practices used when the current system was created 75 years ago.

7. *Changing nature of government occupations.* Over time, as the nature of government has changed, so too has the nature of those who do its work and the work they have to do. Since the mid-1970s, blue-collar and clerical positions in the federal government have dramatically declined; in part because of more contracting out of front-line work and in part because of changing technology (see Figure 2). In contrast, administrative and professional positions have dramatically increased, because of technology and because more federal employees are managing programs through the multi-sector workforce. One of the consequences of this tectonic shift is that the average pay level of federal employees has increased (see Figure 3). Some critics of government have suggested that this is a sign of rampant inflation of the salaries of government workers. In fact, however, this is just an artifact of that much broader phenomenon.

Government occupations and the nature of much government work have changed radically, but the government's human capital system has barely changed at all. The result is like trying to negotiate the high-speed Internet with only an old electric typewriter.

---

[18] Nicole Ogrysko, *Millennials want to stay, if government grasps the new reality,* June 27, 2016. https://federalnewsradio.com/workforce/2016/06/special-report-millennials-want-stay-government-youll-let/; and Peter Viechnicki, *Understanding millennials in government,* Deloitte University Press, November   2015, https://dupress.deloitte.com/dup-us-en/industry/public-sector/millennials-in-government-federal-workforce.html
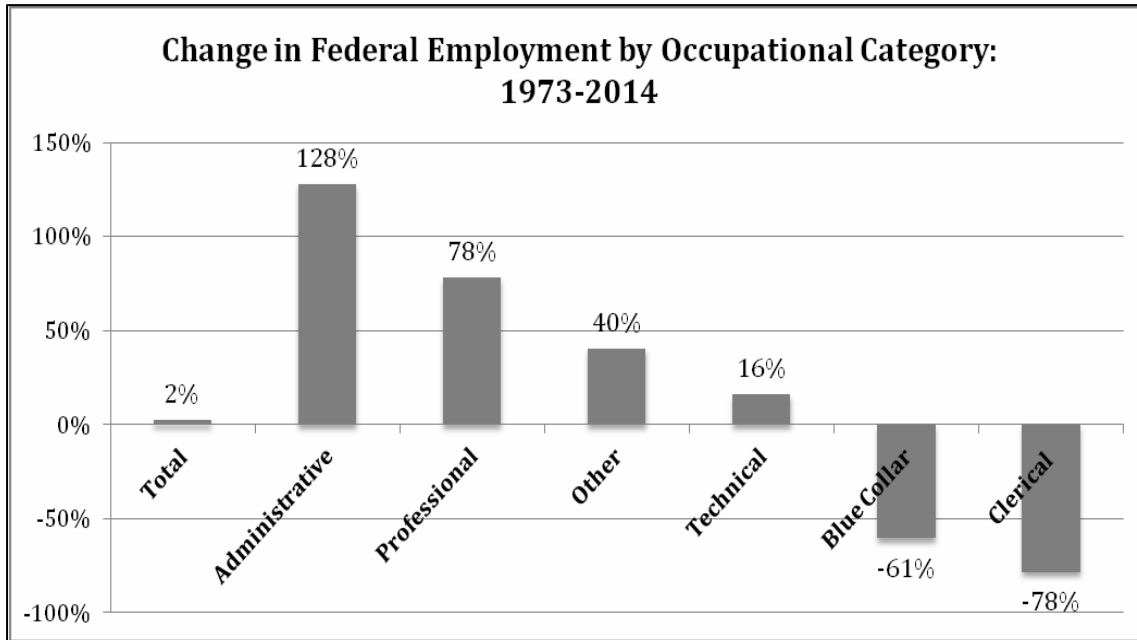
Figure 2: Change in Federal Employment by Occupational Category: 1973-2014 (Source: Donald F. Kettl, *Escaping Jurassic Government: How to Recover America's Lost Commitment to Competence* (Washington: Brookings Institution Press, 2016), p. 49. Calculated from U.S. Office of Personnel Management, Central Personnel Data File/EHRI-SDM)
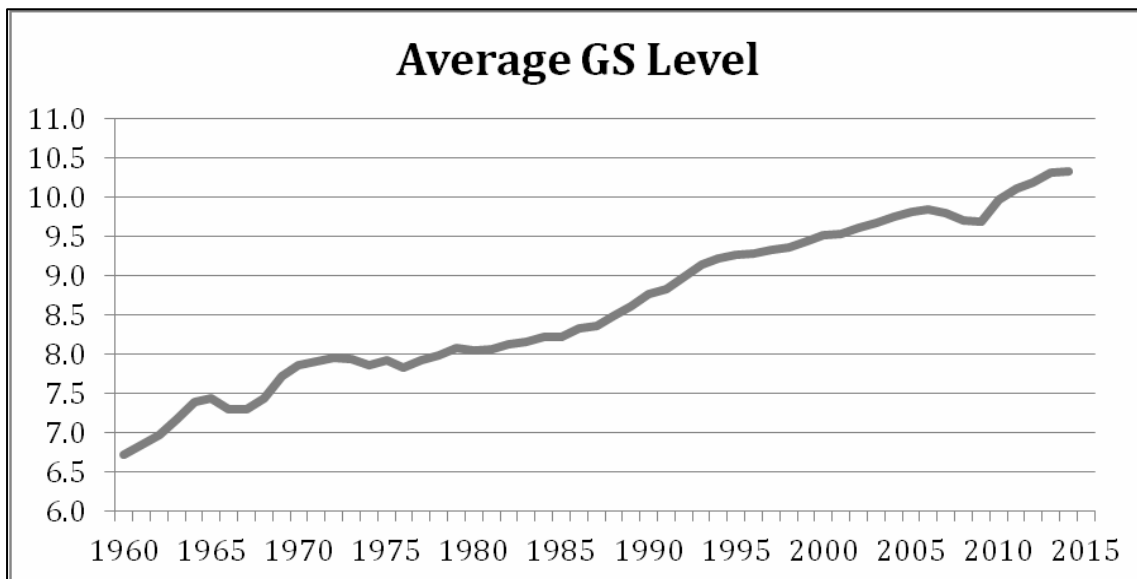
Figure 3: Average GS Level of Federal Employees (Source: Donald F. Kettl, *Escaping Jurassic Government: How to Recover America's Lost Commitment to Competence* [Washington: Brookings Institution Press, 2016], p. 49. Calculated from U.S. Office of Personnel Management, Central Personnel Data File/EHRI-SDM; U.S. Office of Personnel Management, "Pay Structure of the Federal Civil Service)"

8. *Growing gap between government's needs and its workforce.* Some jobs in government agencies are so important that failing to fill them—and ensuring they are filled by employees with effective skills and strong motivation—risks undermining government performance. In fact, of the 34 areas that GAO identified as "high-risk" in 2017—areas especially prone to fraud, waste, abuse, and

13

mismanagement—the agency found that 15 of them had serious gaps between the skills agencies needed and the skills they had on board.

In particular, GAO identified six areas as especially "mission critical": cybersecurity, acquisition, human resources, auditor, economist, and the STEM area.[19] Some occupations are still characterized in some agencies by numerous journey-level employees who perform well enough to meet "fully successful" standards, but have not advanced their occupational skills. There are undoubtedly other areas where agencies face special challenges. But the simple fact is this: no one knows just how large the gaps are; which gaps which agencies face in which numbers; and how best to fill them. The country is flying blind into wicked problems, without enough pilots who know how to direct its programs onto the right routes.

9. *Rising citizens' expectations and declining trust in government.* As citizens encounter the digital age in their everyday lives, from instantaneous electronic delivery of new books to front-door delivery of ready-to-cook meals, their expectations of government have risen as well. Government cannot hope to maintain the support of its citizens if there is a gap between its service technologies and what citizens experience elsewhere. While citizens' expectations are rising, their trust in government is low and declining. A May 2017 poll showed that just 20 percent of citizens trust government to do what is right always or most of the time. And 11 percent *never* trust the government to do the right thing.[20] Government's employees must operate without a reservoir of confidence in their work.

For example, it is easy for citizens to connect with each other in real time. It is not surprising that they expect the same from their government. But just 11 percent of citizens think that government is effective in sharing information.[21] In a 2017 poll, 75 percent of Americans wanted higher spending for veterans, 67 percent favored higher spending for education, and 58 percent supported more money for infrastructure. Half of those surveyed wanted to spend more on health care.[22] This leads to a paradox: citizens want the federal government to do more, but question its ability to achieve results.

10. *Fiscal Uncertainty.* The nation faces an ongoing fiscal crisis. With a growing deficit and national debt overhanging the economy indefinitely, commitments for future entitlement programs will make it very hard to shrink spending. Tight budgets are likely to shape the federal government's future for a very long time and there is little

---

[19] U.S. Government Accountability Office, *High-Risk Series: Progress on Many High-Risk Areas, While Substantial Efforts Needed on Others,* GAO-17-317, February 2017, p. 65, https://www.gao.gov/assets/690/682765.pdf

[20] Pew Research Center, *Public Trust in Government Remains Near Historic Lows as Partisan Attitudes Shift,* May 3, 2017, http://www.people-press.org/2017/05/03/public-trust-in-government-remains-near-historic-lows-as-partisan-attitudes-shift/

[21] John B. Horrigan and Lee Raine, Pew Research Center, *Connecting with Government or Government Data,* April 21, 2015, http://www.pewinternet.org/2015/04/21/connecting-with-government-or-government-data/

[22] Pew Research Center, *With Budget Debate Looming, Growing Share of Public Prefers Bigger Government,* April 24, 2017, http://www.people-press.org/2017/04/24/with-budget-debate-looming-growing-share-of-public-prefers-bigger-government/

appetite for increasing taxes. Managing these financial constraints will continue to be an important element of the job of federal leaders.

Implications for the Public Service

All large organizations, public and private, face many of these same challenges, here and now. Leading organizations throughout the country—and the world—are addressing them creatively and boldly. But federal leaders are expected to solve them using a civil service system designed generations ago, at the end of World War II. It is little wonder they struggle to cope with the challenges of the digital age.

The federal government cannot serve its citizens well, let alone navigate a world of rising expectations and shrinking resources, without applying the lessons taught by the nation's best performing organizations. It must be equipped with better tools to build an expert, nimble workforce that can lead the way into the future. Without the needed human capital system, the nation faces rising public frustration and declining trust in government.

We believe that the federal government's strategy to solve these problems should begin with *"mission first, principles always"*—and that strategy should be supported by a new system of accountability and governance that leverages increasing data analytics and collaboration and forms the stabilizing third leg of our proposed federal human capital system's stool. Grounded in data analytics, the government in the future can take advantage of digital tools to lead in the digital age.

The core of the federal government's human capital dilemma is the pursuit of two different purposes: helping agencies get the people they need to get their jobs done; and upholding a set of common principles across all agencies. The first leads to flexibility and decentralization, the second to uniformity and centralization. Without a careful strategy to balance the two, the result is an inescapable quandary full of deep conflict.

As we have noted, other high-performing organizations have faced this same quandary, and they have often dealt with it by employing a ***federated*** *organizational framework system*, that affords their operating units the flexibility to tailor their management systems (including their human capital systems) to meet their unique mission needs, but at the same time binds them together in various tangible and intangible ways to ensure their **interoperability**, **common purpose** and, most importantly, **accountability** to the organization's overarching mission objectives. This federated framework offers a model for rethinking the federal government's human capital system.[23]

---

[23] This approach builds on the analysis by James R. Thompson and Rob Seidner, *Federated Human Resource Management in the Federal Government: The Intelligence Community Model* (Washington: IBM Center for The Business of Government, 2009), http://www.businessofgovernment.org/sites/default/files/SeidnerReport.pdf

THIS PAGE INTENTIONALLY LEFT BLANK

The federated model begins by providing agencies the flexibility to focus on their mission—and then to determine what policies, procedures, technologies, and resources they need to achieve it.

We believe that federal agencies ought to have significant latitude under a federated human capital strategy to develop *customized human capital systems* designed to meet the needs of their missions. Not every agency has the same human capital needs. Not every agency can—or should—change at the same pace, and in the same way.[24] Efforts to force agencies into the same box will only produce great friction, a mismatch between strategy and mission, and a box that in the end fits no one well.

A series of recent government initiatives, including several of Trump administration executive orders (E.O. 13781 and E.O. 13771), are positive steps to make more of the federal government's structures and processes—including agency organization, budget proposals, performance metrics, and personnel strategies—mission-driven. One of the problems crippling the current human capital system is the effort to force agency missions to fit personnel processes instead of the other way around. The mission-driven initiatives provide an important foundation for this reform.

We believe that a federated human capital strategy should allow agencies great flexibility to design customized personnel systems and processes that best fit their missions. This includes flexibilities for staffing, pay, promotion, employee engagement, employee assessment, career paths and motivation for high fliers, and strategies for dealing with poor performers.

One Size Won't—and Shouldn't—Fit All

This federated model, however, does not mean that the federal government should have an infinite number of personnel systems sailing in only loose formation. Federal agencies fit loosely into different service delivery models. Agencies within each of these models would benefit greatly from sharing their experiences and system design features, so that the government as a whole can move as fast as its fastest ship.[25] We note most importantly that owing to the diverse nature of agency missions, labor markets, stakeholders, cultures, and histories, no one size will fit all, not even within a service delivery model.[25] Consider the following broad categories of federal strategies and tactics, which underline that point.

---

[24] U.S. Government Accountability Office, *Human Capital: Strategies to Help Agencies Meet their Missions in an Era of Highly Constrained Resources,* GAO-14-168. May 2014. GAO noted "the federal human capital community is highly fragmented with multiple actors inside government informing and executing personnel policies and initiatives in ways that are not always aligned with broader, government-wide human capital efforts…."(p.5).
[25] Thompson and Seidner, in *Federated Human Resource Management in the Federal Government*, argue, "in some instances, as with the IC [intelligence community] it may be appropriate to allow a cluster of agencies that are sharing a common mission but organizationally located in multiple departments to share a common HRM framework" (p. 30).

- *Direct service*. Some agencies primarily provide direct service to the public. They are a minority of all agencies, but they have the bulk of the federal employees. These agencies include many functions of the Department of Veterans Affairs, the Federal Aviation Administration, the Transportation Security Administration, and Customs and Border Patrol, among others.

- *Managing proxies.* Some agencies provide few services directly to the public. They operate instead through proxies, such as contractors, grantees, and state and local government employees. These agencies are as different as the Department of Energy, NASA, the Centers for Disease Control and Prevention, FEMA, and the procurement operations of the Department of Defense.

- *Policy and strategy.* Some agencies employ large numbers of policy experts, planners, and analysts. The intelligence community focuses on such missions, along with many units in the Department of Defense and the State Department. Most domestic departments have units for policy planning.

- *Research and development.* Some agencies employ scientists and engineers to cultivate new scientific, medical, and technological breakthroughs. The Centers for Disease Control, the National Institutes of Health, and the Defense Advanced Research Projects Agency are prime examples.

- *Regulation.* Some agencies focus primarily on regulatory activities. The Environmental Protection Agency, Internal Revenue Service, Bureau of Land Management, Consumer Financial Protection Bureau, and the National Transportation Safety Board pursue such functions.

Despite these vast differences, all federal agencies are now governed by the same personnel system, unless they have won exemptions from the basic civil service laws in title 5 of the United States Code and have received the authority to establish separate staffing and/or compensation systems. Forcing agencies with such different missions, strategies, and tactics to operate under the same system has frayed it badly. That, in turn, has led even more agencies to seek their own authority, leaving the system in even more disarray.

Moreover, each agency faces the challenge of managing employees at very different phases of the career life cycle: recruitment, development, retention, and leadership. Imposing a one-size-fits-all on such a wide array of challenges has pushed the system to the breaking point.

Different agencies with different missions, strategies, and tactics need different human capital flexibilities, but the current system does not allow for such tailoring. As a result, the system has become like a bad suit of clothes that everyone has to wear, but which fits no one well.

Elements of a Federated Human Capital System

We believe that the federal government needs a federated human capital system that allows agency leaders to tailor their strategies to fit their missions. Agencies need to design strategies and tailored systems that:

- Allow them to compete effectively to hire, motivate, and retain the mission-specific talent they need.

- Establish mission-specific employee performance expectations and assessment methods to improve organizational performance using feedback from the full range of supervisors, other employees, citizens, and political leaders.

- Enable and reward appropriate experimentation and risk taking in support of reaching mission objectives.

- Maximize the use of technology and data to support the agency's mission and to ensure that the agency has the employees needed to perform its functions.

- Allow for greater ease of career mobility between a government agency and the industries and organizations that help it accomplish its mission.

- Devise broad human capital strategies and approaches that encompass all the components of the agency's multi-sector workforce, as the agency's performance can only be as good as the performance of its human capital—but as we have noted, not all of its human capital are employed as traditional civil servants.

Many of the core problems with the current civil service system flow directly from the mismatch of civil service processes with variegated agency missions and from the constant tension of forcing missions into poorly fitted processes. We believe that putting mission first is the foundation for human capital reform—and this is the reason for even proposing such radical reform and for improving government's overall performance for its citizens.

THIS PAGE INTENTIONALLY LEFT BLANK

PRINCIPLES ALWAYS

A federated human capital system, of course, does not mean an every-agency-for-itself arrangement. We believe that would be just as pernicious as a one-size-fits-all system. Agencies need the flexibility to develop human capital systems to drive their missions. But it is also important for these agency-based systems to work within the merit principles that have been at the core of American public administration for almost a century and a half. The basic principles were established as the bedrock of the American civil service for numerous good reasons, and those reasons are as valid today as they were at the founding of that civil service.

That foundation began with the passage of the Pendleton Act in 1883, a bipartisan effort led by a Democratic member of Congress and a Republican president following the assassination of President James Garfield by Charles Guiteau, who believed the president owed him a political position because of Guiteau's support during the 1880 election. Reformers on both sides of the political aisle embraced the idea that political winds should not cause the management of government to sway with every election. The people, they concluded, deserved a government of competence, staffed by individuals chosen for what they knew, not who they knew. That principle provided the foundation for the Pendleton Act.

The merit principles matured over time and continue to bind the government together and define public service. Their application has spread beyond the federal sector. Numerous grants and assistance programs require their state and local proxies to use merit personnel systems. Within the federal sector, Congressional approval for exemption from the conventional title 5 system typically requires continued application of the merit system principles.

Merit Principles for the 21st Century

The Civil Service Reform Act of 1978 officially codified a set of merit system principles as they are to apply to the federal civil service (see Figure 4). When one reads those stated principles, one is hard pressed to argue with them. They just make intuitive sense. Some updating might be appropriate; for example, rates paid by other employers in the public sector should also receive appropriate consideration. Nonetheless, they remain sound bedrock for a federated federal human capital system.

The Merit System Principles—5 U.S.C. 2301(b)

Federal personnel management should be implemented consistent with the following merit system principles:

(1) Recruitment should be from qualified individuals from appropriate sources in an endeavor to achieve a work force from all segments of society, and selection and advancement should be determined solely on the basis of relative ability, knowledge, and skills, after fair and open competition which assures that all receive equal opportunity.

(2) All employees and applicants for employment should receive fair and equitable treatment in all aspects of personnel management without regard to political affiliation, race, color, religion, national origin, sex, marital status, age, or handicapping condition, and with proper regard for their privacy and constitutional rights.

(3) Equal pay should be provided for work of equal value, with appropriate consideration of both national and local rates paid by employers in the private sector, and appropriate incentives and recognition should be provided for excellence in performance.

(4) All employees should maintain high standards of integrity, conduct, and concern for the public interest.

(5) The Federal work force should be used efficiently and effectively.

(6) Employees should be retained on the basis of the adequacy of their performance, inadequate performance should be corrected, and employees should be separated who cannot or will not improve their performance to meet required standards.

(7) Employees should be provided effective education and training in cases in which such education and training would result in better organizational and individual performance.

(8) Employees should be—

    (A) protected against arbitrary action, personal favoritism, or coercion for partisan political purposes, and

    (B) prohibited from using their official authority or influence for the purpose of interfering with or affecting the result of an election or a nomination for election.

(9) Employees should be protected against reprisal for the lawful disclosure of information which the employees reasonably believe evidences—

    (A) a violation of any law, rule, or regulation, or

    (B) mismanagement, a gross waste of funds, an abuse of authority, or a substantial and specific danger to public health or safety.

Figure 4: The Merit System Principles

In addition to the classic merit system principles, a federated human capital system should also continue to comport with fundamental national values that have also come to define the public service. These include offering appropriate hiring preferences for veterans, rights to union representation, and due process protections. And of course, the federal government, as an employer, should remain subject to national employment laws and requirements like using validated employee selection procedures.

The Importance of Core Principles

We believe these principles ought to bind a federated federal human capital system. As the

MSPB notes, the merit system principles establish "a concise set of expectations for the fair, effective and efficient management of the Federal workforce."[26] We believe the principles ought to apply always, to all federal employees.

Instead of having government-wide regulations dictate how these principles would be applied on a day-to-day basis, we propose that agencies should be able to tailor these principles to their missions. It may not be sensible, for example, to expect the Transportation Security Administration, with its 55,000-employee workforce of airport screeners and security personnel, to apply these principles in exactly the same way as the 15,000-person Centers for Disease Control and Prevention, with its array of public health research and protection programs.

But just as the federal human capital system ought to promote mission first, it needs to uphold principles always. And no principles are more important or fundamental than the principles of the merit system. By recruiting, hiring, and managing its workforce in accord with these principles, the federal government can be a model employer that sets a positive example to which other employers can and should aspire.

---

[26] U.S. Merit Systems Protection Board, *The Merit System Principles: Guiding the Fair and Effective Management of the Federal Workforce*, September 2016.

THIS PAGE INTENTIONALLY LEFT BLANK

ACCOUNTABILITY FOR BOTH

Our recommendations for *mission first, principles always, and accountability for both* frame a difficult dilemma: how should the federal government set the balance between agency-based mission and enterprise-level principles? A federation without a governing structure to keep it together will soon disintegrate into a host of quasi-independent fiefdoms. That, in fact, is the lesson of the nation's own Articles of Confederation and it is the reason why the founders reconvened in Philadelphia to write the Constitution, a version 2.0 of the launch of the American state.

At the same time, a central governance structure that is too strong is likely to focus too much on process, seeking procedural uniformity at the expense of mission-based purpose. That is precisely the lesson that the nation's human capital experience since World War II teaches. Even in federated systems, flexibility without accountability can create huge problems.[27]

Governance of a Federated System

Six key principles, we believe, ought to shape the governance of the federal government's human capital system. The system should be:

- Federated, not unitary
- Collaborative, not authority-driven
- Agile, not fixed
- Outcome-driven, not process-driven
- Variegated, not monolithic
- Apolitical, not partisan

Too much centralization undermines the flexibility needed to serve government's greatly varied purposes. Too much decentralization undermines its embrace of core principles. That is why we propose a third leg to this stool—a system of accountability focused squarely on results. The first two elements of the system are *mission first, principles always.* It is the third leg of the stool—*accountability for both*—that makes the system stable.

We propose that this third leg of accountable governance must be outcome and data driven. A crippling element of the current civil service system is its sometimes-blind pursuit of process and its often-constraining devotion to regulations. We believe, instead, that the system should focus on how well its products—merit-based agency-specific human capital policies and strategies—help agencies achieve their missions. That accountability, therefore, should be defined in large part through data that demonstrate how well agencies do so. Accountability should be based on results, not process. Its language, especially in the digital age, should be data, not rules.

---

[27] Thompson and Seidner, *op cit.,* p. 30.

It is essential that there be a strategy for enterprise-level accountability, that it should uphold the historic merit system principles, and that it should focus on helping agencies pursue their missions.

Enterprise-Level Accountability

We do not take a position on just how this accountability system should be structured. A number of options are available in this regard, ranging from vesting this new responsibility in OPM to creating a whole new agency or collaborative body to oversee the system. This is a complex issue beyond the scope of our current study, but we do believe *some* structure is essential to ensure enterprise-level accountability for both mission and principles. This enterprise-level function, we believe, ought to pursue several related goals:

- *Encourage enterprise-level collaboration and learning.* As we have noted, an inherent tension is present in the sort of federated system we propose. Flexibility must be balanced against core principles, and when the two are at an impasse, the system's governor must be able to sustain the balance. That responsibility could be vested in a single person or agency, a commission of respected experts and/or stakeholders, and/or a deliberative body that represents the interests at issue. Whatever the structure (and we make no recommendation in that regard), it should be *collaborative* and not command-and-control in nature. In other words, it should provide for all relevant data (and other information) to be shared and evaluated, for an opportunity to let all stakeholders be heard, and for the competing interests and points of view—mission vs. principle, agency vs. enterprise, unity vs. uniformity, and so on—to be considered.

- *Facilitate cross-agency learning.* GAO has found that "agencies have many common human capital challenges, but they tend to address these issues independently without looking to enterprise solutions that could resolve them more effectively."[28] An enterprise-level entity can collect data, assess which strategies and tactics prove most effective in helping agencies achieve their missions, distill and share leading practices, and help agencies learn from each other. Accelerating the learning curve benefits all agencies.[29]

- *Conduct cross-sector, multi-level analyses.* In recent years, the federal government's data on employee engagement and agency performance vastly multiplied in sweep and scope. The government can now drill down to lessons about employee engagement at individual offices, and it can do so with a far shorter lag time. This, of course, is already the case in many leading private-sector organizations. The

---

[28] U.S. Government Accountability Office, *Human Capital: Strategies to Help Agencies Meet Their Missions in an Era of Highly Constrained Resources,* GAO-14-168, May 2014. https://www.gao.gov/assets/670/663042.pdf. Thompson and Seidner found this function a valuable lesson of their research on the intelligence community.

[29] Indeed, this is a lesson the New Zealand government is applying to its own government reforms as well. Its government is creating a new "big data" system, carefully stewarded as an enterprise-wide asset and focused on achieving better outcomes in all the government's agencies and programs. (New Zealand State Services Commission, *Better Public Services 2012-2017*, http://www.ssc.govt.nz/better-public-services)

enterprise-level entity can accelerate learning from private-sector experiences and help agency managers determine which leadership strategies are likely to prove most effective for increasing employee engagement and improving performance.

- *Curate a data warehouse.* A digital-age government will create data faster than it can be sorted and absorbed. An enterprise-level entity can play an important role in charting the most useful data and ensuring that data are readily available to all agencies—and, indeed, to all stakeholders.

- *Broker enterprise-level talent.* GAO and OPM have identified the occupations that they believe are both mission-critical and in short supply. We do not know, however, how these forces affect managers at the agency level, or which agencies are facing the biggest mission-critical gaps in which occupations. The government simply cannot compete effectively for talent if it does not know which talent it most needs and where it needs it. The enterprise-level entity could perform an important function through analyses of these critical issues.

- *Collect data on market conditions.* An essential element of the agency-centered, mission-driven system would entail helping government compete effectively for talent in increasingly competitive labor markets. The enterprise-level entity should have, as a prime role, helping determine market conditions for talent, especially for mission-critical occupations in short supply.

- *Define and maintain the guard rails.* For the government to be effective in the digital age, agencies will need maximum flexibility in setting their human capital policies. For government to uphold enduring values, it will need a system to gauge agencies' application of these values. The enterprise-level entity can maintain the guard rails that define the outside boundaries of the roadway and detect when agencies may be close to colliding with them. That will ensure the balance between mission and principles and keep the roadway wide and clear for strong and effective agency-level action.

In its research, we have not found any other government in the world with such a collaborative, digitally-based, performance-driven, enterprise-level entity. We believe it would prove a major advance for the federal government. And we believe such an accountable governance structure would provide much-needed stability to balance the goals of *mission-first* and *principles always,* and *accountability for both*.

THIS PAGE INTENTIONALLY LEFT BLANK

CONCLUSION

We believe the issues identified in this White Paper are critically important. The federal civil service system is broken. This breakdown undermines the federal government's ability to meet the needs of its citizens. Indeed, human capital problems lie at the core of many of the federal government's biggest management challenges. Government cannot deliver what citizens expect unless it first repairs the system that provides the human capital on which government so critically depends.

This is not a time for modest, incremental tinkering. The current system's breakdown is irremediable, to the point that any agency that can escape the system's shackles has done so. But those breakouts can put the integrity of the system at risk by potentially jeopardizing its merit system foundations. And they have left other agencies behind, struggling all the more to deliver the performance that policy makers have defined and citizens expect.

The problem is complex, but we believe that the foundations of the solution are a straightforward three-legged stool—an enterprise-level system that:

- Provides individual agencies the flexibility to create human capital systems that meet the needs of their missions;
- Upholds the core principles on which a civil service ultimately depends; and
- Establishes a governance and accountability structure that balances the two and uses collaboration and data analytics to redefine accountability and to accelerate the system's ability to adapt to the future.

This proposal is not without its risks. It requires vesting more responsibility in operating agencies at a time when trust in government in general is low. It requires:

- Recommitting to—but modernizing— merit system principles at a time when some so-called reformers seek to undo some of its protections;
- Shifting from a system based in process to one focused sharply on results;
- Giving up a familiar (even if broken) approach for a newer (but highly promising) one;
- Redefining the role of enterprise-level leadership for human capital in the federal government.

All of these are large and very challenging steps.

But if the road is difficult, not pursuing it is even riskier. The federal government's broken system is demonstrably hurting mission performance. It is wasting taxpayer dollars and undermining public trust. By taking steps we propose, the United States has an opportunity to be a world leader in human capital strategy. Our approach requires a leap into the future that may seem scary, but failing to do so could leave the federal government lagging even farther behind in meeting its citizens' expectations.

This White Paper provides a vision for the future that we hope the nation will embrace. As observers of government know all too well, a vision is necessary, but implementation is where the rubber meets the road. We recognize that this vision of human capital reform will require a detailed operational game plan and stand ready, as a next step, to assist Congress and the Administration in its development.

APPENDIX A: PANEL AND STUDY TEAM

PANEL

Donald Kettl (Chair),* Professor, School of Public Policy, University of Maryland. Nonresident Senior Fellow, The Brookings Institution, and Nonresident Senior Fellow, The Volcker Alliance. Former Dean, Maryland School of Public Policy, University of Maryland. Former Robert A. Fox Leadership Professor of Political Science and Director, Fels Center of Government, University of Pennsylvania; Professor of Public Affairs and Political Science and Director, Robert M. LaFollette School of Public Affairs, University of Wisconsin- Madison; Associate Professor of Political Science and Senior Fellow, Vanderbilt Institute for Public Policy Studies, Vanderbilt University; Assistant Professor of Government and Associate Professor of Government, University of Virginia.

Doris Hausser,* Independent Human Resources Professional. Former positions with U.S. Office of Personnel Management: Senior Policy Advisor to the Director, Assistant Director of Workforce Compensation and Performance, Office of Performance and Compensation Systems Design; Director for Strategic Initiatives and GPRA Implementation and Reports; Director, Position Classification, Performance Management and Incentive Awards Programs.

Jozef Raadschelders,* Professor and Associate Dean for Faculty Development, John Glenn School of Public Affairs, The Ohio State University. Former Graduate Studies Chair Professor, John Glenn School of Public Affairs, The Ohio State University; Managing Editor, Public Administration Review. Former positions with University of Oklahoma: Henry Bellmon Chair of Public Service, Department of Political Science; Professor, Department of Political Science. Former Associate Professor, Department of Public Administration, Leiden University, the Netherlands.

Ronald Sanders,* Director of the School of Public Affairs, University of South Florida (effective August 2017); currently Vice President and Fellow, Booz Allen Hamilton. Formerly Associate Director of National Intelligence for Human Capital, Office of the Director of National Intelligence; Associate Director for Strategic Human ResourcePolicy, U.S. Office of Personnel Management; Chief Human Resources Officer for the Internal Revenue Service, U.S. Department of the Treasury; Director of Civilian Personnel, U.S. Department of Defense. Editor and co-author, "Building a 21st Century SES" (National Academy of Public Administration, March 2017).

Stan Soloway,* President and Chief Executive Officer, Celero Strategies, LLC. Former Member, Board of Directors, Corporation for National and Community Service; President, Professional Services Council; Deputy Under Secretary of Defense/Acquisition Reform and Director, Defense Reform, U.S. Department of Defense.

*Academy Fellow

Joseph P. Mitchell, III, *Director of Academy Programs*— Dr. Mitchell leads and manages the Academy's studies program and serves as a senior advisor to the Academy's President and CEO. He has served as Project Director for past Academy studies for the Government Printing Office, the U.S. Senate Sergeant at Arms, the U.S. Agency for International Development, the National Park Service's Natural Resource Stewardship and Science Directorate, and the USDA Natural Resources Conservation Service. During his 17 years at the Academy, Dr. Mitchell has worked with a wide range of federal cabinet departments and agencies to identify changes to improve public policy and program management, as well as to develop practical tools that strengthen organizational performance and assessment capabilities. He is an expert in American government, public management, and foreign policy. In his role as the Academy's program director, he has provided executive-level leadership and subject matter expertise to over 60 highly regarded organizational assessments, consulting engagements, and thought leadership efforts. He holds a Ph.D. from the Virginia Polytechnic Institute and State University, a Master of International Public Policy from the Johns Hopkins University School of Advanced International Studies, a Master of Public Administration from the University of North Carolina at Charlotte, and a B.A. in History from the University of North Carolina at Wilmington.

Thelma Hite-Harris, *Project Director*—Ms. Harris is President and CEO of Hite Consulting, Inc., and serving as the Project Director on this project for the Academy. Ms. Harris has served as a member of the Senior Executive Service for the Internal Revenue Service, where she consolidated four Treasury complaint centers into one center, managed the IRS education and development program for executives and senior leaders, and designed and delivered a Quality Improvement Training Program. She has also served as a Human Resources Advisor to the Inspector General of the U.S. Department of Housing and Urban Development and led the Mid-Atlantic Regional EEO and Diversity operation for the U.S. Office of Personnel Management. Her consulting work has focused on providing services in the areas of leadership development, human resource consultation, systems and process analysis, and general management consulting services. Her areas of expertise include modernization design, systems reengineering, training and education, fiscal and human resources management, and equal employment opportunity and diversity. Ms. Harris holds a B.S. in Business Administration and Education from Morgan State University and she completed graduate human resource courses at Temple University.

Sally Jaggar,* *Senior Advisor*—Ms. Jaggar is currently the Co-Project Lead for the Congressionally-mandated multi-year study on Tracking and Assessing Governance and Management Reform in the Nuclear Security Enterprise. Recently, she completed two years of work consulting with the Centers for Disease Control and Prevention on the agency's transformation of its recruitment and hiring processes. Previously, she worked at the Partnership for Public Service where she was project lead on numerous studies related to federal human capital issues resulting in products such as *Building the Enterprise: Nine Strategies for a More Integrated, Effective Government; A New Civil Service Framework; Making Smart Cuts; Leading Innovation in Government; Cyber In-Security: Strengthening the Federal Cybersecurity Workforce; Keeping Talent: Strategies for Retaining Valued Federal*

*Academy Fellow

Employees and *Understanding Attrition at Your Agency and Why it Matters.* She also spearheaded the *Call to Serve* project to identify cost-effective, sustainable ways to inspire college students to consider federal public service jobs and careers. Formerly, Ms. Jaggar was a member of the Senior Executive Service at the U.S. Government Accountability Office (GAO), serving as Managing Director for Recruitment and Employment, Managing Director for Health Financing and Public Health Issues, and Director of Operations for the Accounting and Financial Management Division. She testified before Congress more than 25 times. Ms. Jaggar received her M.A. from American University and her B.A. from Duke University.

Diane Irving, *Senior Advisor*—Ms. Irving is the Academy's Director of Human Resources and has served as a senior advisor on the Academy's work for the Agricultural Research Service. She has extensive experience in Human Resources Management, HRIS, Benefits Administration, Compensation, and Organizational Needs Assessment. Ms. Irving is responsible for all areas of Human Resources for the Academy. Prior to joining the Academy, she was the Senior Director of Human Resources at the American Wind Energy Association in Washington, D.C. She holds a Master of Business Administration from the University of Maryland, University College and a B.S. in Business Management and Administration from the Indiana University-Purdue University, Indianapolis, IN. Ms. Irving is also a Certified Compensation Professional and a Certified Benefits Professional.

Adam Darr, *Senior Research Associate*—Mr. Darr joined the Academy in 2015 as a Research Associate having previously interned in the summer of 2013. He has served on numerous Academy projects, including work for the National Science Foundation, Farm Service Agency, U.S. Secret Service, Federal Aviation Administration, and National Nuclear Security Administration. His areas of emphasis have been governance and management reform, organizational change, human capital, project and acquisition management, customer service best practices, and strategic planning. Mr. Darr graduated from Virginia Commonwealth University (VCU) with a B.A. in Political Science and Homeland Security/Emergency Management.

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX B: PARTICIPATING INDIVIDUALS AND ORGANIZATIONS

(Titles and positions listed are accurate as of the time of the Academy's contact.)

Interviewees

Angela Bailey, Chief Human Capital Officer, Management Directorate, DHS

Chris Mihm,* Director, Governmentwide Management Issues, Strategic Issues, GAO

Deidre A. Lee,* former Deputy Director of Operations, FEMA

Dustin Brown, Acting Deputy Director for Management, OMB

Freeman Hrabowski III, President, University of Maryland, Baltimore County

Jeff Neal,* Senior Vice President, ICF

Jennifer Hemingway, Director of House Operations, Office of the Speaker of the House of Representatives

John Kamensky,* Associate Partner, IBM Business Consulting

Judy England-Joseph,* Strategic Advisor, Partnership for Public Service

Karen Kimmel, Faculty, The Federal Executive Institute, Human Resources Solutions, OPM

Kristy Daphnis, Personnel Team Lead, Performance and Personnel Management, OMB

Mark Robbins,* Member, Office of the Board, U.S. Merit Systems Protection Board (MSPB)

Michael F. Belcher, Faculty, The Federal Executive Institute, Human Resources Solutions, OPM

Rob Seidner, Human Capital Policy Performance Manager, Performance and Personnel Management, OMB

Robert Goldenkoff, Director, Human Capital Issues, Strategic Issues, GAO

Ron Sanders,* Vice President and Fellow, Booz Allen Hamilton

Steven Shih, Deputy Associate Director for SES and Performance Management, Employee Services, OPM

Suzanne Logan, Deputy Associate Director, Center for Leadership Development and Director, The Federal Executive Institute, Human Resources Solutions, OPM

Sydney Smith-Heimbrock, Executive Director, The Innovation Lab at OPM; Deputy Director,   Center for Leadership Development, Human Resources Solutions, OPM

Tom Gilbert, Assistant Director, Strategic Issues, GAO

Tom Ross, President, Volcker Alliance

*William C. "Bill" Greenwalt,** Professional Staff Member, Committee on Armed Services, U.S. Senate

Yvonne Jones, Director, Human Capital Issues, Strategic Issues, GAO

*Academy Fellow

Federal Executive Institute Focus Group Participants (two groups)

Beth Liu, Director, Marketplace Eligibility and Enrolment Group, Centers for Medicare and Medicaid Services, HHS

Dana Cole, Director, Risk Identification and Risk Assessment, Center for Epidemiology and Animal Health, Science, Technology and Analysis Services, USDA

Deborah Lee, Director, Great Lakes Environmental Laboratory, NOAA, DOC

Eldred Jackson, Associate Director, Procurement Operations, Veterans Health Administration, VA

Elena Garrison, Director, Portfolio and Space Management Branch, Food and Drug Administration, HHS

Elizabeth Haldeman, Deputy Director, Fleet Services, Naval Supply Systems Command

Gregory S. Green, Associate Deputy Administrator, Risk Compliance, Risk Management Agency, USDA

Iris J. Ashmeade, Chief, Facilities Grants and Acquisition Management Branch, Region 4, EPA

James A. Neumeister, Deputy Executive Director, Office of Program Accountability and Risk Management, DHS

Kirk Cordell, Deputy Associate Director, Science and Technology Training, National Park Service, DOI

Mario Lopez, Supervisory Program Manager, Director, NOAA LWK, DOC

Michael Schuman, Chief, Acquisition Management, Bureau of Labor Statistics, DOL

Robert Haughton, Director, Management Services Division, Farm Service Agency, USDA

Sunu Chandy, Deputy Director, Civil Rights Division, HHS

Maureen Madden, Deputy Director, NOAA/NESDIS/DSGS

APPENDIX C: SELECTED BIBLIOGRAPHY

Chaffey, Dave. 2017. *Global social media research summary 2017.* (April 27).

Churchman, C. West. 1967. *Wicked Problems.* Management Science Vol. 14, No. 4. (December), p. B-141 .

Deloitte. 2017. *Deloitte Global Human Capital Trends: Rewriting the rules for the digital age.* Deloitte University Press.

Eggers, William D. and Paul Macmillan. 2015. *Gov2020: A Journey into the Future of Government.* Deloitte University Press.

Gallup. 2016. *How Millennials Want to Work and Live: the Six Big Change Leaders Have to Make.*

Goldberg, Michael. 2014. *Analytics Paves the Way for Better Government.* Forbes Insights.

Horrigan, John and Lee Raine. 2015. *Connecting with Government or Government Data.* Pew Research Center. (April 21).

Kettl, Donald F. 2016. *Escaping Jurassic Government: How to Recover America's Lost Commitment to Competence.* Brookings Institution Press.

National Academy of Public Administration, Ernst & Young. 2015. *New perspectives on human capital risk management: The Tenured Workforce – a critical risk to consider.* (May).

National Academy of Public Administration, IBM Center for The Business of Government. 2015. *How Will Government Adapt?* (February).

National Academy of Public Administration. 2009. *Agencies in Transition: A Report on the Views of the Members of the Federal Senior Executive Service.* (February).

National Academy of Public Administration. 2002. *Summary of Human Resources Management Research.* (July).

National Academy of Public Administration. 2004. *A Governmentwide Framework for Federal Personnel Reform.* (November).

National Academy of Public Administration. 2004. *Conversations on Public Service – Performance-Based Pay in the Federal Government: How do we get there?* (January).

National Academy of Public Administration. 2004. *Final Report and Recommendations: The 21st Century Federal Manager.* (February).

National Academy of Public Administration. 2004. *Recommending Performance-Based Federal Pay.* (May).

National Academy of Public Administration. 2005. *NASA: Human Capital Flexibilities for the 21st Century Workforce.* (February).

National Academy of Public Administration. 2005. *Transforming the FBI: Roadmap to an Effective Human Capital Program.* (September).

National Academy of Public Administration. 2007. *NASA: Balancing a Multisector Workforce to Achieve a Healthy Organization.* (February).

National Academy of Public Administration. 2008. *Strategic Management of Human Capital.* (September).

National Academy of Public Administration. 2017. *Federal Aviation Administration: Personnel Reform Effectiveness Assessment.* (January).

National Academy of Public Administration. 2017. *Improving CDC's Executive Recruitment, Performance Management, Compensation and On Boarding Processes.* (February).

National Public Radio. 2017. *VA Hospitals Still Struggling with Adding Staff Despite Billions from Choice Act.* (January).

New Zealand State Services Commission. 2012. *Better Public Services 2012-2017.*

Ogrysko, Nicole. 2016. *Millennials want to stay, if government grasps the new reality.* Federal News Radio. (June 27).

Partnership for Public Service, Booz Allen Hamilton. 2014. *A New Civil Service Framework.* (April).

Pew Research Center. 2017. *Public trust in Government Remains Near Historic Lows as Partisan Attitudes Shift.* (May 3).

Pew Research Center. 2017. *With Budget Debate Looming, Growing Share of Public Prefers Bigger Government.* (April 24).

Reform. 2017. *Work in Progress: Towards a leaner, smarter public-sector workforce.* (February).

Thompson, James and Rob Seidner. 2009. *Federated Human Resource Management in the Federal Government: The Intelligence Community Model.* IBM Center for The Business of Government. (January 25).

U.S. Department of Homeland Security. Office of the Inspector General. 2016. *DHS is Slow to Hire Law Enforcement Personnel.* (October).
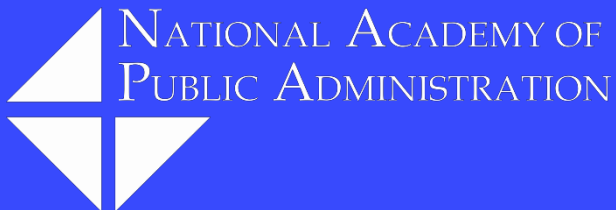
U.S. Department of Transportation. Office of the Inspector General. 2016. *FAA continues to Face Challenges in Ensuring Enough Fully Trained Controllers at Critical Facilities.* Report AV-2016-014. (January 11).

U.S. Department of Veterans Affairs. 2016. *OIG Determination of VHA Occupational Staffing Shortages.* Report No.16-00351-453. (September).

U.S. Government Accountability Office. 2007. *Centers for Medicare and Medicaid Services: Internal Control Deficiencies Resulted in Millions of Dollars of Questionable Contract Payments.* GAO-08-54. (November).

U.S. Government Accountability Office. 2009. *Centers for Medicare and Medicaid Services: Deficiencies in Contract Management Internal Control Are Pervasive.* GAO-10-60. (October).

U.S. Government Accountability Office. 2014. *Healthcare.gov: Ineffective Planning and Oversight Practices Underscore the Need for Improved Contract Management.* GAO-14-694. (July).

U.S. Government Accountability Office. 2014. *Human Capital: Strategies to Help Agencies Meet their Missions in an Era of Highly Constrained Resources.* GAO-14-168. (May).

U.S. Government Accountability Office. 2014. *SSA Could Take Steps to Improve Its Assessment of Continued Eligibility.* GAO-14-492T. (April).

U.S. Government Accountability Office. 2015. *Federal Workforce: Improved Supervision and Better Use of Probationary Periods Are Needed to Address Substandard Employee Performance.* GAO-15-191. (February).

U.S. Government Accountability Office. 2016. *Federal Hiring: OPM Needs to Improve Management and Oversight of Hiring Authorities.* GAO-16-521. (August).

U.S. Government Accountability Office. 2017. *Annual report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits.* Area 8: Federal Hiring. GAO-17-491SP. (April).

U.S. Government Accountability Office. 2017. *Contracting Data Analysis: Assessment of Government-wide Trends.* GAO-17-244SP. (March).

U.S. Government Accountability Office. 2017. *Federal Workforce: Sustained Attention to Human Capital Leading Practices Can Help Improve Agency Performance.* GAO-17-627T. (May 18).

U.S. Government Accountability Office. 2017. *Progress on Many High-Risk Areas, While Substantial Efforts Needed on Others.* GAO-17-317. (February).

U.S. Internal Revenue Service. 2015. *Written Testimony of Commissioner Koskinen on Unauthorized Attempts to Access Taxpayer Data before Senate Finance Committee.* (July).

U.S. Merit Systems Protection Board. 2016. *The Merit System Principles: Guiding the Fair and effective Management of the Federal Workforce.* (September).

U.S. Merit Systems Protection Board. 2017. *Issues of Merit: Helpful Hints for Managing in a Merit   System; Agency Corner: DHS Hires Cyber Experts Fast.* (Winter).

U.S. Office of Management and Budget. 2017. *Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce.* M-17-22. (April).

U.S. Office of Personnel Management. 2002. *A White Paper – A Fresh Start for Federal Pay: The Case for Modernization.* (April).

U.S. Office of Personnel Management. 2004. *OPM's Guiding Principles for Civil Service Transformation.* (April).

U.S. Office of Personnel Management. 2014. *The Guide to Data Standards, Part A: Human Resources.* (November).

U.S. Office of Personnel Management. 2015. *Statement of the Honorable Katherine Archuleta before the Committee on Homeland Security and Government Affairs, U.S. Senate.* (June).

U.S. Office of Personnel Management. 2017. *Workforce Reshaping Operations Handbook: A Guide for Agency Management and Human Resource Offices.* (March).

U.S. Office of Personnel Management. HR Solutions. *The Future of Human Resources Management.*

U.S. Senate. Committee on Veterans Affairs. *Testimony: Donald F. Kettl.* 114th Cong., 1st sess., 2015. (September 16).

Viechnicki, Peter. 2015. *Understanding millennials in government.* Deloitte University Press. (November)

THIS PAGE INTENTIONALLY LEFT BLANK