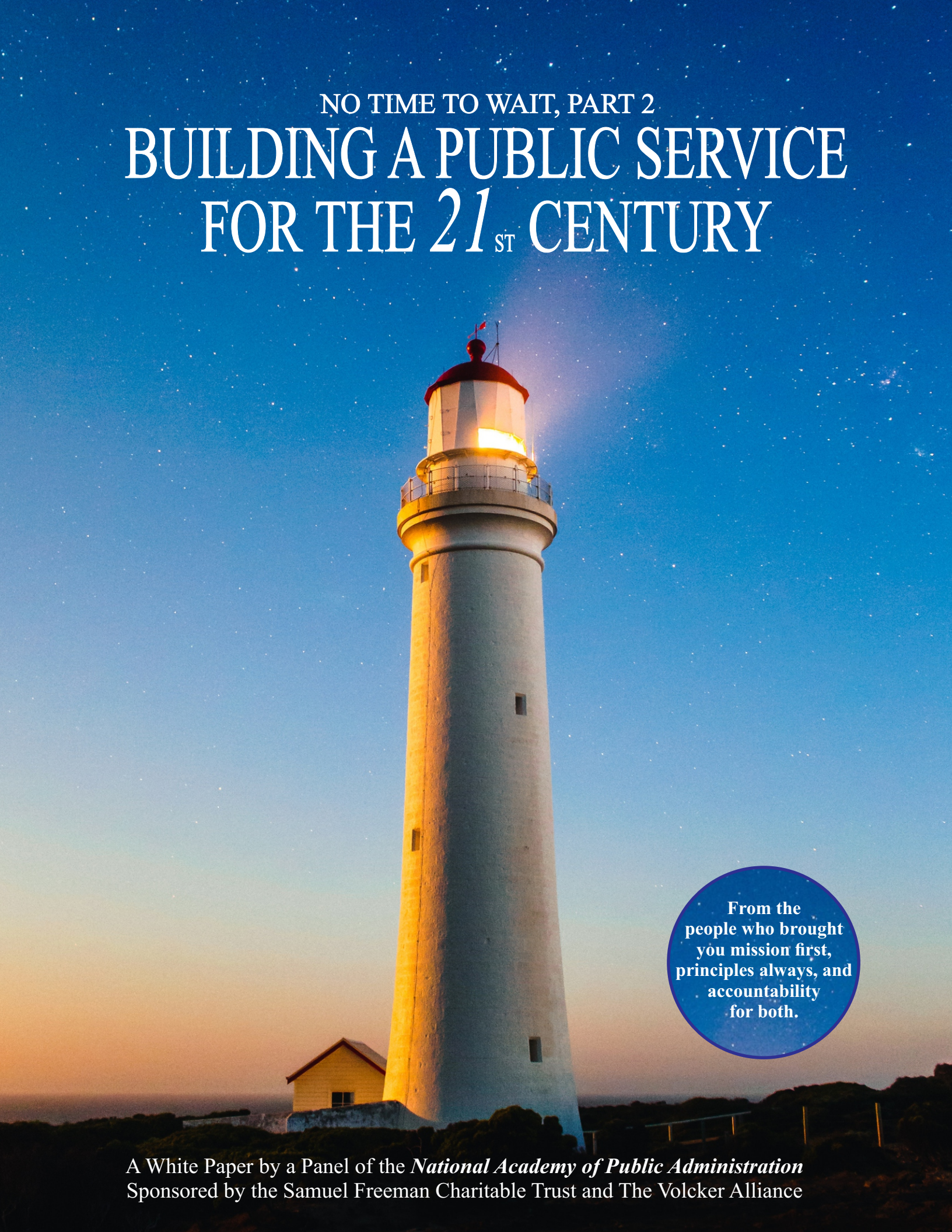NO TIME TO WAIT, PART 2
BUILDING A PUBLIC SERVICE FOR THE *21*ST CENTURY

From the people who brought you mission first, principles always, and accountability for both.

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

*Sponsored by the Samuel L. Freeman Charitable Trust
and
The Volcker Alliance*

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No Time to Wait, Part 2:
Building a Public Service
for the 21st Century

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Foreword

When the national debate turns to the size of the federal government, its employees are frequently the focus. This debate, however, often misses two important points. First, the number of federal employees has remained relatively constant since the 1960s. Second, the quality of government—the government's ability to serve its citizens and to deliver value for taxpayer dollars—depends, to a degree seldom-recognized, on the talent and skill of federal workers. Over time, the alignment between the government's mission, strategy, and tactics on one hand, and the capacity of its workforce on the other, has fallen further out of sync. The result has been an accumulating series of program failures that have grown into a genuine national crisis.

In its first report in this series, *No Time to Wait,* which the Academy released last July, a panel of experts examined the roots of this problem and the steps that must be taken to fix it. In January of 2018, the Academy appointed an expert panel of five Academy Fellows, led by Dr. Donald Kettl, to advance the recommendations made in the first *No Time to Wait* report. The Panel received invaluable support from a professional study team.

This second report focuses on the deeper challenges, especially on how the changing nature of work is creating a rapidly changing landscape for federal management and for the federal workers who produce results for citizens. In its first report, the Panel argued that the situation was urgent and required immediate attention. In this report, the Panel argues that there is even less time to wait. *No Time to Wait, Part 2,* lays out a series of clear steps that must be taken if government is to serve the public effectively in the future.

For this project, the Academy received generous support from the Samuel L. Freeman Charitable Trust and from The Volcker Alliance. I especially want to thank Academy Fellow Paul Verkuil and Alliance President Thomas W. Ross for their ongoing dedication to the cause of public service and for making this project possible.

This paper represents the contribution that, on a broader basis, the National Academy of Public Administration regularly makes to important ongoing national debates. The Academy is an independent, nonprofit, nonpartisan organization established in 1967 and chartered by Congress to examine critical issues on behalf of the nation.

It is impossible to find any citizen of the United States—or, indeed, of the world—whose life is untouched by the issues raised in this report. Our Constitution charges the President of the United States to "promote the general welfare." Without a public service workforce with the capacity to do the people's work, it is impossible for the President to do what the Constitution requires. That is why the issues raised in this white paper are so important—and why there is no time to wait.

Teresa Gerton
President and Chief Executive Officer
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Executive Summary

When the National Academy of Public Administration released its first report on the future of public service, the Panel had a clear message—the federal government's people systems had fallen far behind what government needs to serve citizens in the twenty-first century.[1] The Panel concluded, quite simply, that there was no time to wait in fixing the system. This second report picks up where the first report left off, with a diagnosis of the root cause of the problem, and with more-detailed recommendations about what to do to solve it.

The core of the problem is this: the last major changes in the federal government's civil service system came in 1978, with the Civil Service Reform Act. Even that act left intact many of the system's fundamentals, set in the years after World War II. With each passing year, the system has fallen further out of sync with what it takes to manage programs well. Moreover, with each passing year, the system has become increasingly encrusted with regulations, like barnacles on a ship. That has created a culture of compliance, where meeting the requirements of the rules has become more important than delivering value to taxpayers.

The core solution, the Panel believes, is changing from a **culture of compliance** to a **promise of performance**.

This promise cannot be kept simply by scraping the barnacles off the ship. Struggling to catch up will only leave us falling farther behind. Rather, we need a new ship—and that ship has to sail through very different waters ahead. Big changes in technology will produce enormous changes in the nature of work. That will require a government workforce whose members can harness that technology to better serve the public.

If the message of the first report was that there is no time to wait, the message of this report is that *there is even less time to wait.* We cannot wait to adapt to the changing nature of work. Indeed, technology has *already* changed work; and unless the federal government launches an aggressive effort now to rebuild its workforce, it will fall farther behind in its ability to serve the public. Government would risk losing its ability to govern.

The need is urgent. In the pages that follow, we lay out a strategy for the future.

The consequences of our failed system are serious. The current system is so complex and burdensome that some agencies just give up and contract out work instead of seeking to understand how the work is best done. Too often, we accept performance far below what the public deserves because finding, training, rewarding, and promoting the right people has simply

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[1] National Academy of Public Administration, *No Time to Wait: Building a Public Service for the 21st Century* (Washington: National Academy of Public Administration, July 1, 2017), https://www.napawash.org/studies/academy-studies/no-time-to-wait-building-a-public-service-for-the-21st-century

become too cumbersome. The trust of citizens in government's ability to deliver has plummeted, and government has fallen farther behind in the quest to lead with new technologies to solve new challenges. Bit by bit, what government needs to know to govern has seeped out of government into its private and nonprofit partners, and that has left government policymakers without the knowledge to govern on behalf of the public interest.

In this report, we build on the framework of *No Time to Wait, Part 1* (NTTW1) with a more-detailed plan of action.

- ▪ ***Mission First.*** In NTTW1, we argued that government's managers urgently need more flexibility to accomplish their missions. In this white paper, we go further and argue that the federal government needs to move away from the current position-based system, which over time has become the source of too many rules and too little flexibility, and to move toward a system based on occupational standards and individual competencies. In the workforce of the future, government will need to accomplish its work through flexible teams, not rigid structures, and building competencies around employees, not positions, will build the foundation for a high-performing workforce.

- ▪ ***Principles Always.*** In NTTW1, we argued that the federal government must reinforce its commitment to merit principles: hiring on the basis of what employees know, not whom they know; and protection in their work against political interference, including arbitrary actions, personal favoritism, and politicization of the civil service. In this white paper, we conclude that building the workforce of the future will require new strategies to reinforce these principles while allowing more flexibility in accomplishing the government's mission. In particular, this will require wrestling with the problem of horizontal equity—the instinct to treat every person in a similar position in precisely the same way—which too often creates layers of regulations that advance neither mission nor merit. More flexibility in achieving the mission while ensuring merit is an enormous challenge that will require fresh, keen insights.

- ▪ ***Accountability for Both.*** In NTTW1, we argued that the federal government needed a far more robust but flexible system for ensuring accountability to both mission and principles. In this white paper, we conclude that accountability ought to be the result of a system that produces the right outcome, not one that obsesses over procedures. The language of accountability needs to change from compliance to information. Moreover, accountability is not just a problem of *what* but also one of *who*. In the pages that follow, we lay out the essential elements of accountability and the options for best achieving it.

That leads us to the following principal recommendations.

1. ***Act—today—to build the workforce we need.*** We need to understand how technology will change the jobs of the future, but the problem goes even deeper. That future has already arrived, and the federal government needs to run fast to catch up—and run even faster to prepare for the future that is inevitably on the way. The federal government needs to understand, on an enterprise-wide basis, the human capital it will need to do the people's work. Even more important, putting mission first requires agencies to chart the human capital they need and develop a plan for getting it. Human capital cannot be the province of personnel offices. It must be the job of every manager

in every agency. Human capital must be integrated into every agency's pursuit of its mission, and human capital must be part of every agency's management team. Moreover, with the growing role of so many non-governmental partners in pursuing the federal government's mission, it is essential that the federal government's human capital plan include all those who contribute to its mission, whether conventional federal employees or not.

2. ***Build flexibility into the pursuit of mission.*** Because agencies know best what they need to do their jobs, they need to have the flexibility for devising the human capital systems to accomplish their missions. Many agencies now have flexibilities to pursue this goal. The central personnel entity ought to ensure that any flexibility granted to any agency ought to be available to all agencies. Pilot projects to test new flexibilities should be part of how every agency does business, and the central personnel entity must be responsible for encouraging these pilots and for gathering information about how well they work. Evidence-based human capital ought to be the foundation for the entire system. This four-part strategy—**experiment, test, learn, and authorize**—provides the foundation for broad and rapid change, at a pace far greater than many reformers realize. *These steps are essential.*

3. ***Replace current detailed job specifications with a competency-based talent-management model.*** What matters is not where government employees sit—it is what they know and how they contribute to the mission, and that needs to drive the federal government's human capital system. Key features of the competency-based model are:
    a. Identify the core competencies of occupational and professional groups
    b. Train employees in the competencies they will need, and certify them (with credentials or "badges") for the skills they bring
    c. Create flexible teams that match the competencies needed with the mission to be done
    d. Establish communities of practice among occupations and professional groups to foster continuous learning about the skills employees need
    e. Devise a plan for reskilling the government's workforce to match government's mission requirements with the skills of its employees—and ensure that these skills keep up with hyper-fast changes in mission

4. ***Lead from the center.*** The federal government needs a strong enterprise-level personnel entity to lead its human capital transformation efforts. The entity should focus on encouraging flexibility and innovation in federal agencies; on promoting government-wide values, including merit principles, fairness, and transparency; and on developing a learning system so that government can move forward at the speed of information. There are several options for accomplishing this goal, and the Panel takes no stand on which model the government should follow. However, the core functions—

encouraging flexibility, promoting values, and developing learning—are essential and can only be done by an enterprise-level entity.

5. ***Transform the federal government's human capital guidance.*** The bedrock of the federal government's human capital system, Title 5 of the US Code, has not had a thorough housecleaning in more than two generations. It needs a complete overhaul because, as we noted in NTTW1, the system, developed before the age of computers and the Internet, is a very poor fit for the information age. Some of these changes will require legislative action. But we also believe that a very substantial share of the needed changes—perhaps more than half—can be accomplished administratively. After all, many of the barnacles encrusting the current system come from regulations, not the specific requirements of the law, and what was created administratively can be removed administratively. We recommend that a taskforce of federal chief human capital officers (CHCOs) be given 90 days to make recommendations for reforms that can be accomplished administratively.

Over time, one of the most difficult puzzles in reforming the federal government's human capital system is getting the balance of centralization and decentralization right: how much power and which functions ought to be held at the center-of-government, and how much power ought to be delegated to operating agencies. For the Panel, the answer lies in the three basic values: *mission first, principles always, accountability for both*. Table 1 on the next page outlines the key elements of our recommendations for finding this balance.

Table 1: Leading the Federal Human Capital Revolution

Functions to decentralize	Functions to centralize
The big change for agencies: a shift to integrating human capital managers with top agency leaders—and to integrating human capital in the leadership strategy to accomplish the agency's mission	*The big change for the central personnel entity: a shift from a focus on rules and compliance to a focus on performance and learning*
Devise human capital strategies to accomplish the mission	Trust agencies focus on mission but verify results
Enable all agencies to use the flexibilities permitted to any agency	License flexibilities as allowed by law
Create a culture of experimentation through pilot projects, driven by evidence	Create a government-wide system of learning from agency-based pilots
Allow larger agencies wide flexibility in pursuit of mission	Provide support to smaller agencies that are without large strategic human capital support
Promote merit in operation of agency human capital systems	Ensure pursuit of merit principles, government-wide
Drive accountability through performance	Create government-wide language of accountability through data

These steps are essential. The timing is urgent. Supporting government's ability to govern depends on it. There is simply no time to wait.

Introduction: Even Less Time to Wait

In 2017, we released *No Time to Wait,* the first of our series of white papers on the future of the federal public service. In this second white paper, we build on the first's framework, with more-detailed recommendations—and with an even greater sense of urgency. If there was *no time* to wait in 2017—*now, in 2018—there is even less time to wait;* and here is why:

Challenges

The nation—and its federal government—face a growing and daunting array of challenges.

1. ***Pace of change.*** In his 2017 book, *Thank You for Being Late,* Thomas L. Friedman pointed to the growing gap between the pace of innovation and the government's capacity to keep up. As Friedman observes, "if it is true that it now takes us ten to fifteen years to understand a new technology and build out new laws and regulations to safeguard society, how do we regulate when the technology has come and gone in five to seven years?"[2] Government's systems for shaping that change are increasingly irrelevant. Many patents, for example, become obsolete before the government can process the applications, Friedman found.

2. ***Nature of work.*** The very nature of government's work is changing just as rapidly, through a vast, diverse collection of programs and tools and the rapid march of technology. As Academy Fellow Janet Weiss found, government needs to move away from a one-size-fits-all strategy to build the approaches that best fit government's strategies—and to close the gap between promise and performance.[3] Without a far more effective job of building the competencies that a high-performing government demands, success will prove even more elusive.

3. ***Performance of government.*** The implications of the growing gap between government's capacity and its results are large and damaging. For example, the US Government Accountability Office (GAO) has identified 34 federal programs as "high risk," showing serious signs of fraud, waste, abuse, and mismanagement—with a cost to taxpayers running into the hundreds of billions of dollars.[4] The government will not be able to solve these performance problems without building the human capital to do so.

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[2] Thomas L. Friedman, *Thank You for Being Late: An Optimist's Guide to Thriving in the Age of Accelerations* (New York: Farrar, Straus and Giroux, 2017), 33.

[3] Janet Weiss, *A Framework for Improving Federal Program Management* (Washington: IBM Center for the Business of Government, 2018), http://businessofgovernment.org/sites/default/files/A%20Framework%20for%20Improving%20Federal%20Program%20Management.pdf

[4] US Government Accountability Office, *High Risk List* (Washington: 2017), https://www.gao.gov/highrisk/overview

The root cause is the challenge of putting the right people with the right competencies into the right places at the right time.

4. ***Leadership of innovation.*** Solving current performance problems, of course, is essential, but it will not be nearly enough. Government needs to be an engine of innovation in society and drive innovation through its own operations. Talent development plays an enormous role in determining whether an organization is a leader and, as analyst Mehran Mehregany argued in the *Harvard Business Review,* "The more you invest in your people's knowledge, the more innovation you can expect to reap."[5] If America is to innovate, government must be a part of the innovation cycle. If American government is to govern, it must have the capacity to shape the innovations that affect the performance of government. Innovation, in turn, requires investment in talent, because innovation at its core is a people-powered process.

1. ***Future of governance.*** The future depends, far more than is often recognized, on solving these challenges. A senior official from a foreign government told our study team that the government that best manages to solve these challenges would become the global leader for the twenty-first century. It is no exaggeration to conclude that government's ability to govern depends fundamentally on its ability to solve these human capital challenges—and to become a world leader in leading change.

Moving Forward

In our first white paper, we argued that a three-legged stool would provide the support needed to build government's future:

- ***Mission first.*** The federal government ought to build a federated organizational framework system, one that affords operating units the flexibility to tailor their management systems (including their human capital management systems) to meet their particular mission needs.[6]

- ***Principles always.*** We can have flexibility and modern human capital management practices without sacrificing the merit system principles[7] that keep our professional public servants well managed and free from politicization. These merit principles have

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[5] Mehran Mehregany, *If You Want Innovation, You Have to Invest in People* (Brighton: Harvard Business Review, October 3, 2013), https://hbr.org/2013/10/if-you-want-innovation-invest-in-people

[6] 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

[7] The federal government's merit system principles are found at 5 U.S.C. § 2301 and are listed in Appendix D.

been at the core of American public administration for almost a century and a half. They remain just as important today, and they will be even more so in the future.

- ***Accountability for both.*** Giving agencies flexibility makes it even more important that government is accountable both for mission performance and for preservation of merit principles. We need to switch the model from the need to seek advance permission for flexibility, to pursue an agency's mission, to holding agency managers accountable for the results they produce. In short, we need to trust managers to manage; and we need to hold them accountable for their performance. The vast increase in the data available to government officials makes this trust-but-verify approach possible on a scale that would have been impossible only a few years ago. Accountability should be outcome- and data-driven, not judged by compliance with regulations.

In this white paper, we develop a strategy for moving forward. At its core, this is a strategy of ***revolution through evolution,*** driven through fundamental transformations from an obsolete human capital system to one tuned to the future (see Table 2).

Table 2: How to Transform the Civil Service System

From	To
Culture of compliance: rules and procedures directed from the top down	Culture of performance: agencies establish their own procedures and accountability reporting
Individuals hired into individual job descriptions by each agency	Individuals receive qualification for positions across government, based on their professional and personal competencies established by agencies, councils, and professional associations
Each agency fends for itself in a competitive environment. Cannot work with other agencies to hire or move.	Agencies work together to develop mission-critical competencies, practices, and resources
Professional councils are advisory	Professional councils can define general standards for professional competencies that agencies may use
Employees are assumed to hold one job for an entire career	Employees' skills are developed to meet changing competencies and job/mission requirements
Reactive, transaction-based, compliance-focused human resource management	Human resource managers are strategic partners with program leaders in pursuit of their agency's mission

| From	To
Single-agency focus	Multiple agencies combine resources to meet shared challenges
"Check-the-box" training	Flexible training is based on building individual competencies to match program needs of the future
"She/he is my employee and I can't afford to lose her/him. It's too hard to find someone else."	"This employee can contribute to this project and then have the opportunity to move on to support government's broader missions"
A single position classification system	A mission-based compensation system, with market-sensitive pay

From Compliance to Performance

The federal civil service system—and, more broadly, the government's system for managing its talent—is now mired in deep political and intellectual conflict. As has been the case throughout American history, government employees are often a lightning rod for bigger and broader battles, ranging from the size of government to who ought to benefit from it. All of which, of course, is scarcely surprising. Government employees are perhaps the most visible and easiest-to-identify elements of government; and it is often easier to focus on them than on the broader—but harder-to-grab—issues that swirl around them. That instinct is unfair to government employees who do not deserve to be lightning rods for broader political battles. It is also destructive to the government's mission because the focus on government employees does not capture the full scope of the government's human capital system, which includes a vast range of players at all levels of government as well as in the private and nonprofit sectors.

To protect professional civil servants from political efforts, over time we have created a system that serves neither the public nor public servants. Overwhelmingly, it focuses more on process than on results. Each problem is "solved" by creating yet another detailed rule and promising that everyone will follow it—even if they do not understand it nor does it apply to their particular needs. In short, there is a powerful and dominant *culture of compliance*, concentrating on following-the-rules and checking-the-boxes. What government most needs is a fundamental transformation, from the culture of compliance to a focus on *performance.* Nothing could be more important than helping the president meet the Constitution's requirement—and citizens' expectations—to "take care that the laws be faithfully executed."

In recent decades, some critics of the public service have contended that it is too hard to fire poor performers, and that is undoubtedly true. Other critics have argued that it is too hard for government to hire new workers. That is most certainly true, as well. The ratio of federal civil servants to US population has decreased despite the vast expansion of the federal government's activities (see Figure 1).

The focus on hiring or firing has diverted attention from the single most important challenge: investing in and improving the performance of the two million professional civil servants we already have. Debate in Washington focuses on the problems of hiring and firing, but not nearly enough on the 90 percent of federal employees who sit in between.

Figure 1: Changes from 1975 to 2017 in Employment as a Percent of Population
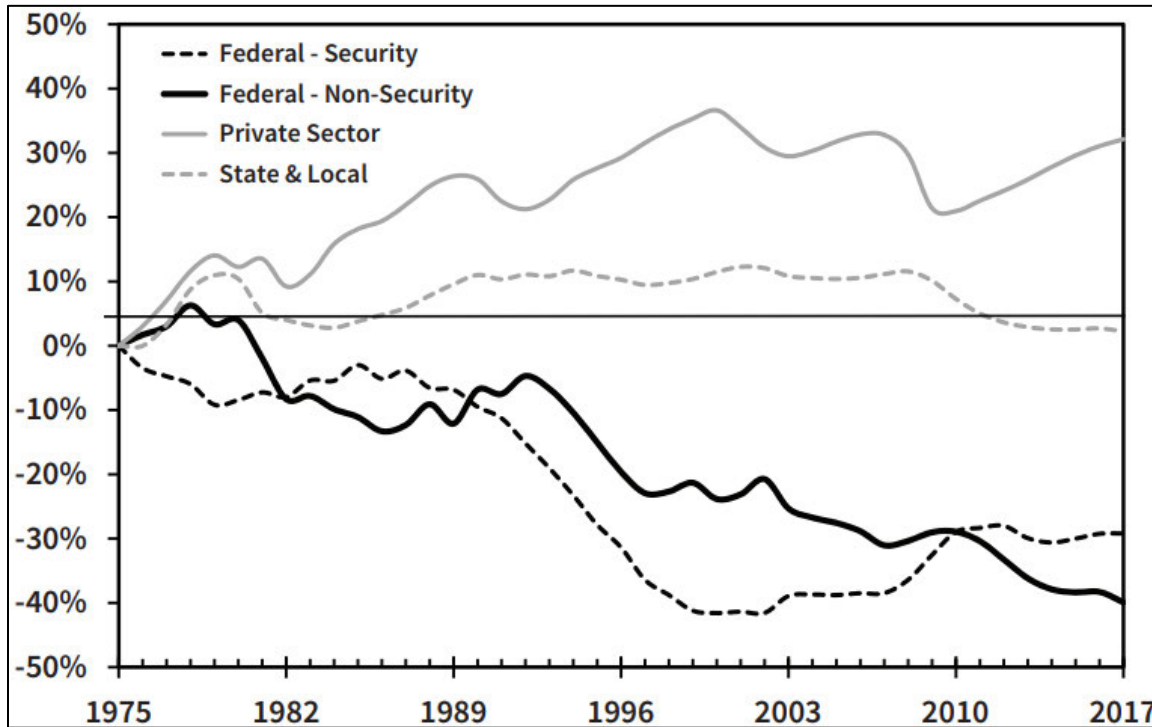
Source: US Office of Management and Budget, Analytical Perspectives: Strengthening the Federal Workforce, 70, https://www.whitehouse.gov/wp-content/uploads/2018/02/ap_7_strengthening-fy2019.pdf, from Office of Personnel Management and the Bureau of Labor Statistics

As Figure 2 shows, about 11 percent of the federal government's employees leave every year, including the 0.5 percent of the workforce who depart for disciplinary or performance reasons. The federal government replaces that 11 percent with new hires. Our largest challenge is the 2 million who are neither coming nor leaving: are we making smart decisions about them?

- If we focus on firing poor performers, who are the *right* performers we need to hire to replace them?

- If the nature of work is changing so quickly, how can we change the way we hire federal employees to ensure we are hiring the workforce we need?

- In addition, no matter how well we manage hiring and firing, what should we do about the roughly 90 percent of federal employees who remain on the job? How do we engage them, motivate them, and match their skills to the rapid transformation of the work that they do?

Figure 2: The Largest Federal Human Capital Challenge is not Hiring or Firing

New Hires: Competitive Service
98,820 (46%)

New Hires: Excepted Service
115,250 (54%)

Senior Executive Service
568 (0.3%)

**Federal Employees
2,087,747**

Transfers:
25,692 (11%)

Quit:
78,132 (35%)

Retirement:
62,737 (28%)

Termination:
55,766 (25%)

Total New Hires in FY2017: 214,638

Total Separations in FY2017: 225,204
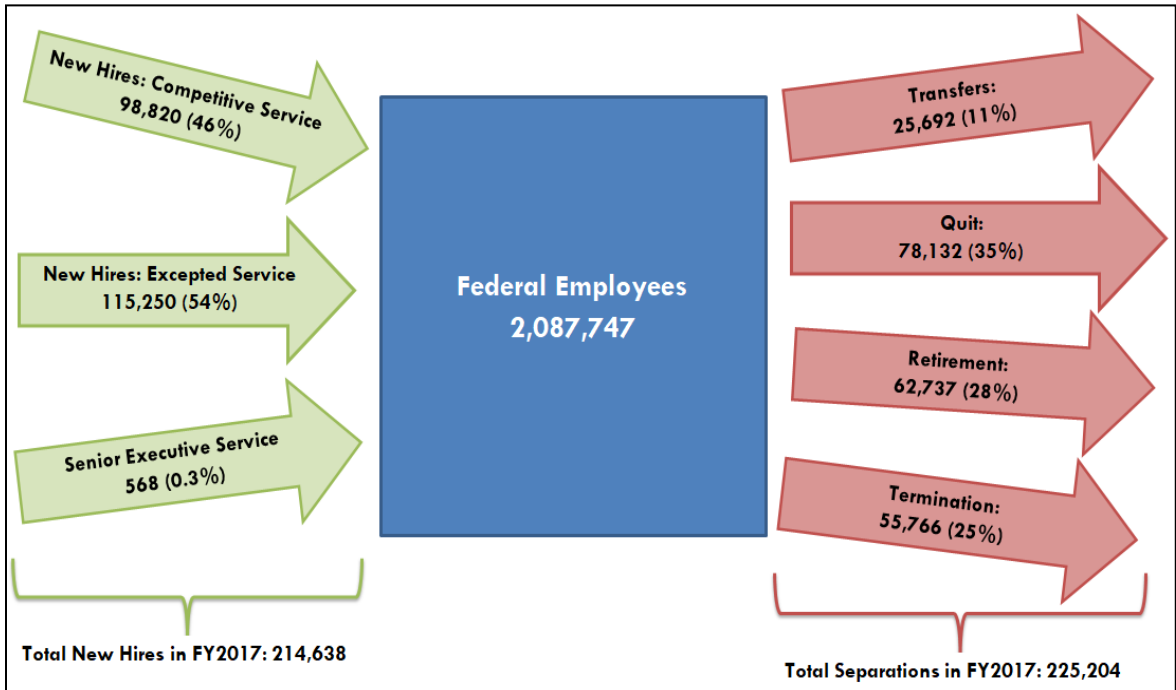
Source: OPM FedScope Data Cubes

The Changing Nature of Work means Federal Human Capital Must Change, Too

Achieving successful outcomes is becoming more difficult because the nature of government's work is undergoing a rapid, fundamental transformation. The development of new technologies is transforming the way employees do their jobs—and, indeed, the jobs themselves—in ways even more basic than in the first days of the computer revolution in the 1950s and 1960s. Consider:

- ***The focus for managing the workforce will shift from positions to activities.*** The federal human capital management system's current focus on *positions* misses the big changes that are already underway. A McKinsey study argued that a focus on *activities* would produce a better way to look at the changing nature of work. In short, the fundamental building blocks of the federal human capital management system—hiring, firing, and managing those who do the government's work—are out of sync with the emerging realities of the work itself.[8]

- ***Automation will transform the nature of work.*** The rapid pace of automation is transforming activities in the workforce. OPM notes that, as of 2015, 5 percent of occupations in the total workforce could be automated entirely—but 60 percent of occupations in the workforce could have at least a third of their activities automated. Moreover, 45 percent of all activities in the workforce could be automated.[9] In the near term, just about every job will be transformed by automation.

- ***There will be fewer of some types of jobs. There will be more of other types of jobs. But all jobs will continue to change.*** Some occupations that dominate the federal workforce—including procurement, financial services, and payroll—are likely to decline. The McKinsey Global Institute estimates that, by 2030, 15-24 percent of these jobs in the American workforce are likely to decline. Nearly a third of American workers will need to switch occupations. That will be as true of federal workers as it is of the workforce as a whole. In some lines of work where demand is rising such as those in cybersecurity, workers are stretched super-thin because the supply of new workers has not kept pace.[10]

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[8] Michael Chui, James Manyika, and Mehdi Miremadi, "Four Fundamentals of Workplace Automation," *McKinsey Quarterly* (November 2015), https://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/four-fundamentals-of-workplace-automation

[9] US Office of Personnel Management, *2018 Federal Workforce Priorities Report* (Washington: US Office of Personnel Management, February 2018), 23, https://www.opm.gov/policy-data-oversight/human-capital-management/federal-workforce-priorities-report/2018-federal-workforce-priorities-report.pdf; and Chui, Manyika, and Miremadi, "Four Fundamentals of Workplace Automation."

[10] McKinsey Global institute, *Jobs Lost, Jobs Gained: Workforce Transitions in a Time of Automation* (December 2017), 10-11,

- ***Some jobs—those central to the federal government's activities—will become more important.*** Jobs that cannot easily be automated—managing and developing people, interacting with stakeholders, and applying the expertise gained from data sources—will increase in importance.[11] These are jobs, of course, that constitute the core of the government's work.

- ***The who-does-what of federal work will therefore change.*** As routine jobs become less important and bridge-building jobs become more important, the strategies and tactics of the federal human capital management system will shift, placing a far higher demand on finding employees who can leverage the relationships and information on which the job of government will increasingly depend.

- ***The pace of change will increase—and will punish any organization that cannot keep up.*** In the private sector, the failure to keep up with change exacts its costs in reduced profits and, ultimately, shutting the doors. In government, the failure will be seen in higher taxes, reduced performance, and lower trust for the very programs on which citizens most depend. Government will not go out of business—but its ability to deliver results can shrink, punishing everyone.

That is why—now—there is even less time to wait; and why there is such urgency to move aggressively into the future that is relentlessly emerging. That, in turn, requires a clearer focus on:

- how to build the human capital to accomplish the government's mission;

- how to preserve the principles on which American government has long sought to advance; and

- how to hold the government accountable for both mission and principles at a time when the pace of change is challenging but where technology offers vast new potential.

It also requires shaping a fundamental focus beyond just hiring workers to build government's capacity for the future and on easing from government services those whose competencies do not match government's changing needs. It requires reskilling those in government—the other 90 percent, who constitute government's central and ongoing core of human capital—to help them transform themselves into the workforce of the future.

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https://www.mckinsey.com/~/media/McKinsey/Global%20Themes/Future%20of%20Organizations/What%20the%20future%20of%20work%20will%20mean%20for%20jobs%20skills%20and%20wages/MGI-Jobs-Lost-Jobs-Gained-Report-December-6-2017.ashx.

[11] Ibid., 16.

Mission First: Develop Strategies for Talent Management

In our first white paper, we called for a focus on *mission first* by building a federated system for human capital management. A federated system is one in which system components provide a significant level of operating autonomy, with agencies having the flexibility to tailor their human capital systems to their strategies and mission. We also believe, however, that these flexibilities should be guided by the merit system principles.

Currently, a system can embrace and develop further talent management efforts already underway in many parts of the government. It can be designed and operated explicitly to meet the needs of government agencies, as they seek to accomplish their missions with the balance of agency-based autonomy and government-wide principles that are the hallmark of a federated system. It could focus on helping agencies define the competencies they need to accomplish their missions and on acquiring, developing, and managing occupational groups and more specific mission areas. Most important, it could support the goal of managing the 90 percent of the current workforce, who must be focused on mission, learning, and maximizing the benefits of technology and agility.

That, indeed, is the meaning of reskilling—defining the skills that government missions require; assessing what skills federal employees in those agencies already have; determining the gap between the skills in place and the skills that are needed; training employees for the skills that are needed; and finally, devising separation plans for employees whose skills do not prove a good match. Indeed, this issue of reskilling—and of determining which employees don't have the needed skills—is far more important than the debate over firing poor performers that so often dominates public discourse. Terminating the employment of poor performers means being able to identify poor performance. Hiring new employees means identifying the skills that government needs now and in the future, to perform well. Thus, most important is matching government's skills to the jobs to be done.

In this paper, we use the catch-all term *line of work*. We intend that phrase to capture notions like *profession*, *discipline*, *occupational group*, *functional area*, or *field of study and practice*. Within the current Title 5 system that we endeavor to move beyond, each of those terms has meaning, application, and connotation. This is not to imply those conventional words no longer have use or meaning. We believe, however, that a new generic phrase might be useful for a fresh way of thinking about managing federal human capital.

This *line of work* concept elevates a notion more expansive than traditional position classification and qualification standards—with their narrow occupation series and groups— and accommodates broader mission-driven talent management strategies. That is, government should use a system that moves from the current strategy of hiring people to fit into classified positions to one that focuses on hiring—and advancing—people for the competencies they bring to the work that must be done to meet the mission. It is a system where competencies are built in the person who contributes to a line of work and are not solely based in the duties of a

specific position. Talent management focused on lines of work can build workforce flexibility, knowledge, adaptability, and power.

As a starting point, we recommend applying strategies covered in this section to the development and deployment of Program and Project Management (P/PM) talent, included in implementing the Program Management Improvement Accountability Act. The implementation effort set forth in Office of Management and Budget (OMB) Memorandum M-18-19 – *Improving the Management of Federal Programs and Projects through Implementing the Program Management Improvement Accountability Act,*[12] sets out an ambitious vision for launching this extremely important line of work in the federal government.[13] The effort requires OPM, working in consultation with the OMB and the Program Management Policy Council to affect change. Together, the organizations need to identify the key skills and competencies needed for agency P/PM work; add necessary occupational or identifier coding to the government's data systems; conduct a competency assessment to identify gaps; and establish appropriate career paths to support the line of work.

Introducing a Comprehensive Talent Management Model Oriented to Lines of Work

We have framed a comprehensive model for talent management with a line-of-work-focused emphasis on learning and development. This system will result in continuing enhancement of employee skills and increased knowledge of, and capacity to use, state-of-the-art techniques and technologies for multiple lines of work and for the federal workforce as a whole. A concept paper illustrating how the government might implement these principles appears in Appendix E.[14]

This type of federal talent management approach could organize its component elements around lines of work (occupational groups, mission, and functional areas), with specified core competencies described for each. Key attributes of such an approach would include:

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[12] US Office of Management and Budget, *M-18-19: Improving the Management of Federal Programs and Projects through Implementing the Program Management Improvement Accountability Act*, (Washington: June 25, 2018), https://www.whitehouse.gov/wp-content/uploads/2018/06/M-18-19.pdf

[13] Janet Weiss, *A Framework for Improving Federal Program Management* (Washington: IBM Center for the Business of Government, 2018), http://businessofgovernment.org/report/framework-improving-federal-program-management

[14] This is not unlike a concept car at an auto show: *a concept car (also known as concept vehicle, show vehicle or prototype) is a car made to showcase new styling and/or new technology. They are often shown at motor shows to gauge customer reaction to new and radical designs which may or may not be mass-produced* https://en.wikipedia.org/wiki/Concept_car

- Functional experts defining and keeping current core competencies[15] for each line of work. These experts may hail from different departments, such as the members of the Chief Information Officers' Council or the Chief Human Capital Officers' Council thus, reflecting cross-government needs. Alternatively, they may be acknowledged experts from within a single department; and thereby, focus on specific areas of departmental need, especially if there is no relevant cross-governmental council.

- Employees would be able to earn credentials or "badges" as they master successive competency levels. These badges, in turn, would qualify them for new positions that need the skills they bring. They would also help agencies identify employees with the skills needed for their missions. An agency seeking an employee with skills in contract and financial management, for example, could easily search for and identify "badged" individuals with the competencies required. Thus, competencies would be vested in *individuals* and *individuals* matched to missions, instead of having static occupations define both.

- Broad levels within each line of work – such as entry level, full performance level, and expert or managerial/supervisory level – would provide wide, more flexible work level definitions that reflect the competencies required for today's work design and proficiency levels.[16]

- The hiring process could be streamlined by relying on pooled hiring (see "Hiring Talent Pools" discussed below).

This approach to line of work talent management calls for a fundamental redefinition of the federal government's human capital system. It shifts the focus from complying with rules and preparing position descriptions to nurturing talent and continually developing competencies and skills.

Using talent managers

The government should empower talent managers. These talent managers would be senior professionals from line programs or functional staff offices, with a keen knowledge of the skills and competencies employees should master for a line of work.

The government's employees would then typically be assigned by their talent manager to work on specific programs, functional activities, or projects for a defined period, thus supplementing their training with experience. At the completion of an assignment, the employee would

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[15] The Volcker Alliance, *Preparing Tomorrow's Public Service: What the Next Generation Needs* (New York: May 2018), https://www.volckeralliance.org/publications/preparing-tomorrows-public-service

[16] National Academy of Public Administration, *Modernizing Federal Classification: An Opportunity for Excellence* (Washington: July 1991) and Partnership for Public Service with Booz Allen Hamilton, *A New Civil Service Framework* (Washington: April 2014).

typically return to the talent manager pool for assignment to a new program, functional activity, or project, and/or for additional training and development. Pools of talent, rather than fit-to-position, ought to shape the federal workforce.

Talent managers should be responsible for tracking and monitoring employee performance.[17] Assessments should also be based on input from the program managers with whom the individual employee has been working on an assignment. Together, talent managers and program managers would set expectations at the beginning of each assignment, including new areas of development or knowledge associated with the line of work that employees develop or master during their project work. This can include supervisory or managerial competencies as well as technical or programmatic matters specific to line of work.

Hiring talent pools

Pooled hiring streamlines talent accession by hiring many new employees (especially at the entry level) to fill multiple vacancies at once. This permits maintaining a "pool" of qualified, screened talent for a line of work.

This approach features:

- a coordinated outreach by talent managers to talent sources (such as universities or training programs);

- program managers defining the knowledge and skills necessary when choosing among candidates to be in the pool; and,

- streamlined procedures for managers to select from among candidates already determined to be "highly qualified."

Although this strategy may work more easily in larger agencies with more staffing flexibility, it can streamline hiring and support a pipeline of talent for a line of work.

Creating cadres of experts for addressing high priority needs on a short-term basis

The government must develop more-flexible ways of recruiting and retaining scarce and specialized talent. For example, the government could create cadres of experts hired for high-priority needs on a relatively short-term basis (for three to five years, with the possibility of annual renewal).

We expect that members of these cadres would generally eschew 30-year federal careers and may often rotate out of the federal government into state and local governments or into the private or nonprofit sectors. The federal government should then make it possible for members of these cadres to rotate back into federal service, at a higher rank or level of pay than the one they left (if warranted). Encouraging the movement of talent across boundaries would only

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[17] Talent managers could be identified from the existing management cadre to avoid having to hire new positions.

enhance the capacity of all those who collectively are responsible for the quality of the federal government's work.

Rebalancing the Federal Workforce in Support of Mission

OPM's *2018 Federal Workforce Priorities Report*[18] presents a compelling snapshot of how the rapid march of technology is already changing, or has the power to fundamentally change, the work of federal employees. The report suggests that technology that was already available in 2016 has the potential to radically change a striking percentage of existing federal jobs and enable employees to shift their time and focus to higher-value duties (see Figure 3).

Consequently, technology will replace, in whole or part, many lines of work in the future. This will free up the human talent to perform those higher value tasks more aligned to human capabilities. However, that means there will be an even greater premium on creative leadership skills, to make connections among government's stakeholders and to provide the vision needed for rapidly changing programs.

As we saw earlier in Figure 2, the federal government is annually hiring new workers at a rate of just about 10 percent of the workforce. That pace is unlikely to change. The federal government, therefore, will not be able to hire new workers fast enough to acquire the skills needed to refresh its workforce. Moreover, at this rate of change, new workers are likely to be incorporated into the existing culture faster than their new skills can change it.

Thus, government must keep a laser-like focus on strengthening the skills of the 90 percent of its employees who constitute its core. Agencies must identify the skills they need to accomplish their mission, chart the skills they need in their employees, help employees adapt to the future, and reskill them as necessary to ensure high performance from the government.

The President's Management Agenda for fiscal year (FY) 2019 points in this direction. It charges OPM, OMB, Department of Defense (DOD), and other agencies, "with developing a system to both identify employees with the aptitude for information and technology and cybersecurity jobs, and adopting automation technology that can assist the reskilling efforts." Reskilling is the essential step for talent management in government, but it is far more easily said than done. In part, that is because it is a daunting proposition to consider how to reorient such a varied workforce of two million employees. In part, it is also because the concept itself can be slippery—and because no organization, public or private, has truly demonstrated how to master the process.

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[18] US Office of Personnel Management, *2018 Federal Workforce Priorities Report* (Washington: February 2018), https://www.opm.gov/policy-data-oversight/human-capital-management/federal-workforce-priorities-report/2018-federal-workforce-priorities-report.pdf

Figure 3: Automation will affect all jobs, not just those created or eliminated
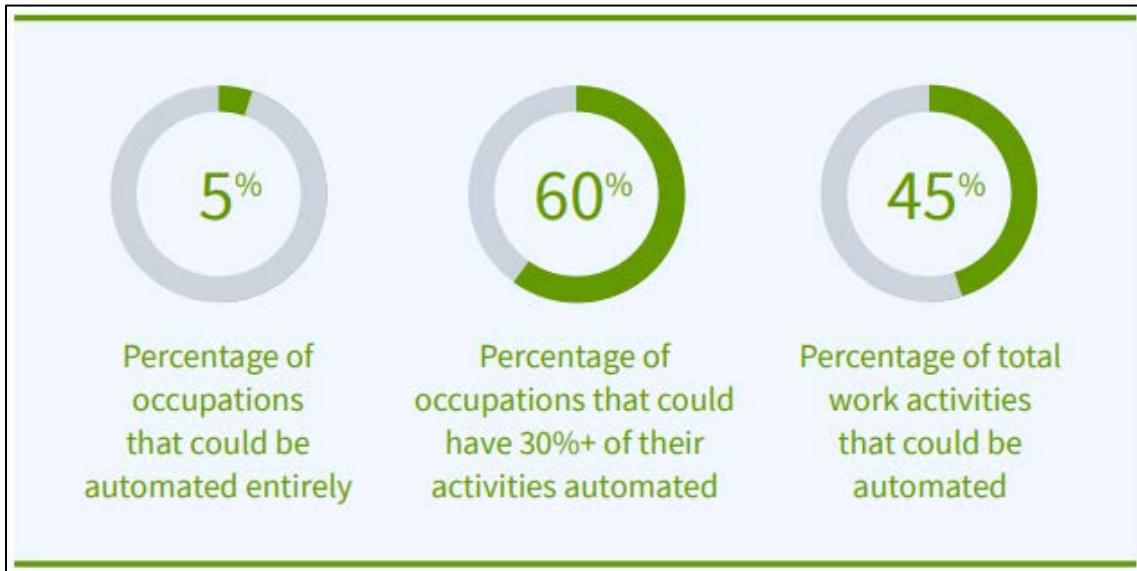
Source: : US Office of Personnel Management, **2018 Workforce Priorities Report** *(February 2018), 23, from* **McKinsey & Company,** **Four fundamentals of workplace automation** *(November 2015),* https://www.mckinsey.com/business-functions/digital-mckinsey/our-insights/four-fundamentals-of-workplace-automation

Authors of a McKinsey study on reskilling said, "As digitization, automation, and AI [Artificial Intelligence] reshape whole industries and every enterprise, the only way to realize the potential productivity dividends from that investment will be to have the people and processes in place to capture it."[19] Because of the magnitude and importance of the changes to come, this is true for government every bit as much as for industry.

Reskilling must be the keystone of the federal government's human capital strategy over the next decade. It cannot afford to fall behind in the talent needed to do the people's work; and it cannot count on achieving the lead in talent simply by hiring new employees or separating existing ones.

Reskilling and upskilling

In June 2018, the director of strategic technology management for the Office of the Chief of Technology in the Department of Homeland Security said:

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[19] McKinsey Global Institute, *The Future of Organizations and Work: Retraining and Reskilling Workers in the Age of Automation* (2018), https://www.mckinsey.com/featured-insights/future-of-organizations-and-work/retraining-and-reskilling-workers-in-the-age-of-automation

The federal employees we have now are the ones we have. We just can't wait around. We can't wait for the latest and greatest smart kids. This person might be a pretty good IT program manager right now…he stuck around and learned and did a pretty good job. But he's not going to be the guy who's going to do your current modern cyber defense.[20]

Matching talent to mission requires looking at two different strategies.

- ***Reskilling*** – or retraining – refers to learning new skills so that an employee can do a different job. In general, reskilling is undertaken by organizations in which long-term employees are "reskilled" into a completely different career. As part of reskilling, individuals for some lines of work attend college or go to a trade school to earn a degree or certification in a different technology or field, emerging ready for a different job.

- ***Upskilling*** means improving the ability of employees who, generally, are staying in the same job they already have. Upskilling does not require an employee to earn a completely new degree or certification, but it does mean improving or upgrading or even changing a current skill set in order to be of more value to the organization or agency.

Meeting the Readiness Challenges through Strategic Workforce Planning

As agencies, Departments, and companies large and small move toward the new economy and new work, special attention must be given to strategic workforce planning. That means building strategies that work best and are cost-effective. However, there are many challenges. These include knowing what the right skills are for the near and more distant future; learning to discern whether or not individuals can successfully be retrained or upskilled; learning the most effective ways to transfer or instill specific kinds of new knowledge; and determining how to train supervisors and managers to lead and build on innovation.

These challenges and requirements demand thoughtful, systematic, far-sighted strategic workforce planning, a well-known (but often not well-executed) talent management activity.[21] Workforce planning typically involves review of internal and external labor markets, critical job needs, current and anticipated skill shortages, anticipated attrition and retirements, and drivers

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[20] Nicole Ogrysko, "Reskilling the Federal Workforce Easier Said Than Done, DHS says," *Federal News Radio*, June 5, 2018, https://federalnewsradio.com/workforce/2018/06/reskilling-the-federal-workforce-easier-said-than-done-dhs-says/

[21] To improve and institutionalize strategic workforce planning, in 2017, Title 5 was amended to include a requirement for departments to develop Human Capital Operating Plans. This is intended to align human capital management practices to broader agency strategic planning activities, and to better align human capital activities with an agency's mission and strategic goals.

of workforce needs – all within the mission, budget, and objectives of individual departments and agencies.[22]

Human Capital Officers are frequently left out of strategic discussions at the department and agency level. To some extent, this is the lamentable result of their having been unable to deliver the agile strategic responses those discussions surface and the tactics that are needed. To a greater degree, it is because human capital tends too often to be regarded as a subsidiary check-the-box function, not an integral part of agency leadership. Unfortunately, those tactics have remained out of reach, as the thinly staffed human capital offices must continue to execute their compliance-driven tasks and transactions under the current Title 5 laws and regulations. Despite these drawbacks, decision-makers need to emphasize the importance of human capital within their departments and agencies. Departmental and agency leaders must think systematically and strategically about how to attain the talent needed, and how to keep developing it as the nature of work continues to change.

Thus, traditional employee development models will need a fundamental reexamination. Given the inevitable pace of change, it is equally inevitable that not all current employees will be able to successfully meet new work challenges. Indeed, identifying workers whose competencies fall out of sync with government needs and developing strategies to help them transition out of federal service is a far larger, important problem than firing poor performers.

Government agencies thus face a complex set of challenges:

- identifying the talent they need to keep pace with the changing nature of work;

- applying fast, flexible hiring processes to acquire talent;

- developing reskilling and upskilling strategies to help existing workers adapt in fast-changing technologies; and

- identifying workers whose skills no longer match the needs of government's mission and transitioning them from federal service humanely and in a way that is consistent with the merit system principles.

These challenges, in turn, radically redefine "training." No longer can government agencies conduct courses to give new insights to broad collections of employees. Training focused on leadership development is essential; and leadership development must incorporate the imperatives of reskilling and upskilling. If reskilling is the inescapable imperative for the coming decade, training—redefined—must be the driver of reskilling.

The private sector recognized these challenges and developed many talent development programs that outpace the government's own efforts. DHS is taking a "bricks-and-mortar

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[22] In the federal government, workforce planning must include all relevant sectors that perform the federal government's work, including government entities at other levels (i.e., state and local, regional and tribal), the nonprofit sector, and contractors.

approach" to building the capacity to retrain its employees. DHS has made a substantial investment by creating the National Cybersecurity and Communications Integration Center, which will stand up a training branch within its own organization. There is no single model for reinventing government's talent development; but talent development through training—and training based in developing individual competencies—is the foundation.

In addition, the government will need to develop:

- separation strategies, including buyouts, to help transition out workers who cannot or who do not choose to change;

- shared services strategies to help agencies, especially smaller ones, pool their resources to meet their common needs;

- talent managers to define programs to teach the knowledge foundation and capabilities required for specific lines of work;

- communities of practice for groups of employees;

- rotational programs – within the agency/department or to other agencies/departments – to help employees develop a broader vision of their work;

- mentoring programs specific to lines of work; and

- talent trading, including programs that bring in private sector leaders and leaders from other agencies to provide insights on managing and developing talent.

This flexibility and innovation is the fundamental requirement for moving from a culture of compliance to a human capital management system that is nimble enough to not just to keep up with, but to get ahead of the skill curve. Government needs a talent management approach that moves at the speed of the technology and that drives its work forward in ways that adapt to the future of work.

What are the Benefits of Line-of-Work Talent Management?

This focus on training, skill-development, and building mastery through relevant experience will mean that instead of lagging behind the private sector in innovation, customer service, and results, federal employees can be leaders in those areas. Furthermore, exchanging and sharing know-how and results with the private sector and other governmental departments and agencies will contribute to a beneficial cycle of increased effectiveness and efficiency. Indeed, we believe that this federal talent-management strategy could extend beyond federal government employees to all those—in the state and local governments, as well as in private and nonprofit organizations—who share in government's work.

Better hiring and talent acquisition would be among the important benefits of this approach, enabling government to become more agile, more able to efficiently address needs, and adapt to challenges. The model could encourage better-targeted and more efficient outreach to employee sources through coordinated, pooled hiring; streamlining and increasing the effectiveness of agency recruiting and hiring activities. Furthermore, the strategy could encourage rotation in and out of government from the private and nonprofit sectors, as well as

to and from state and local governments. The flexibility of the approach could enhance recruitment and retention of Millennials and those in Generation Z who want to make a difference as they develop their competencies and skills on inherently governmental programs aligned with their areas of interest.

A key significant contribution of this model is to systematize and strengthen talent development. The line-of-work talent structure prioritizes development, training, and skill building, while establishing professional expectations defined by the particular line of work levels of knowledge and experience in order to achieve occupational mastery over time. The model provides direction and support from subject matter experts in high-demand lines of work thereby keeping their respective specialties at the leading edge. Thus, individuals who wish to specialize will find themselves working with top-notch cohorts of like-minded professionals. Their talent managers will focus on developing individuals' relevant knowledge as well as providing challenging opportunities for applying that knowledge to advance federal programs. This framework further encourages cross-departmental collaboration among practitioners and decreases programmatic silos by facilitating sharing of experts across departments or agencies, as needed.

Finally, the model will contribute to improved employee performance management, as it accommodates relevant rank-in-person features for managing staffing and movement across programs and agencies. By specifying knowledge and competency expectations for lines of work at increasing performance levels, both employees and supervisors will understand what individuals are expected to know and learn, and what successful and outstanding performance looks like. Mentoring programs and communities of practice may be among the beneficial aids that help employees maximize their development and performance. In an environment that emphasizes employee reskilling and upskilling, performance management will be a keystone.

Summary

Using a line-of-work talent management system built around competencies and modern work design would be an effective approach to managing the stable 90 percent of the federal workforce. This approach could be agile enough to meet rapidly changing mission needs and priorities, both within agencies and across the government. Furthermore, the federal human capital management system should seriously pursue strategic workforce planning that allows agency-based program and talent leaders to develop strategies that work best for their own agencies, to manage resources effectively, and to put in place techniques that will develop and deploy employees with the most current and most needed competencies to accomplish the mission. This focus on continually developing and enhancing the knowledge base of the federal workforce will bring the federated human capital system to life, while improving the effectiveness and efficiency of the federal government.

This line-of-work approach supports merit system principles in its selection, career advancement and performance management processes. It puts mission first within a governance structure that encourages enterprise-level collaboration and government-wide learning and problem solving. Without a far sharper focus on nurturing the talent it needs, government simply will not be able to deliver on the mission with which the people entrust it.

Principles Always: Preserving the Merit System Principles

Since the creation of the civil service system in 1883, the merit system principles have provided its foundation—that federal employees should be hired on the basis of their competence, and that they should be protected from arbitrary, personal favoritism, and political basis. These principles remain the essential keystone of the way our government operates. As the US Merit Systems Protection Board puts it, they establish "a concise set of expectations for the fair, effective, and efficient management of the Federal Workforce."[23]

Although these principles remain as valid today as they were 135 years ago, the government's efforts to pursue them have become encrusted in rules and weighed down in conflict. To many critics, the merit principles too often seem to be ends in themselves rather than instruments to pursue the systems' historic goals—and to serve the American public.

The problem, in short, is this: we have broad support in the United States for the pursuit of merit system principles. We no longer have a consensus, however, on what "merit system principles" mean. We are committed to merit; but the laws, rules, and regulations that realize those principles today hinder the pursuit of the government's mission. We are trapped in a clash of principles, with merit caught in a series of inconsistent objectives:

- The pursuit of political responsiveness, which is increasingly seen as an assault on merit.
- The urgency of making changes in both organizations and jobs within government, against which merit principles are sometimes raised in opposition
- The necessity of expertise, against which downsizing is sometimes an attack.
- The inside game, in which merit is seen as a set of protections for employees.
- The outside game, in which merit is viewed as the pursuit of neutral competence.

The problem, at its core, is finding the right balance between fairness, efficiency, effectiveness, and responsiveness. The nature of this problem is not unique to the past decade. The Perspectives Chapter of the 1977 Personnel Management Project, produced by the then-Civil Service Commission and authored by Dwight Ink, then Executive Director of President Carter's Personnel Management Project, describes the situation perfectly:

> *Managers have no right to impose new spoils systems under the guise of flexibility. Neither do they have a right to mismanage public programs by*

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[23] US Merit System Protection Board, *The Merit System Principles: Guiding the Fair and Effective Management of the Federal Workforce* (Washington: September 2016), https://www.mspb.gov/mspbsearch/viewdocs.aspx?docnumber=1340293&version=1345596&application=ACROBAT

hiring incompetent cronies. They must, however, be free to manage, or there will be little accountability and citizens will be deprived of the effective Government they have a right to demand. Employees have no right to place their personal gain above the ability of the Government to meet public needs. Neither should they have the right to cling to jobs in which they cannot, or will not, perform adequately. They do, however, have a right to work in a public service that is free of discrimination and partisan political influence, and they have a right to expect advancement to be determined on the basis of merit.[24]

Those dedicated to shielding civil servants are at loggerheads with those who seek greater authority over civil servants. Those dedicated to cutting the size of government find themselves in conflict with those seeking to protect the jobs of government employees. The result is a stalemate, with minor skirmishes too often degenerating into trench warfare in which no one – especially citizens – wins. In the conflict, the fundamental principles of merit sometimes become lost: the selection, compensation, management, and fair treatment of public servants based on skill, competence, and responsibility with a sense of duty to the public interest.

We urgently need to restore the commitment to public service by reaffirming merit as a measure of responsibility. This demands a rededication to the basics of recruitment, development, retention, and merit-based advancement to preserve this renewed commitment to service, efficiency, and support to citizens. That will help the public service reinvigorate its fundamental role as a profession worthy of respect for its dedication to the protection and advancement of the citizens.

The Perils of Horizontal Equity

As we noted in the *Compliance to Performance* chapter, there is a powerful and dominant **culture of compliance** (concentrating on following-the-rules and checking-the-boxes) within the federal government*.* The current culture fails to recognize or capitalize on equifinality, a concept from general systems theory: the same end state may be achieved via many different paths. The desired end state for government's human capital management system is a highly qualified workforce that reflects all segments of society.

We must recognize that there often are many different ways of achieving a highly qualified workforce from all segments of society. However, the federal government's current human capital system is weighed down and distorted by its blind pursuit of horizontal equity—the imperative of treating all employees and agency workforces the same, regardless of their circumstances. Merit principles, of course, require that all employees be treated fairly and that they be protected from political favoritism. However, seeking "fairness" by addressing every single situation through an identical, uniform, strictly regulated path, without consideration or

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[24] Dwight Ink, *Federal Personnel Management Project: Final Staff Report* (Washington: US Civil Service Commission, 1977), Perspectives, https://catalog.hathitrust.org/Record/000131029

pursuit of alternatives that might better address changing conditions, is not effective human capital management.

The elaborate one-size-fits-all procedures that characterize so much of the current personnel system are the legacy of the era when scientific management dominated government operations. Furthermore, in the pursuit of each agency's mission, employees' circumstances often vary greatly. Managing different employees in different lines of work in different positions and in different locations often presents very particular challenges that would be handled best with tailored treatment. The pursuit of horizontal equity often handcuffs the system and prevents it from accommodating these differences and advancing the differences in agencies' missions. The key lies in making mission first—and then ensuring that merit principles are applied always. Accountability comes through producing outcomes, not examining processes.

The Pursuit of Merit in a Strategic Human Capital System

A competency-driven strategic human capital system will, at its core, support the time-honored merit system principles in the pursuit of a 21st century public service. The foundational concept of merit – employees should be selected and advanced based on their qualifications – gives pride of place to competencies. A competency-based system would better serve the American public by striking the needed balance of fairness, efficiency, effectiveness, and responsiveness. This paper's proposed talent management approaches do so by reconnecting the merit system principles with government's mission; providing departments and agencies with the flexibility to manage their workforce strategically, while protecting the fairness and protection America's civil servants deserve. A bit later in this white paper, we highlight how a competency-based system produces merit-based, high-performance outcomes.

Recruiting and retaining a talented workforce fairly, from all segments of society

Rather than the current model of hiring into overly-specific positions in stifled programmatic silos, the pooled hiring concept of a competencies-based system (similar to how State Department hires foreign service officers) allows for the comparison of competencies across all applicants. This will improve the ability of departments and agencies to recruit the right people with the right competencies with agency-wide diversity and inclusion in mind.

The merit behind pooled hiring

A pooled-hiring strategy as outlined earlier strongly supports achieving merit-based hiring. Excepted service[25] new hires have consistently outnumbered new hires made in the traditional

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[25] As defined by USAJOBS: Excepted service positions are any federal or civil service positions which are not in the competitive service or the Senior Executive service. Excepted service agencies set their own qualification requirements and are not subject to the appointment, pay, and classification rules in Title 5, United States Code. However, they are subject to veterans' preference.

competitive service[26] since FY 2005. The use of excepted service can bring into question the fairness and equitability of hiring practices that are embodied in the first two Merit System Principles (see Appendix D for reference).[27] By centralizing hiring into broadly defined line-of-work pools, human capital professionals can better manage and audit hiring practices. Additionally, it will free managers to recruit from a larger pool of applicants more quickly and easily.

When the merit system principles were first defined, USAJOBS did not exist; and applicants were expected to mail or hand-deliver their applications on sheets of paper. Today, USAJOBS enables users to save their resumes electronically and, in some cases, their answers to basic application questions. When coupled with the public notice requirement for competitive service positions,[28] the result was an influx of thousands of applications overwhelming human capital professionals who are already forced to work with an overly complex system. New strategies for screening applications, including artificial intelligence and assessment platforms such as USA Hire, could streamline the screening process.

Improving government efficiency requires agencies to rethink hiring and appraisal

Because our procedures have become so cumbersome, government's leaders are highly constrained in managing their workforce. A broad competencies-based model can eliminate the programmatic silos often found in departments and agencies. A talent manager assigned over a line of work would ensure that employees would be assigned to work on specific project for a defined period of time. They then may return to their talent manager for assignment to new activities and/or for additional training and development as needed. Having a steady, dependable pipeline of new talent will reduce managers' aversion to having employees rotate into new opportunities. We also anticipate this will attract Millennials, Generation Z-ers, and those with advanced competencies as it promotes a gig-like economy within the federal government facilitating the development of advanced skills, competencies, and experiences on a variety of projects.

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[26] As defined by USAJOBS: Competitive service positions are positions subject to the civil service laws passed by Congress to ensure that applicants and employees receive fair and equal treatment in the hiring process. In the competitive service, individuals must go through a competitive hiring process (i.e., competitive examining) before being appointed which is open to all applicants. This process may consist of a written test, an evaluation of the individual's education and experience, and/or an evaluation of other attributes necessary for successful performance in the position to be filled.

[27] US Merit Systems Protection Board, *The Impact of Recruitment Strategy on Fair and Open Competition for Federal Jobs* (Washington: January 2015), https://www.mspb.gov/netsearch/viewdocs.aspx?docnumber=1118751&version=1123213&application=ACROBAT

[28] See *A Means to the End* chapter of this report.

Preventing discrimination in performance appraisal

A competencies-based model would promote fairness and equity. Talent managers in each line of work community would manage career advancement, like in the military and in private industry, providing a more holistic understanding of workforce readiness and performance, to include poor performance relative to the rest of the community. While opportunities for promotion are limited even in the broad-pay-band system proposed in some reforms, a competency-based human capital system could provide horizontal progression in the form of new projects and experiences.

Maintaining a workforce that is prepared for the future

A competency-driven model prioritizes training by line of work to meet mission requirements and to support the reskilling of employees as professional councils identify new capabilities and future needs. This, in combination with what talent managers and program leaders are seeing on the frontline, will keep the workforce ready to learn and deploy new capabilities as they emerge.

Summary

Government has an obligation to its citizens to be competent and to build the capacity to do well what Congress and the president require. Citizens expect that government will do its work without displaying political favoritism; government employees expect to do their jobs without undue political pressure. The merit system principles need not be a way to protect government jobs from political accountability. A competency-based human capital system – utilizing the pooled hiring approach, for example – elevates the principles of merit where the current personnel system is weakest.

However, we must not miss the point of equifinality. We must leave room in the future to add alternative merit-driven paths to our strategic federal human capital management system, ideally through administrative action. This will require developing, testing, and making available more paths that comport with our general principles as the nature of work, work design, the work force, and human capital technology continue to evolve. It appears reasonable to believe the desired end state (a highly qualified workforce) will remain relevant in 2040 and beyond. We must not settle for instituting a 2018-era version of position classification that adds only a single new path.

Accountability for Both: Emphasizing Results

Government will not be able to achieve the results its citizens deserve without a central, enterprise-level entity, one that defines and shapes the federal government's human capital strategy that identifies what kind of workforce the government needs, that ensures accountability in delivering results, and that measures performance so we know we're getting what we want.

As we argued in our first white paper, flexibility without accountability can create huge problems. The government's mission and the values that shape the way it pursues it are too varied to impose a one-size-fits-all strategy on the civil service system. Flexibility without accountability, however, can threaten the government-wide principles we expect the government to follow.

Some reform proposals suggest that the federal government ought to give agency hiring managers more flexibility in hiring new employees, but the surprising fact is that these managers do not use most of the flexibilities they now have. GAO, in 2016, found that federal agencies used just 20 out of the 105 available hiring authorities, and a 2018 study from the OPM reached the same general conclusion. Agencies are using exceptions to the standard hiring process to fill 55 percent of their mission-critical positions, and they are using just one-fifth— 11 of 51—of the legal authorities available to them to do so.[29]

Moreover, several highly experienced federal human capital officers told the Panel that they do not know how many hiring authorities they already have – it has proven impossible so far to count them all. They suggested to the Panel, tongue only partly in cheek, that the instinct to try to help agencies by creating new hiring authorities had only made things worse; and they asked well-meaning policymakers to stop. Moreover, experience suggests that if the central personnel entity turned decisions over to agencies, many of them would simply use the existing rules. That would leave the system even worse off, with the old rules but without the central rudder.

We conclude that the federal government needs a central personnel entity. But we believe that its functions should not focus on ensuring agency compliance but, instead, it should promote strategic human capital workforce planning; create active learning about what works best in producing the workforce we need; and advance merit system principles. This is the model that many other advanced democracies have created. The United Kingdom, Canada, and Australia, for example, each have an office located close to the prime minister whose job it is to ensure the government has the human capital required to get its job done and to advance the basic

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[29] US Government Accountability Office, *Federal Hiring: OPM Needs to Improve Management and Oversight of Hiring Authorities,* GAO-16-521, (August 2016), https://www.gao.gov/assets/680/678814.pdf; and US Office of Personnel Management, *Excepted Service Hiring Authorities: Their Use and Effectiveness in the Executive Branch* (July 2018), i-ii, https://chcoc.gov/sites/default/files/OPM%20Special%20Study%20%E2%80%93%20Excepted%20Service%20Hiring%20Authorities.pdf

principles of merit that leading democracies share. Additionally, these other advanced democracies share the pursuit of an objective with which the federal government increasingly struggles: integration of strategic human capital planning with the other major strategic tools of the central government—budgeting, regulation, information, technology, relationships with the private sector.

One Canadian example is similar to a concept we propose in the competencies-based talent management model. Canada's "Free Agent" program hires employees to work project-to-project across departments. The department and free agent sign an agreement that specifies the length of the contract. The employment period is project-based, ranging from one to eight months. According to Canadian officials, free agents tend to be entrepreneurial, risk takers, and innovative. A competencies-based model encourages the creation of cadres of experts to address high priority needs on a short-term basis, and encourages the movement of talent across agency boundaries. This Canadian "Free Agent" process is just one example that demonstrates how a talent management process can support high-potential employees and can meet federal agencies' high priority mission critical needs.

Functions of a US Central Personnel Entity

A central governing entity is essential to provide stability and balance to the three-legged stool that supports the Panel's recommendations – mission first, principles always, and accountability for both. That central structure must strike a balance between strong centralization and flexibility that allows agencies to meet their varied missions. We believe that the federal government needs an independent, strategically oriented enterprise-level entity that can foster alignment of human capital with other strategic functions, including budget, information and regulatory management, technology, and financial management. The major role of the central entity is to advance the government's strategic human capital goals and support agencies' missions. In carrying out this role, a key function will be to define, protect, and hold accountable the merit system principles; finding the right balance among fairness, efficiency, effectiveness, and responsiveness.

There are other important functions that this enterprise-wide human capital entity should perform:

Conduct enterprise-wide strategic workforce planning and provide support to agencies and departments as they develop their own human capital plans

Enterprise-wide strategic workforce planning is essential to outline the strategic vision for what kind of human capital the government needs to meet today's challenges and to lead the government into reshaping the future workforce necessary to match the changing nature of work. In a federated system, agencies will need to develop their own workforce plans to meet specific mission requirements, using the strategic vision developed by the central entity as a guide. Agencies, especially smaller agencies that lack sufficient capacity to administer their own systems, may need additional support. This support should include assistance with talent acquisition, retention and development, including collaboration with the federal government's councils and communities of practice [e.g. chief human capital officers (CHCO), chief financial

officers (CFO), performance improvement officers (PIO), technology officers (TO), information officers (IO), information security officers (ISO), and acquisition officers (AO)] that identify competencies, skills, and development paths for lines of work. These expert professional councils, working alongside agency program leaders, will be able to forecast needed competencies by conducting environmental scans based on future program requirements; make comparisons with private, state, local and foreign governments; and share information and practices with their colleagues.

The central entity should facilitate and enable a learning system to understand what human capital strategies work best in accomplishing the government's mission. We have many flexibilities but little knowledge about what works and what does not. In a federated system, the central entity can identify, assess, and share leading practices. It can help break down barriers to advancing effective practices (including removing procedural roadblocks) and share pre-approved, pre-tested flexibilities and practices that have proven successful.

The central entity should also serve as a conduit for smaller agencies within the federated system that need to find strategies for training their human capital teams.

Agencies can also be supported by receiving strategic legal advice and support. Agencies sometimes face conflicting opinions between human capital offices and offices of the general counsel about the use of authorities and flexibilities. Faced with such uncertainty, agencies often find it easier simply to do nothing, even in cases of egregious performance problems. If direct and definitive legal advice on human capital practices were available to human capital offices, federal practices would become both more consistent and more accountable.

Develop strategies for advanced collection of metrics and data analytics to accelerate government's learning curve

In a federated system, this means focusing on how well its products—merit-based agency-specific human capital policies and strategies—help agencies achieve their missions. The biggest driver of change in human capital is having data to drive improvements. In a competency-based model, the central entity maintains a data warehouse of skills and competencies available across government.

Another essential element of a competency-based human capital system is the collection of data on market conditions, and the creation of a database of best practices and data-driven results to reduce duplication and enhance efficiency. Even more important, the central entity should create and foster a learning environment to determine which personnel strategies produce the best results in which circumstances.

Development of a core set of human capital metrics

The central entity should work with individual agencies and the Chief Human Capital Officers Council to develop a core set of human capital metrics for use both government-wide and by agencies to monitor progress in closing mission critical skills gaps in individual agencies and across government.

In this digital age with its ever-changing technology advancements, it is imperative that the central entity facilitate human capital professionals' ability to better monitor progress, measure results, and conduct data analyses. In this way, accountability can be based on results, not process.

Options for the Central Personnel Entity

The Panel believes strongly that strengthening these functions is critical to the future of the government workforce. Nevertheless, while it believes in the importance of the *what*, it does not take a position on the *who.* In fact, there are different options for organizing this central function, including:

- maintaining an independent Office of Personnel Management;

- splitting up OPM's current operations, moving the strategic functions to the OMB, and moving operational activities to other agencies; or

- moving the strategic functions to a new office of strategic management, within the Executive Office of the President, along with other strategic management functions like procurement, information, technology, and contracting.

Determining which option would be best is a fundamentally political question, whose resolution must rest on a strategy that is mutually agreeable between the president and the Congress. However, the Panel strongly believes that it is essential that *there be* an enterprise-level entity to aggressively pursue the basic human capital strategic functions. In the current system, OPM has not been able to play this strategic role, and the federal government's capacity to manage its operations is far worse as a result. Without such an entity, its ability to keep up with future changes—let alone lead them—will surely suffer.

Modernizing the Human Capital Profession

The central personnel entity we recommend will perform important functions and provide needed support to federal agencies. We also recommend, however, that the human capital professionals in the agencies will need to modernize their skills as well to carry out twenty-first century strategic human capital management functions. The leadership of human capital is a task that requires aggressive work from the top levels of government to its front lines.

We conclude that federal human capital management processes cannot be modernized without simultaneously and significantly improving the federal human capital profession throughout the government. The government's human capital professionals will, after all, be the guides for the transformation government needs, and the arms and legs for driving it forward.

Human capital professionals are the front line of change. Too often, however, these professionals function as satellite operations within federal agencies, pushed aside from agencies' core operations and disconnected from agencies' top leaders, because they are seen as rule-bound, compliance-driven roadblocks that get in the way of accomplishing an agency's work.

We believe that the role of human capital officers must be fundamentally changed. Their place should be at the core of accomplishing each agency's mission, because without a strong human capital system it will simply be impossible to perform that mission. Furthermore, they should be integral to each agency's leadership team, as business partners to the operating managers. The future of work will rely even more on managing technology. The jobs of the future will be focused ever more on connecting agencies with partners and stakeholders. Agencies will not be able to operate effectively in the future unless their human capital staff is tightly integrated with agency leaders. Strengthening the human capital workforce is critical for enterprise-level accountability.

This imperative will require foundational changes. In our proposed system, human capital professionals will:

- advance general competencies rather than specific position descriptions, using every means available to convert narrow job categories into broader classifications oriented to lines of work;

- hold advanced degrees and develop ready access to state-of-the-art training and skills development programs to enable them to maintain state-of-the-art knowledge of changing human capital functions; and

- embrace new service performance standards for human capital that measure performance not by the number of successful transactions (like hiring and firing) but by the quality and results of their work, including customer satisfaction and mission effectiveness.

Summary

A strong enterprise-level governance entity that is independently minded, collaboratively managed, data-based, performance-driven, and merit-inspired would promote the effectiveness of a strategic human capital management system focused on mission competencies. Human capital professionals working as business partners with agency leaders are needed to support and execute the changes recommended in this white paper. A central entity working with expert councils, agency talent managers, and program leaders strikes the right balance of mission first, principles always, and accountability for both in a federated system.

The Means to the End: It is Time to Pursue a Thoughtful Transformation of Title 5

The Panel reinforces the argument of the first white paper's recommendations that the time has come to construct a legal framework for a mission-focused, merit-based federated system for strategic human capital management in the federal government. This will ultimately end the ceaseless tinkering with Title 5 of the US Code.

The federal government should move aggressively down the path of building, from the ground up, a new system for hiring, managing, and rewarding federal employees. Our experience shows that the government can tolerate differences across agencies as they experiment and adapt to meet their missions. We have also learned that the system, at both the enterprise level and the operating agency-specific level, would benefit greatly from an aggressive approach to determining what works best and for building reform on the foundation of proven results.

After more than 40 years, we need true reform of the civil service through thoughtful transformation of Title 5 of the US Code. The 1978 Civil Service Reform Act left significant features of the civil service system completely untouched, from the General Schedule position classification and pay system to the Civil Service Rules for appointments and workforce management. To fully execute our vision for a new civil service system, layering more and more statutory and regulatory provisions onto the basic Title 5 legislation and the current civil service rules simply will not create the public service we need for the twenty-first century. In fact, there is broad support for this basic proposition and even wide support for simply blowing up the current legislative foundation for the civil service and starting from scratch.

Although that would be satisfying in many ways, for there is general agreement that the current system creates many impediments for everyone in it, the Panel concluded, that we simply do not know enough about what we would replace the current system with if it were eliminated. Moreover, the Panel has determined that even if it were possible to draw up a new blueprint from scratch, there would not be sufficient political support for making it work.

The Panel does not recommend cautious go-slow incremental changes. Rather, we conclude that the federal government ought to move aggressively forward by determining changes that can be made now and which ones require further research and study. The Panel also concludes that some of these steps can be undertaken administratively, while others require legislative action.

More broadly, federal agencies can pursue a multi-part strategy to innovate at the speed of technology. Existing demonstration authorities allow them to experiment; and they should, far more aggressively do so than is now the case. They should rigorously test these demonstration authorities, and provide quantitative results. The central personnel entity should accumulate and share the results of these tests, which now rarely happens; and proven experiments should be adopted far more broadly where that is possible. These steps would greatly speed government's learning curve.

For changes that require legislative action, the federal government does not need to wait—indeed, cannot afford to wait—for comprehensive civil service reform. Rather, the annual National Defense Authorization Act (NDAA) has proven a reliable vehicle for obtaining legislative authority for needed changes. In 2018, for example, the John S. McCain National Defense Authorization Act for Fiscal Year 2019 provided direct hire authority for recent science, technology, engineering, and mathematics (STEM) graduates and expedited hiring authority for college graduates and other students.

This four-part strategy—**experiment, test, learn, authorize**—provides the foundation for broad and rapid change, at a pace far greater than many reformers realize. There is nothing—nothing—to keep the government from pursuing this strategy immediately. The Panel concludes that the government should—indeed, that it must—pursue this strategy.

Human Capital Reform Should Start with Human Capital Professionals

We believe that both ideas and initiatives ideally should come first from human resource professionals in consultation with program managers and the important stakeholders throughout the system, including employees, employees' representatives and leaders of public employee unions, outside experts, and key constituencies. To get a strong start on this effort, we recommend that a taskforce of agency CHCOs be given 90 days to make initial recommendations for reforms that can be accomplished administratively within a year. This should include developing a list of transactions that can be easily automated, such as electronically transferring an employee from one agency to another.

Three Areas Where the Statutes Limit Administrative Solutions

We recognize, however, that administrative action will certainly not be enough. Legislative change will surely be needed, and we suggest three areas as places to start:

- General Schedule position classification and pay;
- public notice requirements for filling vacant positions; and,
- veterans' preference in hiring, employment, and retention.

Taken together, these three areas create systemic limitations that hinder promising reforms. Faced with these constraints, agencies have developed two major responses: suffer and stew or break out on their own. Neither strategy provides a stable solution, nor do they advance the three principles we believe must drive the system: **mission, merit, and accountability**.

The federal human capital management community can certainly watch and learn as agencies experiment with the dispensations they have won from provisions of Title 5 of the US Code. Some agencies have been granted broad authorities to establish human capital management systems outside Title 5 for specific mission areas or occupational groups, such as cybersecurity. This can occur with wholesale exemption from Title 5 personnel provisions, as with the intelligence community, the Federal Aviation Administration, and the Transportation Security Administration.

In other cases, the Congress granted flexibility for a narrower range of personnel authorities. For example, the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) gave a few financial regulatory agencies significant flexibility for compensation, which they interpreted to include benefits. Over time, Congress included additional agencies to the original authority.

As noted in our first white paper, this has created a system of "haves" and "have nots", or "can's" and "can not's," across the government, based on a mix of mission criticality and the interest of specific congressional committees. It is time for a thorough and fundamental look at Title 5, beginning with these three issues.

Here are the important issues at play.

General Schedule Position Classification and Pay

The limitations of the General Schedule Position Classification System (GS) have been observed for many years. As noted earlier, when the Civil Service Reform Act of 1978 created an opportunity to test alternatives, the initial—and ground breaking—demonstration project was designed to move beyond the narrow distinctions between levels of work that define the GS grades. That original system was designed for a time when the work to be performed lent itself to the scientific management approaches that succeeded so well throughout stable employment settings in America. The pattern was a system that nurtured a long-term career within a single agency, with employees performing routinized tasks. There was a steady progression through the system, where "the longer you do it the better you get," was the rule. The length of service was therefore the significant factor in assessing and rewarding each employee's growing value to the organization. With changes in technology, education, culture, and expectations, that paradigm is less and less useful and should be abandoned.

Over time, this pattern withered. Controversies over the agencies' role in the standards development process and options for alternative formats for standards, as well as steep reductions in the OPM staff that developed standards led to a long period of declining standards production. OPM wanted to make standards more generic and applicable across occupations, while many users wanted to maintain occupational specificity. For the past 30 years or so, the compromise has been to develop "job family standards" for groups of occupations that use a well-established Factor Evaluation System to produce a proper classification determination.

The bottom line is that the current classification process for white-collar work in the federal government still sits at the center of talent acquisition and management. It interferes with ideas for making administrative changes in human capital management. Positions, not work roles, must still be placed in their proper "class" with designated series, title, and grade. Further, "rank-in-person" concepts are almost impossible to apply given the GS system's core paradigm of looking at the substance of job duties, tasks, and responsibilities. That can handicap talent management innovations in work design and staffing, and even such human capital management issues as increasing employee engagement.

The GS pay provisions are also problematic. The full performance level of technical and clerical work must be classified (and paid) at the same GS grades as entry-level professional and administrative work. At the time locality pay was introduced, credible and reliable data was not

available to demonstrate that private sector pay for entry-level professional and administrative work was higher than private sector pay for that full performance technical and clerical work. Despite some limited and cumbersome administrative flexibility to request special pay rates, these pay disparities have put federal agencies at a significant disadvantage when recruiting fresh talent. That will continue so long as the GS keeps those two very different kinds of work bound together in the GS grade and pay schedule.

Some observers have pointed out, "Agencies have the authority (and responsibility) to classify positions correctly; they do not have the authority to misclassify them." Despite that truism, agencies have made an art form out of exercising a mythical "administrative discretion" in applying classification standards and wringing an extra grade – and thereby extra pay – out of the process.

Short of seeking major legislative changes, the good news for position classification for the time being is that some administrative solutions are available. Rather than undertake the elaborate process of establishing a demonstration project, OPM can work with the President's Pay Agent,[30] which has administrative authority under Subchapter IX, Special Occupational Pay Systems, of Title 5's Chapter 53, Pay Rates and Systems. The pay agent may determine that specific occupations—or groups of occupations—in one or more agencies should not be classified under the GS position classification system and may establish one or more special occupational pay systems to use in lieu of the GS. The process for establishing and testing such systems includes considering the views of agencies and other stakeholders, holding a hearing, sharing plans with the Congress, and publishing proposed and final plans in the Federal Register. One possible "quick win" might be to work with the CAOs and CHCOs councils to consider extending the Department of Defense Civilian Acquisition Workforce Personnel Demonstration Project to acquisition professionals in civilian agencies.

Public Notice Requirements

The idea that federal jobs should be open to the public is a signature feature of the Merit System Principles. The relevant principle states, "Recruitment should be from qualified individuals from appropriate sources in an endeavor to achieve a work force from all segments of society."[31] In the 1990s, significant government downsizing put a premium on helping displaced employees find alternative federal work in any agency and at any location. Congress added a Title 5 provision that requires OPM to list all competitive service vacancies that are open to the public. The requirement is absolute, and OPM has no authority to waive or modify it.

In 1996, OPM established the website USAJOBS to make the required lists of vacant competitive service positions available to the public; they also designed it to accept applications for those

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[30] The President's Pay Agent is a committee composed of the OMB Director, the OPM Director, and the Secretary of Labor.

[31] 5 U.S.C. § 2301(b)(1).

jobs. The effort has had enormous unintended consequences. More than 20 years later, USAJOBS is still a source of immense frustration to the agencies and to the public and to the Congress.

OPM is determined to improve the system and considers it a work-in-progress. Future technological advances may improve the way USAJOBS gives applicants a satisfying experience and can identify and evaluate qualified applicants. For now, agencies can be inundated with applications to fill a few positions. Spending the resources needed to cope with using USAJOBS can severely limit a human capital office's investment in the many promising talent management practices this white paper highlights.

The merit system principle is specific; recruitment should be from *qualified* individuals and from *appropriate* sources. USAJOBS does not effectively support that principle, especially because its use can produce a torrent of applications from all over the country, with many if not most coming from unqualified jobseekers.

The onus of public notice has prompted to agencies to develop workarounds. Some of these can start to veer uncomfortably close to breaching the principle – at least as USAJOBS currently meets it. For example, a vacancy can include a "cut off"—a preannounced limitation on the number of applications that will be considered (for example, at 50 – 100 applications). This is legal and mirrors a common practice used in the past under centralized examining conducted by OPM district offices. Under USAJOBS, thousands of digital applications can arrive in an instant, so a hiring manager may choose to take the step of alerting some individuals privately about the precise date and time the USAJOBS vacancy announcement will become active for accepting applications. Although not illegal, the practice is not fair to anyone, and it does not advance the basic principles that ought to guide the system. It certainly does not create an "open" system.

Congress and OPM have seen increased agency pursuit of an employment flexibility—excepted hiring authority--that eliminates the statutory public notice requirement as an added benefit. OPM's recent special study on the use of excepted hiring authorities notes:

> *Because there is no public notice requirement, there is an inherent flexibility in excepted service hiring that allows agencies to focus upon recruitment from the best sources and apply innovative techniques and a broad array of recruitment sources and tools to best effect to reach candidates that have the desired competencies and skills.[32]*

This observation underscores an inherent paradox agencies face. The benefits of targeted recruiting and investing in activities like job fairs are touted routinely in guidance and advice

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[32] US Office of Personnel Management, *Excepted Service Hiring Authorities: Their Use and Effectiveness in the Executive Branch* (Washington: July 2018), https://chcoc.gov/content/opm-special-study-%E2%80%93-excepted-service-hiring-authorities-their-use-and-effectiveness

for effective hiring, as they focus better on the appropriate sources the merit principle specifically cites. At the same time, for the public user USAJOBS currently provides limited means of focusing attention and soliciting location-specific interest. Location can be relevant because limited agency resources often will not be available to support paying moving expenses and experience shows that distant applicants may apply but ultimately are likely to reject offers that require a move.

The key to improving this situation is to take a more practical view of "open" and make notice requirements more adaptable. In recent years, Congress offered some flexibility regarding public notice. Alternative provisions focus on allowing an agency head to advertise positions to the extent determined practical and taking into account merit system principles, mission requirements, costs, and organizational benefits of any such advertising. The agency may give notice of vacancies in a manner the agency head "determines is most likely to provide diverse and qualified candidates and ensure potential applicants have appropriate information relevant to the positions available."[33] Although such alternatives currently apply only to some hiring authorities for the Department of Defense, they are encouraging developments. If authorized and extended through legislation, they could be a valuable improvement government-wide.

Veterans' Preference

Preferential treatment for veterans dates back to the Civil War and reflects a strong public sense of government's obligation to those whose lives and careers were interrupted by military service. Toward the end of World War II, the Veterans' Preference Act of 1944 reinforced government's commitment to hiring returning veterans. The act established that preference would be applied to the results of examination, in appointment, in reinstatement, in reemployment, and in retention.

Applying veterans' preference today can seem like a mechanical procedure. It provides a preference for veterans not only at the time of an initial application but also throughout subsequent positions in the course of a career. As a result, agency managers often believe that they must choose a veteran applicant who they may not be the best-qualified applicant. Veterans' preference is an exception to the principle of merit. It is one, of course, that advances important social goals. However, in promoting this objective, the government also needs to carefully balance other goals, including the ability of agencies to pursue their missions.

Many managers and human resource staffs have spent considerable time and energy to recruit applicants only to have individuals they have sought to attract be "blocked" from selection by the presence on the certificate of eligible applicants of a disabled veteran. The tension between the goals of employing veterans and accomplishing mission has become increasingly sharp.

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[33] Section 1106 of the National Defense Authorization Act for Fiscal Year 2017. Pub. L. 114-328, Dec. 23, 2016

In the decades since the 1944 Act, veterans' preference requirements have changed, including the establishment of a general parallel to civil service hiring and giving preference only to those who met minimum civil service qualification requirements.

In 2002, the Congress took another significant step when Congress established a reform to the competitive service hiring process. Congress authorized agencies to appoint candidates directly to competitive service positions without applying veterans' preference requirements when OPM has determined that a severe shortage of qualified candidates or a critical hiring need exists. The logic of the "direct hire" authority is straightforward: if qualified candidates are so badly needed or so hard to find, the agency need not go through the mechanics of determining and applying veterans' preference because any qualified candidate would be selected. "Direct hire" authority, therefore, has emerged as an attractive strategy for some agencies seeking to circumvent the strictures of veterans' preference.

The Title 5 provision that authorizes "direct hire" permits OPM to delegate to agencies the determination of when a severe shortage or critical need exists. To date, OPM has not chosen to do so, but that administrative change should be pursued. The Panel believes this adjustment would establish a better balance between mission needs and veterans' preference in employment.

When Congress grants broad exemption from Title 5 requirements, it sometimes retains a reference to the treatment of veterans'-preference-eligibles. For example, under the authority of section 1599f of Title 10, US Code, the Secretary of Defense established a Cyber Excepted Service (CES) within the Department. That statute permits the secretary to implement the new system "without regard to the provisions of any other law relating to the appointment, number, classification, or compensation of employees."[34] Section 1599f authorizes the secretary to appoint an individual to a CES position "after taking into account the availability of preference eligibles for appointment to the position."[35] Legal analysis indicates the Department has no obligation to apply any preference to veterans in hiring. Nonetheless, as a matter of principle when filling CES positions with external applicants, the Department uses a "tie breaker" approach whereby preference-eligible veterans will be selected over candidates who have substantially equal qualifications but no preference eligibility.

The notion of approaching veterans' preference as a matter of principle is intriguing. In contrast to devising a mechanical procedure, following a policy to treat preference eligibility as a principle and create some employment advantage for preference eligibles that leaves mission success the primary driver appears to be an appropriate variation on "mission first, principles always."

Increasingly, observers are suggesting that offering veterans an advantage in employment should be limited to entry into the civil service. Veterans who have acquired competitive status

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[34] 10 US Code § 1599f(a)(2).

[35] 10 US Code § 1599f(a)(1)(B).

would no longer have their preference eligibility applied to employment decisions. In other words, those veterans would compete for future selections, advancement, and retention within the civil service on an even playing field. The Panel believes these ideas and other alternatives for offering veterans' preference in selection should be considered and tested further as civil service laws and employment practices are reexamined and updated.

Summary

The time has come to look very carefully at what steps must be taken to establish a strong federal human capital system. Title V unquestionably needs reform, and policymakers ought to get to work—immediately—on reshaping the system for the realities of twenty-first century government.

We must also recognize that legislative action, especially comprehensive legislative action—will be especially hard to drive. Moreover, many of the system's current impediments are the product of administrative decisions that can be changed without having to pass new laws. We recommend charging a task force of human capital professionals with identifying the steps that can be taken immediately to clear the system of procedural debris, and we believe that this task force should be instructed to report its recommendations within 90 days.

For changes that require legislative action, we recommend using the annual NDAA or another existing legislative vehicle for moving ahead aggressively to transform Title 5, of the US Code. That transformation should be based on the evidence, especially from a systematic use of pilot programs to test what works, and what does not. Among the critical areas where statutory constraints continue to stymie progress are the General Schedule position classification and pay schema, public notice requirements for filling vacant positions, and veterans' preference in hiring, employment, and retention. Addressing these three statutory constraints is essential to creating a framework that maximizes the development and application of talent in a new human capital system. For the effectiveness of our government and the future of our country, there is no time to wait for this vital effort to begin.

Conclusion

Our white paper lays out a thorough, comprehensive strategy for building a federal government workforce for the twenty-first century. It builds on the conclusions of our first white paper. In this version, it advances the strategy with additional action steps—and with the fundamental argument that the changing nature of work demands a changing strategy for the public service.

To this, we add two essential points. First, many—not all, but many—of the steps that must be taken can be taken through administrative action. Many of the system's pathologies are the product of regulations that have accumulated over time. What administrators have created administratively can also be changed administratively. Although the bedrock of the system—Title 5 of the US Code—needs a thorough scrub, the realities of Washington politics mean that securing legislative action will be difficult. Nevertheless, the Panel believes strongly that the quest for Title 5 reform should not stand in the way of what can be done administratively. Those steps are long past due and they should begin immediately, starting with the Panel's proposal for a CHCO taskforce to examine the system's problems for administrative solutions.

Second, the Panel reinforces the conclusion of NTTW1, that there is simply no time to wait. The challenges caused by the mismatch between the government's workforce and its mission are growing rapidly into a major crisis. To govern effectively, government must have the capacity to govern. The bedrock of that capacity is its workforce. Therefore, if government is to rise to the challenges of twenty-first century government—if it is to serve its citizens and rebuild their trust in their government—action must begin immediately and accelerate rapidly.

There simply is no time to wait.

Appendix A: Panel and Study Team

Panel

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Joel Aberbach,* Distinguished Professor of Political Science and Public Policy, Center for American Politics and Public Policy, University of California, Los Angeles. Former Professor, Department of Politics and International Relations, University of Oxford. Former positions with University of California, Los Angeles: Distinguished Professor of Political Science and Public Policy and Director, Center for American Politics and Public Policy, Institute for Social Science Research; Director, Program for the Study of American Institutions, Politics and Policy; Professor, Department of Political Science, Department of Public Policy. Former positions with University of Michigan: Research Scientist and Professor of Public Policy, Department of Political Science; Associate Research Scientist. Former Research Associate, Institute of Public Policy Studies, Yale University.

Joshua Gotbaum,* Guest Scholar, Economic Studies, Brookings Institution. Former Chief Executive Officer and Director, US Pension Benefit Guaranty Corporation; self-employed business consultant; Chief Executive Officer and Trustee, Hawaiian Airlines; Chief Executive Officer, The September 11th Fund. Positions with US OMB, Executive Office of the President: Controller; Executive Associate Director. Former Assistant Secretary for Economic Policy, US Treasury; Assistant Secretary for Economic Security, US Department of Defense; Associate Director, White House Domestic Policy Staff; various positions in US Department of Energy, White House Energy Staff, and Council on Wage & Price Stability; Operating Partner, Blue Wolf Capital; Partner and Managing Director, Lazard.

Doris Hausser,* Independent Human Resources Consultant. Former positions with the US Office of Personnel Management: Senior Policy Advisor to the Director and Chief Human Capital Officer; Assistant Director for Performance and Compensation Systems Design, Workforce Compensation and Performance Service; Director for Strategic Initiatives and GPRA Implementation and Reports, Office of the Director; Position Classification, Performance Management and Incentive Awards Program Leadership.

*Academy Fellow

Sean O'Keefe,* Howard G. and S. Louise Phanstiel Chair in Strategic Management and Leadership, Maxwell School of Citizenship and Public Affairs, Syracuse University; Distinguished Senior Advisor (Non-Resident), Center for Strategic & International Studies. Former Chairman and Chief Executive Officer, EADS North America; Vice President, General Electric Company; Chancellor, Louisiana State University; Administrator, National Aeronautics and Space Administration; Deputy Director, US Office of Management and Budget; Louis A. Bantle Chair in Business and Government Policy, Maxwell School of Citizenship and Public Affairs, Syracuse University; Special Assistant to the Senior Vice President for Research, Dean of Graduate School, Professor of Business Administration, Pennsylvania State University; Secretary of the Navy; Comptroller and Chief Financial Officer, US Department of Defense; Staff Director, Senate Defense Appropriations Subcommittee, US Senate.

Academy Study Team

Brenna Isman, *Program Area Director*—Ms. Isman supports the Academy both providing oversight as a Program Area Director and leading projects as a Project Director. She leads and advises projects that provide organizational assessment, strategic plan development, and performance improvement guidance to federal agencies as well as Offices of the Inspector General and other regulator organizations. Ms. Isman's consulting experience includes both public and private sector clients in areas of stakeholder engagement, organizational development, and communication strategy. Prior to joining the Academy, Ms. Isman was a Senior Consultant for the Ambit Group and a Consultant with Mercer Human Resource Consulting facilitating effective organizational change and process improvement. She holds a Masters of Business Administration from American University and a Bachelor of Science in Human Resource Management from the University of Delaware.

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 US Department of Housing and Urban Development and led the Mid-Atlantic Regional EEO and Diversity operation for the US 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.

*Academy Fellow

Sarah (Sally) F. 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 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 US 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.

Adam Darr, *Research Analyst*—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, US 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.

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Appendix B: Participating Individuals and Organizations

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

Phase 1

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

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

Brown, Dustin* – Acting Deputy Director for Management, OMB

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

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

Gilbert, Tom – Assistant Director, Strategic Issues, GAO

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

Greenwalt, William* – Professional Staff Member, Committee on Armed Services, US Senate

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

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

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

Kamensky, John* – Associate Partner, IBM Business Consulting

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

Lee, Deidre* – former Deputy Director of Operations, FEMA

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

Mihm, Chris* – Director, Government wide Management Issues, Strategic Issues, GAO

Neal, Jeff* – Senior Vice President, ICF

Robbins, Mark* – Member, Office of the Board, US Merit Systems Protection Board (MSPB)

Ross, Thomas W. – President, Volcker Alliance

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

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

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

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

Phase 2

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

Blair, Anita* – Fellow, National Academy of Public Administration

Briefel, Jason Briefel – Executive Director, Senior Executives Association

*Brown, Dustin** – Deputy Associate Director for Personnel and Performance, OMB

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

Falcone, Chris – Senior Analyst, GAO

Finnegan, Shannon – Assistant Director, Strategic Issues, GAO

Gibbs, Robert – Assistant Administrator for Human Capital Management, National Aeronautics and Space Administration

Gilbert, Tomas – Assistant Director, Strategic Issues, GAO

Goldenkoff, Robert – Director, Census and Human Capital Issues, Strategic Issues, GAO

*Goldstein, Ira** – Retired Managing Director, Deloitte Consulting

Gurkin, Chelsa – Assistant Director, Strategic Issues, GAO

Hudon, Kerstin – Analyst, GAO

Hudson, Jody – Chief Human Capital Officer, US Department of Energy

Kain, Shelby – Analyst, GAO

Lightbourn, Tiffany – Employment Talent and Security Director, Human Capital Office, Internal Revenue Service (IRS), US Department of Treasury

Lussier, Philippe – Deputy Assistant Secretary, Bureau of Human Resources, US Department of State

Mader, David* – Chief Strategy Officer, Civilian Sector, Deloitte Consulting

*Palguta, John** – Adjunct Professor, McCourt School of Public Policy, Georgetown University

Pon, Jeff T.H. – Director, OPM

Read, James – Director, Office of Policy and Evaluation, US Merit Systems Protection Board

Roberts, LaSonya – Analyst, GAO

Warren, Peter – Associate Director for Performance and Personnel Management, OMB

Weichert, Margaret – Deputy Director for Management, Office of the Director, OMB

*Academy Fellow

Federal Executive Institute Focus Group Participants (two groups)

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

Chandy, Sunu – Deputy Director, Civil Rights Division, HHS

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

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

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

Green, Gregory – Associate Deputy Administrator, Risk Compliance, Risk Management Agency, USDA

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

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

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

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

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

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

Madden, Maureen – Deputy Director, NOAA/NESDIS/DSGS

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

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

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Appendix D: Merit System Principles

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.

Appendix E: Visual Overview of a Line of Work Talent Management Model

What follows is the Panel's version of a "concept car" that manufacturers introduce at auto shows—a far-ranging portrait of what the future might look like.

Visual Overview of a
Line of Work Talent Management Model

In the following pages, we present a concept of what a line of work based human capital system might look like. This is very much so a concept. We are using it to begin a dialog around the model and to gauge reaction to the new design. Our concept can also be used as an approach for dealing with the barriers of today's human capital system — what about the current system is hindering our ability to manage resources effectively?

The major features include:

1. Pooled hiring streamlines talent accession and permits maintaining a pool of qualified, screened talent for a line of work

2. Core competencies for a line of work are defined and kept current by disciplinary experts — government-wide for some lines of work, department- or agency-wide for others

3. Competencies and skill requirements for each line of work escalate with progression from entry to expert/managerial level

4. Employees earn credentials or badges as they master successive competency levels

5. Data on government-wide competencies are reported to the highest levels of the federal government

6. Employees assigned to line of work specific "talent managers" who supervise and manage their continued growth and development in their occupation

7. Employees are assigned to programmatic areas for project work, hands-on experience, and developing work-related skills (including working in groups, managing, cross-boundary working, etc.)

8. Performance expectations are jointly set by the talent manager and the project lead the employee will be working for/with; performance reviews conducted by project lead and talent manager

9. Merit-based employee performance is assessed across programs, not within silos

10. Promotions to the next level depend both on performance results and upon technical readiness in the field

11. Fosters continuous growth and development

12. Communities of practice and continuous learning will keep the employee on the front lines

13. Employees may become programmatic experts or supervisors/managers over time

14. Experts working under talent managers can be called upon by program areas as "tiger team members" to troubleshoot problems or as experts for meeting a specific challenge

Governance Structure

U.S. Central Personnel Entity

CXO and other Professional Councils

Chief Acquisition Officers Council	Chief Human Capital Officer Council	Chief Financial Officers Council	Chief Economists Council	Chief Technology Officers Council	Chief Information Officers Council

The U.S. central personnel entity (or, under certain circumstances, an occupational group leader within an agency or department) - oversees the development of occupation-specific competencies and/or knowledge requirements and standards for a given line of work. This process utilizes the expertise in recognized CXO and other professional councils to inform the U.S. central personnel entity as it sets government-wide policy and direction.

A line of work is typically relevant across multiple agencies, but may be unique to a department or agency. For a line of work that is unique to an agency or department, a central authority within the department will assemble occupational experts to specify competencies, knowledge requirements and standards.

Using Experts to Develop Standards for Knowledge, Education, and Demonstrated Skills at Each level for the Occupations

CXO and other Professional Councils

Chief Acquisition Officers Council	Chief Human Capital Officer Council	Chief Financial Officers Council	Chief Economists Council	Chief Technology Officers Council	Chief Information Officers Council
• Sets skills and competencies for acquisition specialists • Outlines training needs for acquisition specialists with a focus on anticipating future needs	• Sets skills and competencies for human capital specialists • Outlines training needs for human capital specialists with a focus on anticipating future needs	• Sets skills and competencies for auditors • Outlines training needs for auditors with a focus on anticipating future needs	• Sets skills and competencies for economists • Outlines training needs for economists with a focus on anticipating future needs	• Sharing best practices for attracting critical STEM occupations • Forum for anticipating future needs and preparing departments and agencies	• Sets skills and competencies for cybersecurity specialists • Outlines training needs for cybersecurity specialists with a focus on anticipating future needs

Where a Chief Executive Officer (CXO) council exists that is relevant to the positions comprising an occupation – such as the Chief Information Officer or Chief Human Capital Officer councils — the members of that organization (with assistance from the U.S. central personnel entity) will establish basic education, knowledge, and/or competency requirements for each level within that line of work. In addition, the Council may outline training needs or requirements for the relevant workforce with a future-oriented approach. Requirements can and should be modified by the appropriate CXO Council or relevant expert group over time as the occupation matures or changes.

If there is no CXO Council for which or to which an occupational grouping can be applied, or if there are occupational groupings that are applicable to only one agency/department, then experts within that agency/department may be designated as the expert council for that occupation and assigned to develop the basic education, knowledge, and/or competency requirements for each level within that departmental occupation. Outside expertise may be sought, as appropriate.

Occupational Skills and Competencies Determine What is Required of the Cohort, While Their Work-or Department-Specific Needs are also Communicated to the CXO/Professional Council Members who Set the Standards
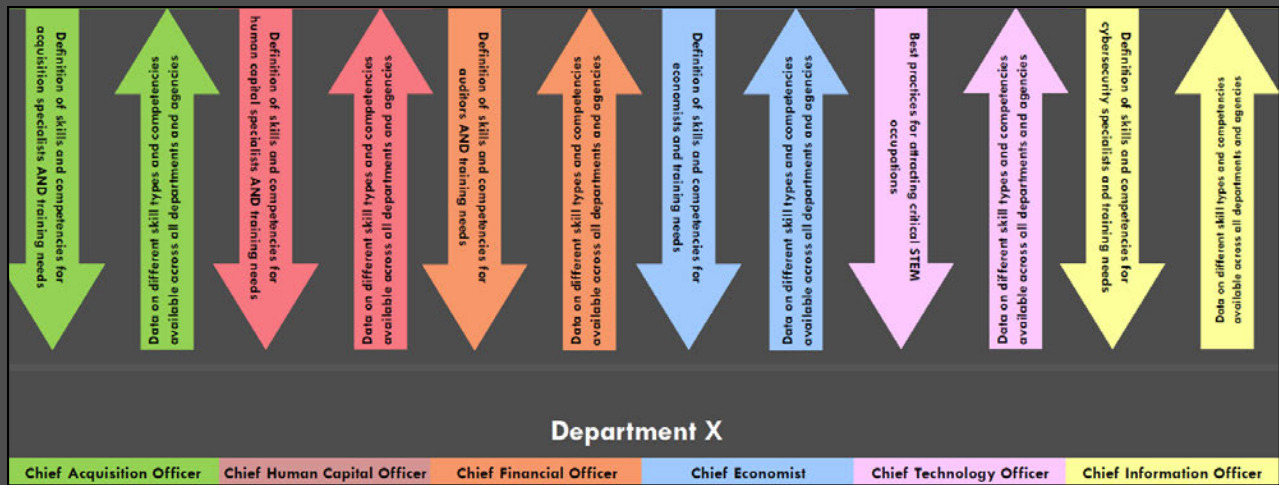
The skills and competencies for each line of work, as defined by CXO and/or Professional Councils and in coordination with the U.S. central personnel entity, become the standards used by departmental or agency leaders in hiring, training, developing, and evaluating employees. Using similar line of work standards and competencies, government is better able to know and assure that it has the right skills and competencies to perform the challenging tasks assigned. The CXO Councils establish minimum thresholds of knowledge and performance for the occupation, and hold individuals across government to at least meet – if not beat – those standards.

Professionals or CXO council members establish and define state-of-the art competencies/skills requirements for the relevant lines of work based upon leading edge developments in the field; meanwhile, agency managers/supervisors who are performing the work of the agency using these professionals provide input on the competencies and skills they require as well as the levels at which the cohort tends currently to be working. This process helps ensure that lines of work stay current with new or cutting edge developments in the field, while focusing on skills to successfully perform the work at hand.

How Does This Work at the Agency-Level and What is the Role of the "Talent Leader?"
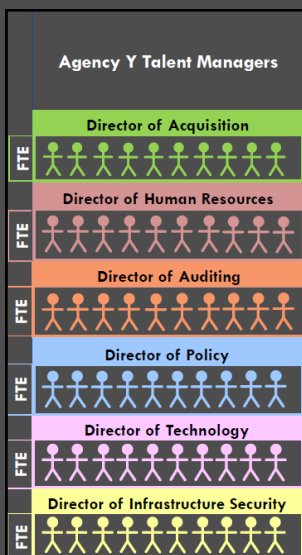
Instead of hiring lines of work into programmatic silos, an agency assigns talent managers for each major occupational area. Talent managers are instrumental in hiring and managing the lines of work centrally, with extensive coordination with program managers . The responsibilities of the talent managers include employee hiring and development, skills assessment, coaching, and establishing training plans and developmental opportunities. Working both vertically and horizontally in the agency, they function as a community of practice, with the overall objective being to develop and deploy the levels of expertise for that occupation to meet agency needs.

Strategic Talent Management

Agency Y Talent Leaders	Mission Critical Skill Gap Occupations	Political Appointee/Senior Executive Program Area 1: Offers loan programs to eligible receivers	Political Appointee/Senior Executive Program Area 2: Responsible for modernization efforts to improve service delivery	Political Appointee/Senior Executive Program Area 3: Responsible for managing field structure and offices
Director of Acquisition (FTE) 👥👥👥👥👥👥👥👥👥👥	Acquisition	🚶	🚶🚶	🚶🚶🚶🚶🚶🚶

This approach allows the organization — through the role of the talent leader — to deploy individuals in the specified line of work to the location needed in the organization. Discussions between the talent managers and the program manager result in a mutual understanding of what competencies are needed and for how long. The individual(s) chosen will have their skills and performance evaluated by the talent mangers and the program manager in charge of the project. Recommendations for subsequent assignments as well as feedback will be given to the individual. This concept calls for at least annual discussions between Talent leaders and Program Area Leaders to determine talent needs given strategic mission priorities. Should an event (such as a disaster) occur, our model enables the movement of FTE to meet new mission needs.

Ability to Quickly Assemble a "Tiger Team" for Special Needs

This model also enables the swift development and appointment of a specialized group with specific – typically high-level – skills (a tiger team), to tackle specific governmental challenges, if and as needed. For this to work, centralized management of FTE for individuals assigned to each talent manager is necessary, as well as the tracking of skills and competencies department-wide or, in some cases, government-wide.

U.S. Central Personnel Entity

CXO and other Professional Councils

Chief Acquisition Officers Council	Chief Human Capital Officer Council	Chief Financial Officers Council	Chief Economists Council	Chief Technology Officers Council	Chief Information Officers Council
• Sets skills and competencies for acquisition specialists • Outlines training needs for acquisition specialists with a focus on anticipating future needs	• Sets skills and competencies for human capital specialists • Outlines training needs for human capital specialists with a focus on anticipating future needs	• Sets skills and competencies for auditors • Outlines training needs for auditors with a focus on anticipating future needs	• Sets skills and competencies for economists • Outlines training needs for economists with a focus on anticipating future needs	• Sharing best practices for attracting critical STEM occupations • Forum for anticipating future needs and preparing departments and agencies	• Sets skills and competencies for cybersecurity specialists • Outlines training needs for cybersecurity specialists with a focus on anticipating future needs

Definition of skills and competencies for acquisition specialists AND training needs

Data on different skill types and competencies available across all departments and agencies

Definition of skills and competencies for human capital specialists AND training needs

Data on different skill types and competencies available across all departments and agencies

Definition of skills and competencies for auditors AND training needs

Data on different skill types and competencies available across all departments and agencies

Definition of skills and competencies for economists and training needs

Data on different skill types and competencies available across all departments and agencies

Best practices for attracting critical STEM occupations

Data on different skill types and competencies available across all departments and agencies

Definition of skills and competencies for cybersecurity specialists and training needs

Data on different skill types and competencies available across all departments and agencies

Department X

Agency Y

Agency Y provides direct service to the public. They are a minority of all agencies, but they have the bulk of federal employees. These agencies include many functions of the Department of Veterans Affairs, the Federal Aviation Administration, the Transportation Security Administration, and the Farm Service Agency, among others.

Annual operational planning discussion between **Agency Y Talent Managers** and **Program Area Leaders** (Political Appointee/Senior Executive) to determine talent needs given strategic mission priorities.

Agency Y Talent Managers	Mission Critical Skill Gap Occupations	Political Appointee/Senior Executive — Program Area 1: Offers loan programs to eligible receivers	Political Appointee/Senior Executive — Program Area 2: Responsible for modernization efforts to improve service delivery	Political Appointee/Senior Executive — Program Area 3: Responsible for managing field structure and offices	Tiger Team
Director of Acquisition (FTE)	Acquisition	1	2	6	1
Director of Human Resources (FTE)	Human Resources Specialist	3	3	4	1
Director of Auditing (FTE)	Auditor	6	2	1	1
Director of Policy (FTE)	Economist	2	6		1
Director of Technology (FTE)	Science, Technology, engineering, and Mathematics	3	5	1	1
Director of Infrastructure Security (FTE)	Cybersecurity	4	3	2	1