

**TRAINING FEDERAL EMPLOYEES TO BE
THEIR BEST**

HEARING

BEFORE THE
OVERSIGHT OF GOVERNMENT MANAGEMENT,
RESTRUCTURING, AND THE DISTRICT OF COLUMBIA
SUBCOMMITTEE
OF THE
COMMITTEE ON
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE
ONE HUNDRED SIXTH CONGRESS
SECOND SESSION

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May 18, 2000
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TRAINING FEDERAL EMPLOYEES TO BE THEIR BEST

THURSDAY, MAY 18, 2000

U.S. SENATE,
OVERSIGHT OF GOVERNMENT MANAGEMENT, RESTRUCTURING,
AND THE DISTRICT OF COLUMBIA SUBCOMMITTEE,
OF THE COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:05 a.m., in room SD-342, Dirksen Senate Office Building, Hon. George V. Voinovich, Chairman of the Subcommittee, presiding.

Present: Senators Voinovich and Akaka.

OPENING STATEMENT OF SENATOR VOINOVICH

Senator VOINOVICH. Good morning. The hearing will please come to order. I want to thank all of you for coming. Today, the Subcommittee on Oversight of Government Management will discuss a critically important element in getting the government to run at peak efficiency, and that is training Federal employees to be their best. This is the sixth hearing we have held as part of our effort to empower Federal employees and address the human capital crisis now facing our Nation.

Our primary purpose today is to broadly examine the Federal Government's commitment to train and educate its employees to maintain their skills, enhance their performance, and ensure they are able to keep pace with the ever-changing needs of the American public. Just like incentives, training is a vital component in making a world-class civil service. It is an investment in the most important resource that we have, our people, and the best way to ensure quality in government programs.

The Federal Government employs nearly two million people in thousands of offices worldwide. Regardless of occupation, there are workplace trends that affect all Federal employees. For example, I am concerned that some employees may not have the necessary skills, particularly the high-technology skills, that will be necessary to thrive in our technology-driven economy.

There is a realization across the government that technology is transforming the private sector workplace at a pace which government cannot currently match. Many of you might be familiar with the initiative that was proposed by the administration back in January to create a "cyber corps" to bolster the government's ranks of highly skilled computer experts. We must ask ourselves, does the Federal Government have the strategic plan in place that will

allow it to embrace this workplace transformation, and if not, what do we need to do?

These are extremely important and timely concerns. As many of you have probably heard, there is a human capital crisis confronting the government. By 2004, 32 percent of the Federal workforce will be eligible for regular retirement and an additional 21 percent will be eligible for early retirement. Taken together, that is over 900,000 people.

If the economic expansion continues, the government will be hard pressed to hire enough new workers to fill the shoes of baby boomers who entered government service in large numbers in the 1960's and 1970's. Today's college graduating senior is less likely to enter government service than his counterparts some 30 years ago. The Federal Government must act to counter this trend by offering the training and incentives that will make the Federal Government a more attractive place to work.

When I began to examine the management of human capital, I asked my staff to obtain the training budgets of all Federal agencies so that we could review the level of investment being made in our employees. I was surprised to learn that neither the Office of Management and Budget nor the Office of Personnel Management collected this information.

Therefore, we went directly to the agencies for this information. Through this survey, I discovered to my further surprise that most Federal agencies do not have "training budgets." Rather, training money is dispersed throughout agency budgets in operations or administration accounts. It takes a great deal of effort on behalf of an agency to pull this information together from the different parts of the budget to present a complete picture of training activities.

It was my intention to ask the Office of Management and Budget about this convoluted budget structure and their role in setting agency training budgets. Unfortunately, I cannot ask them these questions today. OMB informed the Subcommittee that because of scheduling conflicts, they would be unable to provide a witness today.

I think it speaks poorly of the management side of OMB that they have so few senior officials versed in these issues that testifying before the Management Oversight Subcommittee presents a problem. This is the second management hearing—the first was the Subcommittee's March 9 hearing on human capital—to which they have not sent a witness.

I am not the only one on this Subcommittee that has observed it is "OB" with no "M," no management.

I would like to come back to the survey of training budgets that the Subcommittee is conducting. Through this survey, we hope to develop a more in-depth understanding of how training budgets are formulated. If we identify any common weaknesses in training activities, the Subcommittee may consider legislative remedies.

I want to say at this time, in all fairness, that part of the problem, I think, that the administration is having is that Congress does not appreciate the importance of training, incentives, quality, and some of the other things that are important to human capital. When budget time comes around, members say, "Let us get rid of

that, let us get rid of them,” and they just do not appreciate how important it is that you have a good team.

My staff has met with officials from the eight agencies which we have surveyed to date. They shared several observations which, although not applicable to the whole Executive Branch, are nevertheless illuminating. Almost all the agencies said their employee training budgets were inadequate and that they could use additional training funds. That is probably a lay-up shot. [Laughter.]

Senator VOINOVICH. When agencies undergo budget cuts, training is almost always one of the areas hit first and hardest. Costs such as administration, payroll, physical plant, and benefit payments are either fixed and cannot be cut or are mandatory expenditures.

As I mentioned earlier, most agencies spread their training dollars throughout their budget. This is often done intentionally so as to make it difficult for OMB or the appropriations subcommittees to identify training money and reprogram it. In other words, some agencies attempt to hide their training money.

Historically, most agencies had decentralized training activities. Several agencies are centralizing their training activities to help identify training requirements.

Several of the agencies are unable to provide information on their training budgets from previous years because their record-keeping is poor or nonexistent. This begs the question, how can an agency plan its future training activities if it has no reliable records on its past training activities? You have to have some baseline to start with.

Some agencies find that they need much better management succession programs so they can grow future leaders for their agency.

Finally, I would like to take a few minutes to discuss today's hearing in the context of the Subcommittee's overall efforts and goals. Any of you that have followed this series of hearings have heard me discuss the human capital crisis and changing the culture of the Federal workforce and the workplace.

Through six hearings since last July, the Subcommittee has examined union-management partnerships, management reform initiatives, incentive programs, and training, which is the focus of today's hearing. Each issue is just one component in building a world-class civil service, and each hearing has built upon the last. There is an important synergy between these elements, and if one is weak, the other components are affected to the detriment of Federal employees and the people they serve.

It has been our goal through these hearings to demonstrate the synergy that exists throughout the Federal Government and to stress that substantial change in all of the areas we have covered in our hearings is necessary if we are to achieve real and lasting improvements in government operations. At the conclusion of these hearings, I hope the Subcommittee can issue a report that will identify our findings and, most importantly, recommendations that will correct years of inattention to our human capital.

I understand that Senator Durbin is detained but will be here and I expect that when he arrives he will have a statement to make.

Our first panel today is composed of representatives from the Executive Branch and the General Accounting Office. We have with us today the Hon. John U. Sepulveda, who is the Deputy Director of the Office of Personnel Management and will describe OPM's role in setting training policies and how they work with OMB in this regard.

The Hon. Diane M. Disney is the Deputy Assistant Secretary of Defense for Civilian Personnel Policy, and we have asked her to describe how the Defense Department assesses its training and technical requirements for its civilian workforce as well as the culture of the Department, which stresses the importance of training.

Michael Brostek is an Associate Director of Federal Management and Workforce Issues at the U.S. General Accounting Office, and has testified here before. We have asked Mr. Brostek to discuss the importance of training in human capital development.

Our second panel will provide us with a variety of perspectives. First of all, we are lucky to have with us Bobby L. Harnage, Sr. He is the National President of the American Federation of Government Employees. He will provide us with the perspective of Federal workers, the people who I call the "A Team." I am eager to learn if Federal workers think that the training they are provided is adequate, and if not, what does AFGE believe needs to be done to improve it and create an environment in which workers can grow and do a better job of serving their internal and external customers.

Then we have with us Thomas J. Mosgaller. He is the Vice President of the American Society for Quality.

And Tina Sung, who is President and CEO of the American Society for Training and Development. She is also the former Director of the Federal Quality Consulting Group. We have asked Mr. Mosgaller and Ms. Sung to discuss private sector education and training practices and how the Federal Government compares in general with leading private sector companies.

I want to thank all of you for coming this morning. We look forward to your testimony. As is the custom of this Subcommittee, I would ask all of you to raise your hands and take an oath as to the voracity and truthfulness of your statements, if you will stand.

Do you swear that the testimony you are about to give before this Subcommittee is the truth, the whole truth, and nothing but the truth, so help you, God?

Mr. SEPULVEDA. I do.

Dr. DISNEY. I do.

Mr. BROSTEK. I do.

Ms. SUNG. I do.

Mr. HARNAGE. I do.

Mr. MOSGALLER. I do.

Senator VOINOVICH. Let the record show that all of the witnesses have answered in the affirmative.

Mr. Sepulveda, will you come up, and Dr. Disney and Mr. Brostek? And it is pronounced Sepulveda?

Mr. SEPULVEDA. Sepulveda.

Senator VOINOVICH. Sepulveda. Pronouncing Sepulveda is like Voinovich. It is tough to get, but once you get it, you will not forget it.

Mr. SEPULVEDA. You are right.

Senator VOINOVICH. Again, I want to welcome you today. Mr. Sepulveda, we look forward to your testimony. I would, just before we get started, like to mention that I would appreciate your keeping your remarks to no more than 5 minutes. Your written testimony will become part of the record. In addition to that, we would appreciate your entertaining some questions that may not be raised here at the hearing so that we have a better insight and a full picture.

**TESTIMONY OF JOHN U. SEPULVEDA,¹ DEPUTY DIRECTOR,
U.S. OFFICE OF PERSONNEL MANAGEMENT**

Mr. SEPULVEDA. Thank you, Mr. Chairman and the Members of the Subcommittee. We appreciate the opportunity to participate in your continuing effort to assess and enhance the Federal Government's commitment to training its employees.

Let me assure you that we share your firm belief that Federal employees must have the training and education they need to do their jobs and to meet the challenges of a rapidly changing workplace. In fact, OPM is dedicated to ensuring that agencies receive the guidance, tools, and leadership to deliver the needed training to their employees and we already have in place a strong foundation to deliver this assistance and are interested in working with you to increase the efficiency and the effectiveness of our efforts.

We recognize your concern that Federal employees may not be getting the training and education they need to maximize their talents and really make a difference in the lives of the American people. We are working with the Office of Management and Budget, other agencies, and Congress to build a world-class workforce that can compete with the best that industry has to offer.

The government's human resources, our people, are our most valuable asset and we must nurture their potential and invest in their development. Studies have shown that successful corporations continually invest in their people. Like the private sector, the government must consider employee training and development an investment that helps us attract, develop, retain the talented people we need to accomplish our missions.

Recognizing this, in January 1999, President Clinton provided pivotal direction to government leaders in Executive Order 13111 on using technology to improve training opportunities for Federal employees. Our Director, Janice Lachance, is the chair of that task force. The use of technology in Federal training and education is increasing and we expect it to increase even more as a result of the work of the task force.

The task force members are identifying issues and options and recommendations that will provide better and more accessible learning opportunities through the use of technology, and OPM, as I said, has been leading the task force in this effort and we are collaborating with key stakeholders, the Federal information, financial, and acquisition communities to help them redefine their competencies and help them get the kind of training they need to be effective. One of the major strategic objectives is to lead the transformation of training and development in the Federal Government

¹The prepared statement of Mr. Sepulveda appears in the Appendix on page 19.

to focus on performance improvement and results which support agency mission and goals.

OPM has two principal roles with respect to training of the Federal workforce. The first is to set government-wide training policies Federal agencies use to administer their own internal training programs. The second is to provide executive development and managerial training for the leaders who direct the work of our more than 1.8 million employees.

What is important about this is that we want to emphasize that continual learning for our current executives and developmental opportunities for future executives are critical for delivering agency results, and we view continuing development not as an add-on for a successful executive but what you have to do to be successful.

We will continue to meet our statutory mandate to approve and monitor formal agency candidate development programs, which is a concern that I am sure you have, that we need to have the right training to develop the kinds of executives that we are going to need in the future. We have been working with agencies to develop candidate development programs, and, in fact, we have 16 formal plans in place at this time and we are working with agencies to develop other candidate development programs to develop the talent that will begin to be available for those agencies in the future.

When OPM privatized its training operations back in 1995, we purposely held on to executive development because we concluded that it was important for the Federal Government to be responsible for providing the training to our executive leadership to provide that public perspective and the skills they need.

We are also working with our partners to develop an Internet forum that will allow executives to have voluntary mobility in different agencies and assignments in different agencies to get the kind of experience, the broad-based experience, to make them even more effective.

And we are considering a government-wide authority for private sector exchanges which will allow Senior Executive Service (SES) members to go into the private sector and get the experiences and some best practices and come back into the Federal Government and benefit the agencies that they are working in.

Continuous investment in learning and development is critical for improved government performance, and we recognize that many Federal agencies need to do a better job of aligning their learning and development initiatives with the strategic direction of the agency. Many agencies are still struggling with integrating human resources management goals and objectives and strategies into their agency strategic plans.

Having recognized this problem, the President in his fiscal year 2001 budget added a new priority management objective which charges OPM with helping agencies to align Federal human resources to support agency goals. Additionally, the Executive Order charges every agency's strategic plan to identify training and education as part of the strategic process. As opposed to something you do after you develop your strategic plan, it should be integrated in the development of your strategic plan.

And, indeed, we have been working with OMB to make that part of the budgetary process that it puts each and every agency

through, to have the information that they need to assess whether or not agencies are, indeed, focusing training as part of their strategic plan and, indeed, make them accountable through the budgetary process.

We have other programs that allow us to develop the training potential of our employees, including something that came out of that Executive Order which is the individual learning accounts, which essentially permit managers to put into an account money or hours or both that will allow employees to draw down from that account to get the kind of training, whether it is provided within the government or outside of the government, to get the kind of training they need to be effective, and we are really excited. We have about 13 pilots underway and we want to see how feasible that individual learning account program is.

In closing, again, we will obviously provide additional information and answer any questions you may have about other programs that we have going on to provide the kind of training that is necessary to build that world-class workforce.

Senator VOINOVICH. Thank you very much.

Mr. SEPULVEDA. Thank you.

Senator VOINOVICH. Dr. Disney.

TESTIMONY OF DIANE M. DISNEY, Ph.D.,¹ DEPUTY ASSISTANT SECRETARY, CIVILIAN PERSONNEL POLICY, DEPARTMENT OF DEFENSE

Dr. DISNEY. Mr. Chairman, Members of the Subcommittee, I am very pleased to be here today to testify about the education and training of employees in the Department of Defense.

DOD is probably the premier organization for transforming raw talent into highly competent performers. This excellence stems in part from its unique structure and legal authority. Because there is no lateral entry, anyone wishing military advancement must develop higher order knowledge and skills while in the service. The up-or-out system permits us to keep only those who do the most for self-improvement. Also, under Title 10 of the U.S. Code, the services can specify absolute requirements for positions.

For civilians, the matters are less clear cut. Governed primarily by Title 5, civilians are generally expected to bring the necessary education and training with them. As a result, the Department has long invested more in the military, whose future it controls, than in the civilians, who are part of a Federal-wide system. However, DOD is transforming its approach to civilian education and training to focus on the idea of investment rather than cost.

Let me set the stage. Since fiscal year 1989, DOD's civilian employment has declined 37 percent. This has brought an increase in the average age, increasing professionalization, and improvement in educational levels. Outsourcing, base closure, and technology have reduced the number of positions requiring limited education and training. Simultaneously, advanced technology, contract oversight, and a much more complex mission demand more advanced education and capacity.

¹The prepared statement of Dr. Disney appears in the Appendix on page 38.

To add complexity, our country's low unemployment rate has made competition for talent extremely difficult. Therefore, we must invest more in training and education. To do so, we have a four-part strategy:

First, research into what is happening and why; second, careful accession management; third, development; and finally, transition management for the smooth transmission of institutional knowledge and the maintenance of capability.

We have conducted several studies to determine the competencies that we will need in the future. Several broad themes have emerged and are enunciated in my written testimony. To fulfill these, DOD has been providing education and training from both functional and component perspectives. For example, Acquisition Technology, and Logistics has a policy of continuous learning. Our intelligence community has assessed its needs to develop a workforce with a community perspective and strategic outlook. And another speaker today is going to outline some activities within our Defense Finance and Accounting Service.

Then there is our very special effort in management development. In 1997, we created our Defense Leadership and Management Program. This is our first systematic Department-wide program to prepare civilians for key leadership positions. It requires a rotational assignment, professional military education at the senior level, and at least 10 advanced level graduate courses in subjects important for defense leaders.

DLAMP has heightened awareness of the need for similar investments in other areas. To that end, the Defense Science Board's task force has strongly endorsed that we expand DLAMP and recommended a preparatory program for the GS-9 through GS-12 levels, and we intend to implement that recommendation. The task force also urged legislative flexibility to permit payment for degrees and certificates in relevant fields of study.

In addition, the military departments offer a range of educational opportunities. The Air Force, for example, uses the military model of life-cycle management for its centrally managed, functionally led career programs. The Army also has a centrally managed and funded system. About 40 percent of the Army's civilians participate in the 22 occupationally oriented career programs. Navy's operations are somewhat more decentralized, but the focus still shifts over one's career from the functional and technical to leadership development. Beyond these, individual DOD offices sponsor seminars, workshops, and short courses to meet specific needs.

In sum, then, DOD recognizes that the effective management of human capital calls for a well-tuned program of training, education, and development. That is why we are expressly dedicating resources to investing in our civilian workforce.

That concludes my remarks and I will be pleased to answer any questions that you have.

Senator VOINOVICH. Thank you very much. Mr. Brostek.

**TESTIMONY OF MICHAEL BROSTEK,¹ ASSOCIATE DIRECTOR,
FEDERAL MANAGEMENT AND WORKFORCE ISSUES, GEN-
ERAL GOVERNMENT DIVISION, U.S. GENERAL ACCOUNTING
OFFICE**

Mr. BROSTEK. Mr. Chairman and Members of the Subcommittee, every time an agency changes how it does business, employees need new skills. Changes in agencies' strategies for accomplishing their missions changed during the 1990's and likely will continue to change in the future. Thus, training and retraining employees is critical to achieving meaningful improvements in agencies' performance. In short, investing in the people side of government, those who actually run the programs, increases their capacity and the government's capacity for high performance.

The changes many agencies have been making in the way they carry out their missions flow from a changing environment. Technology is one driver of those changes. The IRS, for instance, is moving from a paper to an electronic environment and expects soon to have most taxpayers filing their forms electronically. Recent and continuing downsizing also drove change, with agencies consolidating operations, automating processes, and often making more use of contractors.

There is little reason to believe that change is going to stop. In this environment, poorly or inadequately trained employees can hamper agency operations. For example, the Federal Government spends tens of billions of dollars purchasing goods and services every year. As early as 1972, Congress recognized that the acquisition workforce was often inadequately trained for this task, and in several statutes it pressed to improve training. Yet earlier this year, we reported that neither the General Services Administration nor the Veterans' Administration could ensure that all members of the acquisition workforces were receiving the core training and continuing training that they needed. Inadequate workforce training can put at risk the billions of dollars of procurements that these agencies make.

High-performing organizations consistently take three steps to design and implement training and development programs. First, they identify the knowledge, skills, and abilities and behaviors that employees need to support the mission and goals of an organization and they determine to what extent their employees possess those competencies. Second, they design training programs to meet any identified gaps in competencies. And finally, they evaluate the training programs that they do have to ensure that they are actually increasing employees' competencies and the organization's performance.

We collected information on how four agencies, the Defense Finance and Accounting Service, Health Care Financing Administration, Immigration and Naturalization Service, and the Department of State, were addressing each of these steps. In summary, we found that the glass was half full, or alternatively, half empty for all of these steps.

For the first step of identifying any gaps in the competencies of employees, the glass was half full in that all the agencies recognize

¹The prepared statement of Mr. Brostek appears in the Appendix on page 46.

the importance of this fundamental step and officials said they had identified competencies for all, or more commonly some, of their workforce. It was half empty in that efforts to define competencies were just getting underway in some cases and were not planned in others.

For the second step of designing and delivering training courses to address identified competency gaps, the glass again was half full in the positive sense because all four agencies at least had training curricula for employees in selected occupations and training was being provided. The glass was half empty in that such formalized training requirements generally existed only for selected occupations, and due to limited resources, some agency officials said they could not train all employees that needed training.

For the final step, evaluating whether the training provided did increase employee competencies, the glass was half full again in that agencies generally assessed how satisfied were employees with the training that they received, and one agency had a more extensive evaluation system for certain occupations. The glass was half empty because employee satisfaction surveys that the agencies generally used are among the least powerful tools for determining how successful training is and because agencies are only beginning to develop better evaluation tools.

One theme ran through our contacts with the agencies. Officials said a lack of staff and resources were affecting their ability to deliver training that they believed was appropriate to develop and maintain the skills needed by their workforce. This is a difficult issue that we did not have time to assess in depth. However, in general, we believe agencies need to make a business case for adequate training funds. That is, they need to identify what training is needed and how that training is likely to produce a return on the training investment in terms of improved performance by individuals and by the agency.

If agencies are unable to obtain what they believe to be adequate resources through the appropriations process, they may need to consider internal reallocations of resources to cover their training needs.

In conclusion, training is at least as important now as it has ever been to improving the performance of Federal agencies. Recognition of the importance of training to high performance seems to be growing within agencies, but agencies generally make a case that they lack staff and other resources to provide appropriate training. Resolving the resource issue will not be easy, but must start with an informed analysis of training needs based on the competencies that staff need to carry out the mission of the agency. When training is provided, it should be assessed to determine whether the training is indeed improving performance.

Thank you for the opportunity to testify. I would be happy to answer questions.

Senator VOINOVICH. Thank you very much.

We have been joined by Senator Akaka. Senator Akaka, do you have a statement that you would like to make?

OPENING STATEMENT OF SENATOR AKAKA

Senator AKAKA. Yes, Mr. Chairman. I wish to thank you very much for having this hearing and for the opportunity to sit with you and the Subcommittee as you continue this series of hearings on the Federal workforce. As the Ranking Member of the Federal Services Subcommittee, I have an obvious interest in how the government empowers its employees to meet the challenges of the 21st Century.

As the Chairman and our distinguished panelists know, the Federal Government is at a human resources crossroads due to downsizing, contracting out, flattened budgets, emerging technologies, and an historically low unemployment rate. Although training programs are critical to skills development, Federal agencies were forced to cut back on training in the past decade. There are hopeful signs, however, of a renewed emphasis on training by the issuance of Executive Order 13111, which requires agencies to use technology to improve training, to these series of hearings.

I am sure most of you read last week's *Washington Post* on the "people crisis in the Federal Government." The six articles brought into focus the changes facing the Federal Government and its workforce. One piece in particular caught my attention and that was how the number of clerical positions have been cut by more than half in the last decade. Almost one in seven Federal employees worked in predominately clerical positions in 1989. The figure is now about one in 13.

However, clerical-type positions are in the top four new-hire occupations, according to OPM. It is important that secretarial and clerical employees who are called on to perform a variety of roles be afforded training opportunities to broaden their skills. Furthermore, as old clerical job skills have evolved, there is a need to make sure these individuals have new skills. It would be unfortunate to shortchange training for line employees in the push to ensure development and specialized training for executives and managers.

As a former school administrator, I firmly believe that education and training are the anchor to a successful and strong workforce. I am interested in looking at the legislative proposals mentioned by Mr. Sepulveda, in his written testimony, that would provide agencies with enhanced training opportunities for Federal employees.

Again, Mr. Chairman, I really appreciate joining you today and I am hopeful that this hearing will shed new light on the critical need to reinvest in training programs. Thank you very much, Mr. Chairman.

Senator VOINOVICH. Thank you, Senator Akaka.

I would like to put in a plug for something that, Dr. Disney, we are trying to do, and that is our Department of Defense Civilian Workforce Realignment Act, which Senator Akaka may know a little something about. We have discovered on the civilian side of the DOD that they have got some very, very severe problems and don't have the flexibility to get the job done.

We are hopeful that we can get Congress to pass it so that you can have more flexibility to deal with the challenges that you have in the Department of Defense. We tried to do that with one agency last year and it was the feeling of my colleagues that not only do we need it in Ohio, but we need it all over the country in the civil-

ian workforce. So, hopefully, we will have some success with that, but there is no question that we need to have a lot more flexibility in terms of how you retain, hire, train, and all the other things that you need to have that quality workforce.

I would like to ask all three of you the same question. Is the Federal Government spending enough money on training? Mr. Sepulveda.

Mr. SEPULVEDA. Let me take the first stab at that question if I may, Mr. Chairman. I think it really is going to depend on the individual department defining what their missions are, what their specific programmatic goals are. I do not think you can do that in a centralized or macro way. You have to do it agency by agency. Each agency has to define what it is they need in terms of competencies to meet their missions and then begin to do the hard work of identifying the kinds of training programs that they will need to have developed and then that will lead to the kind of budgeting that is important.

That is why, again, the President's priority management objective begins to lay down that foundation. It essentially forces agencies as part of the strategic planning process to identify their training needs and then has OMB work with them in the budgeting process to identify appropriate resources.

Senator VOINOVICH. I applaud that effort. This is the eighth year of the administration. My recommendation would be that if you did anything for the next administration, that you would really do everything in your power to identify and answer the questions that I think Mr. Brostek made reference to—what are the skills that are needed and what is the training that is needed.

What talent are they going to need and how do you take the talent that you have and get it up to where it should be. The next group is going to have a very difficult task ahead of them if they do not have it in the transition plans from the various agencies. I went through that when I left the governor's job. That is one of the best things that you could do for the future of the Federal workforce.

Mr. SEPULVEDA. If I may, Mr. Chairman, I am happy to report that we have underway a major effort to develop a workforce planning model we are hoping to have available to agencies by the year 2001 and we are working on a prototype which is essentially an automated system that will enable agencies to use that model to identify the specific competencies they need on an agency-by-agency basis.

And again, we have been working with the CFOs and the information technology community in the Federal service, as well as the acquisition community, the procurement people, to identify what needs they have for training and competencies, not just current needs but obviously needs in the near future. We have made a lot of progress in those specific areas, so I am happy to report that we have some efforts underway that I think are going to be very helpful to agencies in the near future.

Senator VOINOVICH. Dr. Disney.

Dr. DISNEY. If I could comment on that, I would like to reference Senator Akaka's comments earlier. As a former professor, I, too, think you can never spend enough on education and training.

Though I cannot speak for the other agencies, I must go back to an earlier point, which is that the Department of Defense has eliminated 420,000 civilian positions in the past decade and is programmed to eliminate some 70,000 more. That means we have fewer people and these people are charged with doing a mission that gets more complex every day. That requires more investment in their education and training than in the past, and that can be accomplished both through increased dollars and through increased flexibility.

Senator VOINOVICH. We had a hearing on the National Partnership for Reinventing Government, the emphasis of which was saving money and cutting employees. When you cut 70,000 employees, it is like saying you are going to cut Medicare expenses 15 percent each year. The issue is whether or not you have the resources to get the job done, and it seems to me that ought to be the major goal of the Department of Defense. What do you need in terms of people in order to do the job? That ought to be the standard and not we are going to get some high marks because we have fewer government employees. Again, I know you have some really severe problems in some serious areas, and if you could get that list together, it would be very helpful.

Dr. DISNEY. Yes, sir. We are devoting a great deal of time and energy to our workforce planning and to finding new ways of investing in the people who are already there.

Senator VOINOVICH. I really think that you have two problems here, attracting people into government and retention. I think whether you retain or lose this 21 percent of employees that could take early retirement is going to have a lot to do with the work environment. If they see an environment where they are not involved, if they see an environment where there are no incentives, if they have an environment where there is no training, then a lot of them are going to say goodbye, and so I think that training is critical to just keeping those people that we have on board.

Mr. Brostek.

Mr. BROSTEK. Well, first, I would like to agree with Mr. Sepulveda. I think that the correct amount of training funds will depend upon a business case analysis that each agency must do for its training needs.

I would also go back to your own opening statement, Mr. Chairman, where you noted how difficult it has been for you to find out how much agencies are actually spending on training. We do not have very good data to begin to make the assessment of whether we have a shortfall. From the work that we did in preparation for the hearing, we did have the consistent theme in the people that we talked to in the agencies that they did not feel they did have a sufficient amount of resources to do appropriate training.

One of the interesting twists on that was that they mentioned in more than one case that they did not have enough depth in their line staff so that they felt comfortable taking someone off of the line, away from the work that they were doing on a daily basis, to train them. They did not have somebody to backfill for the hole that was created.

A couple of other things. This is somewhat inconsistent with the difficulty, I guess, that you found in trying to determine how much

agencies are spending on training, but the Merit System Protection Board reported in 1995 that agencies spent about 0.75 percent of their total budgets on training and they contrasted that to about 10 percent of budgets being spent by high-performing private organizations on training. So if there is any merit to the figures that MSPB had, there is a significant gap, or was at least in 1995, in the training expenditures of the Federal Government versus high-performing companies.

Senator VOINOVICH. What was the number on the high-performing companies?

Mr. BROSTEK. About 10 percent of their budget, I believe, is what MSPB reported. I do not know which companies they were referring to, but that was the contrast that they drew.

The last thing I would like to say on the point is that there may be some room within agencies' budgets to gain some efficiencies in the spending of the current training dollars. We did a report last year in the Department of Energy in which we observed that there was a fair amount of duplication in the creation of the same kind of training course in different locations throughout that Department and we suggested that some standardization of the courses might save training dollars and free up some money that could be reallocated to more important training needs.

Senator VOINOVICH. I know in the State Government, we had a smorgasbord of training programs that could be accessed by all State agencies, and rather than just have a training program for one agency, we tried to identify some common things that were needed in all agencies and give people the opportunity to take advantage of them.

Mr. Sepulveda, can you identify the amount of money that is available to a Federal worker right now for training?

Mr. SEPULVEDA. Again, that is going to be very difficult to arrive at because each individual agency head has a responsibility for determining what the training budget is for his or her department, and since we do not get that information consistently, it would be very difficult for us to even give you an estimate. The reality is, as was mentioned in your statement, in many cases, agencies have to make some hard budgetary decisions based on resources made available to them, and in many cases, they end up changing some of those priorities. So it is difficult to say. I am certainly not in a position right now to provide you that information.

Senator VOINOVICH. Would it be good if, in terms of the budget preparation, you had a line item for training and it was put in the open where people can see it? We have been getting information back that agencies are hiding training money because they are afraid that it is going to be reprogrammed or that Congress may come in and zap it out. Could you set some standard and say that X percent of the budget would be used for training so that there is no hiding of it?

Mr. SEPULVEDA. Again, that is why the discussions we are having right now with OMB on making sure that the budgetary guidance that they give out to all agencies for fiscal year 2002 would have the requirement that agencies identify up front what resources they need for devoting to their strategic goals.

Senator VOINOVICH. Senator Akaka.

Senator AKAKA. Thank you very much, Mr. Chairman.

Mr. Sepulveda, this morning's "Federal Diary" column noted that 71 percent of the career Senior Executive Service would be eligible for retirement in the year 2005. I was, therefore, interested in your testimony which focused in part on the need to train and develop the SES corps. Could you be more specific on how the government would help future SES members work in the private sector?

Mr. SEPULVEDA. You mean that proposal to have the exchange that we are working on. We feel that Federal executives would benefit greatly from an opportunity to serve, or do a rotational assignment, if you will, in the private sector as they are able to do now either within their agency or outside of their agency, and that is a proposal that we are developing, and hopefully with the approval of OMB, we can move that forward.

But that is not the only thing that we have in our supply of tools to address the succession issue that you are mentioning. As I mentioned before, we have been working with agencies to develop candidate development programs which would allow them to identify executives who have the potential to enter the Senior Executive Service and put them through a year-long or in some cases 2-year-long training program so they will be certified at the end of that program to enter the SES, to compete for SES positions.

The other thing we do at OPM is that we are the agency that oversees our Federal Executive Institute, which is the training, it is the Harvard, if you will, of the Senior Executive Service for Federal executives, and we have two Management Development Centers. We train approximately 8,000 executives and managers each and every year at those two Management Development Centers and at the FEI.

In addition, we have been working with Federal agencies across the Federal Government, helping them to focus on their succession issues, in other words, helping them to develop internal programs to identify the leadership they will need to have in place to be ready to walk into the job as other executives begin to retire. So that has been part of our strategy for the last several years and we are hoping that one of the things that we could also do, as I mentioned before, is have that proposal which will allow us to also have opportunities for these executives to go into the private sector and come back to the government with those skills.

Senator AKAKA. I share with you your opinion about government human resources. In your testimony, you said the Federal workforce is an asset and that we must nurture their potential and interests and their development so that we may have better individuals and organizational performances. I want you to know that I fully support providing cutting-edge development and training opportunities, as we just talked about with the Senior Executive Service. I know that OPM works closely with all agencies in training programs; however, what percentage of training budgets are generally spent on executive and management training versus line employee training?

Mr. SEPULVEDA. I think that is going to be difficult for me to be able to answer because, again, agencies will determine on an individual basis the number of executives or potential executives that need to be trained, the kind of training. They will determine

whether they send their executives to our Federal Executive Institute or our Management Development Centers or whether they send them to other institutions in the private sector or in the university arena to get their training.

Senator AKAKA. How will agencies integrate their training activities into their performance reports and who is providing technical guidance in these efforts?

Mr. SEPULVEDA. As I mentioned earlier, Senator, we have been working with OMB to set up that system, to set up that structure that will allow the agencies to identify what their needs are, identify their training strategies, and plug that into the budgetary process and plug that into their performance reports, as well. We are looking forward to having that out through the OMB Circular A-11 fairly soon, and that will identify specifically the process.

Senator AKAKA. How much cross-training is done by agencies that are located within the same geographical region?

Mr. SEPULVEDA. I think a lot of that is done, actually. We have in our agency right now a member of the Department of Labor Candidate Development Program and he is doing a rotation in our agency for several months and then he will go off to another agency. That happens all the time. So I think that is part of the development process. We want to encourage agencies to send their potential executives to other agencies to get that broad-based experience.

Senator AKAKA. Dr. Disney, you alluded to down sizing which, of course, DOD has done. You said in your testimony that jobs remaining in DOD require more advanced education and training from those of the past. We know that the whole structure of DOD is changing, so the job of education and training, of course, is priority for you.

Dr. Disney, I was very interested in your explanation of the differences between military personnel who enter at a low level and work up the system and the civilian Federal workforce who must have demonstrated skills, knowledge, and/or ability to enter a specific job classification. It appears that DOD is working to invest in its civilian population. What has been the most promising training and development initiative, in your opinion?

Dr. DISNEY. I believe that is clearly the establishment of DLAMP, our Defense Leadership and Management Program, because that is the first comprehensive Department-wide effort to prepare people for key leadership positions, and these are at the 14, 15, and SES levels. It is a comprehensive multi-year effort, recognizing that people need advanced technical skills; they need experience; they need graduate education. No one thing by itself is sufficient.

It also recognizes that we can no longer afford to have people in the very narrow stovepipes they were before. People in acquisition need to know about labor relations. People in personnel need to know how to read budgets. As we have fewer and fewer employees, the ones we have must be able to have a broader perspective and be able to understand more things than in the past, and that is why DLAMP is, we think, a model for the rest of government, and, in fact, it is becoming a model for the defense ministries in other countries, as well.

Senator AKAKA. Now that you have mentioned the model, could this model be utilized by OPM in developing similar training programs for non-defense Federal workers?

Dr. DISNEY. Well, certainly the concept of combining the rotational assignments and the advanced education could be used anywhere.

Senator VOINOVICH. Senator Akaka, I have to interrupt. I am so embarrassed. I am new to this place, and maybe you are familiar with this. We have just received a call from the cloak room informing us that we have to adjourn this hearing no later than 11 o'clock under Rule 22. Committees or Subcommittees need unanimous consent to meet 2 hours after we go into session. As you know, Senator, there is usually no problem, but today your party made a blanket objection, meaning that no Committee or Subcommittee may meet after 11 o'clock.

So we have to adjourn now or else a point of order can be raised against anything on the floor. This is new to me, but are you familiar with this rule, Senator?

Senator AKAKA. Thank you very much, Mr. Chairman. We follow the policies and the rules. Thank you.

Senator VOINOVICH. So I am really embarrassed that we have to adjourn this hearing. I want to say to the witnesses that have come, some from out of State, that I apologize for your not having an opportunity to testify today. I had looked forward to asking more questions of our first panel here and hearing from the second panel.

For whatever it is worth, for those that did not testify today, I promise you that I will personally read your testimony. I cannot guarantee that at every hearing, because as you can well imagine, there is a lot of testimony that comes in. But in this particular case, I want you to know that because I have not had the chance to hear you, I will read your testimony and it will be in the record. We will fold it into the recommendations that we are going to make on how to improve training, which is so very important to the future of our Federal workforce.¹

We again thank the witnesses.

The Subcommittee is adjourned.

[Whereupon, at 11:03 a.m., the Subcommittee was adjourned.]

¹The prepared statements of Ms. Sung, Mr. Harnage, Mr. Mosgaller, and Ms. Lee appears in the Appendix on pages 61 thru 85 respectively.

APPENDIX

STATEMENT OF
JOHN U. SEPÚLVEDA, DEPUTY DIRECTOR
OFFICE OF PERSONNEL MANAGEMENT

before the

SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT,
RESTRUCTURING AND THE DISTRICT OF COLUMBIA
COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

on

TRAINING FEDERAL EMPLOYEES TO BE THEIR BEST

May 18, 2000

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

THANK YOU FOR INVITING US TO TESTIFY TODAY. WE APPRECIATE THIS OPPORTUNITY TO PARTICIPATE IN YOUR CONTINUING EFFORTS TO ASSESS AND ENHANCE THE FEDERAL GOVERNMENT'S COMMITMENT TO TRAINING ITS EMPLOYEES.

WITH YOUR PERMISSION, MR. CHAIRMAN, I WOULD LIKE TO MAKE SOME COMMENTS ABOUT FEDERAL EMPLOYEE DEVELOPMENT AND TRAINING IN GENERAL, AND ABOUT EXECUTIVE DEVELOPMENT IN PARTICULAR, BEFORE I TURN TO THE SPECIFIC ISSUES YOU ASKED US TO ADDRESS.

GENERAL COMMENTS

FIRST, THE OFFICE OF PERSONNEL MANAGEMENT (OPM) SHARES YOUR FIRM BELIEF THAT FEDERAL EMPLOYEES MUST HAVE THE TRAINING AND EDUCATION THEY NEED TO DO THEIR JOBS AND MEET THE CHALLENGES OF THE RAPIDLY CHANGING WORKPLACE. IN FACT, ONE OF THE MERIT SYSTEM PRINCIPLES THAT OPM IS DEDICATED TO ENSURING THROUGHOUT GOVERNMENT STATES THAT EMPLOYEES SHOULD BE PROVIDED EFFECTIVE EDUCATION AND TRAINING WHEN IT WOULD RESULT IN BETTER INDIVIDUAL AND ORGANIZATIONAL PERFORMANCE.

WE RECOGNIZE THAT YOU ARE CONCERNED THAT FEDERAL EMPLOYEES ARE NOT GETTING THE TRAINING AND EDUCATION THEY NEED TO MAXIMIZE THEIR TALENTS AND TO REALLY MAKE A DIFFERENCE IN THE LIVES OF THE AMERICAN PEOPLE. LET ME ASSURE YOU THAT WE ARE "ON THE SAME PAGE." AT OPM, WE ARE WORKING WITH THE OFFICE OF MANAGEMENT AND BUDGET (OMB), OTHER AGENCIES, AND THE CONGRESS TO BUILD A WORLD CLASS WORKFORCE THAT CAN COMPETE WITH THE BEST THAT INDUSTRY HAS TO OFFER. THE GOVERNMENT'S HUMAN RESOURCES - OUR PEOPLE - ARE OUR MOST VALUABLE ASSET AND WE MUST NURTURE THEIR POTENTIAL AND INVEST IN THEIR DEVELOPMENT.

STUDIES DONE BY THE AMERICAN SOCIETY FOR TRAINING AND DEVELOPMENT

SHOW THAT SUCCESSFUL CORPORATIONS CONTINUALLY INVEST IN THEIR PEOPLE. RESEARCH OF PRIVATE SECTOR PRACTICES SHOWS THAT LEADING EDGE COMPANIES VIEW ENHANCING EMPLOYEE KNOWLEDGE AND INVESTMENTS IN WORKFORCE TRAINING AS GOOD BUSINESS PRACTICES THAT POSITIVELY AFFECT THEIR BOTTOM LINES. MOTOROLA, FOR EXAMPLE, CALCULATES THAT EVERY DOLLAR IT SPENDS ON TRAINING TRANSLATES INTO THIRTY DOLLARS IN PRODUCTIVITY GAINS.

LIKE THE PRIVATE SECTOR, THE GOVERNMENT MUST CONSIDER EMPLOYEE TRAINING AND DEVELOPMENT AN INVESTMENT THAT HELPS US ATTRACT, DEVELOP, AND RETAIN THE TALENTED PEOPLE WE NEED TO ACCOMPLISH OUR MISSIONS. IT HAS BEEN SAID "IN A KNOWLEDGE-BASED ECONOMY, THE NEW COIN OF THE REALM IS LEARNING." IF THIS IS TRUE, AND WE BELIEVE IT IS, THEN AGENCY INVESTMENTS IN WORKFORCE KNOWLEDGE AND LEARNING WILL PAY HUGE DIVIDENDS.

RECOGNIZING THIS, IN JANUARY 1999, PRESIDENT CLINTON ISSUED EXECUTIVE ORDER 13111 ON USING TECHNOLOGY TO IMPROVE TRAINING OPPORTUNITIES FOR FEDERAL GOVERNMENT EMPLOYEES. OUR DIRECTOR, JANICE LACHANCE, IS THE CHAIR OF THE TASK FORCE IMPLEMENTING THAT ORDER. I AM PLEASED TO REPORT THE USE OF TECHNOLOGY IN FEDERAL TRAINING AND EDUCATION IS INCREASING. WE EXPECT THAT INCREASE TO BE ACCELERATED AS A RESULT OF THE WORK OF THE TASK FORCE.

SPURRED BY THE BELIEF THAT MOST FEDERAL EMPLOYEES WILL NEED SPECIALIZED TRAINING TO HANDLE THE CHALLENGES OF THE NEXT DECADE, TASK FORCE MEMBERS HAVE WORKED HARD IDENTIFYING ISSUES AND EVALUATING POSSIBLE OPTIONS THAT WILL PROVIDE BETTER AND MORE ACCESSIBLE LEARNING OPPORTUNITIES TO EVERY FEDERAL EMPLOYEE THROUGH THE EFFECTIVE USE OF TECHNOLOGY. OPM HAS BEEN LEADING THE TASK FORCE IN THIS EFFORT. I WILL TALK MORE ABOUT THE GROUNDBREAKING WORK OF THE TASK FORCE LATER IN MY TESTIMONY.

OPM HAS ALSO BEEN WORKING HARD TO ANTICIPATE THE SPECIFIC NATURE OF WORK, AND THE SKILLS AND COMPETENCIES NEEDED FOR THE 21ST CENTURY. WE ARE COLLABORATING WITH THE CHIEF INFORMATION OFFICERS COUNCIL, THE CHIEF FINANCIAL OFFICERS COUNCIL, THE ACQUISITION COMMUNITY, AND OTHERS TO HELP THEM REDEFINE THE COMPETENCIES NEEDED FOR THEIR PROFESSIONS TO REMAIN EFFECTIVE AND CURRENT IN THIS FAST-PACED GLOBAL ECONOMY. WE ARE ALSO HELPING THEM TO IDENTIFY INNOVATIVE WAYS OF OBTAINING THESE NEW SKILLS.

GOVERNMENT HUMAN RESOURCE DEVELOPMENT AND TRAINING SYSTEMS THAT WERE DESIGNED FOR THE STABLE BUREAUCRACIES OF THE 20TH CENTURY ARE NOT KEEPING PACE WITH THE LEARNING NEEDS OF THE 21ST CENTURY WORKFORCE. ONE OF OUR MAJOR STRATEGIC OBJECTIVES IS TO LEAD THE

TRANSFORMATION OF TRAINING AND DEVELOPMENT IN THE FEDERAL GOVERNMENT TO FOCUS ON PERFORMANCE IMPROVEMENT AND RESULTS WHICH SUPPORT AGENCY MISSIONS AND GOALS. FIRST, AND FOREMOST, AS YOU POINTED OUT, WE MUST ENSURE THAT FEDERAL EMPLOYEES HAVE THE TRAINING TO MAXIMIZE THEIR TALENTS AND MAKE A DIFFERENCE FOR THE AMERICAN PEOPLE.

EXECUTIVE DEVELOPMENT

OPM HAS TWO PRINCIPAL ROLES WITH RESPECT TO THE TRAINING OF THE FEDERAL WORKFORCE. THE FIRST IS TO SET THE GOVERNMENTWIDE TRAINING POLICIES THAT FEDERAL AGENCIES USE TO ADMINISTER THEIR INTERNAL TRAINING PROGRAMS. THE SECOND IS TO PROVIDE EXECUTIVE DEVELOPMENT AND MANAGERIAL TRAINING FOR THE FEDERAL GOVERNMENT'S LEADERS WHO DIRECT THE WORK OF OUR MORE THAN 1.8 MILLION EMPLOYEES. OPM CONTINUALLY SEEKS WAYS TO IMPROVE THE SKILLS OF GOVERNMENT EXECUTIVES. IN OUR DISCUSSIONS WITH STAKEHOLDERS, WE FOUND THAT CONTINUAL LEARNING FOR CURRENT EXECUTIVES AND DEVELOPMENTAL ACTIVITIES FOR FUTURE EXECUTIVES ARE CRITICAL FOR DELIVERING AGENCY RESULTS EXPECTED BY THE AMERICAN PEOPLE. WE VIEW CONTINUING DEVELOPMENT NOT AS AN "ADD-ON" FOR A SUCCESSFUL EXECUTIVE, BUT WHAT YOU DO TO BE SUCCESSFUL.

TO HELP PRODUCE THE BEST EXECUTIVE CORPS, OPM HAS KEPT AGENCIES FOCUSED ON DEVELOPING WELL-ROUNDED LEADERS WHO EXCEL IN OUR EXECUTIVE CORE QUALIFICATIONS. THESE QUALIFICATIONS, OR ECQ'S, ARE BASED ON OPM RESEARCH ON LEADERSHIP COMPETENCIES AND ARE CALLED "RESULTS DRIVEN," "LEADING CHANGE," "LEADING PEOPLE," "BUSINESS ACUMEN," AND "BUILDING COALITIONS/COMMUNICATION." THEY ARE USED IN THE SELECTION PROCESS AND TO IDENTIFY DEVELOPMENTAL NEEDS OF INDIVIDUALS IN FORMAL OPM-APPROVED CANDIDATE DEVELOPMENT PROGRAMS AND DURING THE FIRST YEAR OF SERVICE OF A NEWLY-APPOINTED SES MEMBER. OUR RECENT SURVEY OF SES MEMBERS CONFIRMED THAT THE ECQ'S ARE NOT ONLY VERY IMPORTANT NOW, BUT ARE EXPECTED TO BE MORE IMPORTANT IN THE FUTURE.

FOR OUR CURRENT EXECUTIVES, WE CONDUCT BRIEFINGS FOR NEW SES AND SCHEDULE C MEMBERS AND SYMPOSIUMS ON CURRENT LEADERSHIP TOPICS. WE WILL CONTINUE TO MEET OUR STATUTORY MANDATE TO APPROVE AND MONITOR FORMAL AGENCY CANDIDATE DEVELOPMENT PROGRAMS, AND WE ARE LOOKING FOR WAYS TO IMPROVE THESE PROGRAMS AND TO ASSIST ANY AGENCY THAT DOES NOT HAVE A PROGRAM IN STARTING ONE. TODAY, THERE ARE SIXTEEN FORMAL PLANS IN PLACE, AND WE ARE ADVISING A NUMBER OF AGENCIES THAT HAVE PROGRAMS IN THE WORKS. WE LOOK AT THESE PLANS AS A PIECE OF A SUCCESSFUL SUCCESSION PLANNING PROGRAM.

WHEN OPM PRIVATIZED MOST OF ITS TRAINING OPERATIONS, WE PURPOSEFULLY HELD ON TO EXECUTIVE DEVELOPMENT. THE BEST WAY TO INFLUENCE TRAINING POLICY GOVERNMENTWIDE IS TO MODEL THE BEST EXECUTIVE DEVELOPMENT OURSELVES, SO WE FOCUS ON LEADERSHIP AT THE FEDERAL EXECUTIVE INSTITUTE (FEI) IN CHARLOTTESVILLE, VIRGINIA AND OUR MANAGEMENT DEVELOPMENT CENTERS IN SHEPHERDSTOWN, WEST VIRGINIA AND AURORA, COLORADO. IN ADDITION, CUSTOMERS ARE INCREASINGLY USING OUR RECENTLY CREATED CENTER FOR EXECUTIVE LEADERSHIP AT FEI AS A WAY TO BRING CUSTOMIZED LEADERSHIP TRAINING AND DEVELOPMENT TO THE AGENCIES.

WHAT DO WE HAVE IN STORE IN THE NEAR FUTURE FOR EXECUTIVE DEVELOPMENT? WE WANT TO FOSTER MORE LEARNING OPPORTUNITIES WHERE EXECUTIVES MEET AND INTERACT WITH OTHER EXECUTIVES. WE WILL BE OFFERING MORE LEADERSHIP SYMPOSIUMS AND OTHER FORUMS FOR EXCHANGING IDEAS AND NETWORKING. IN RESPONSE TO REQUESTS FOR A CENTRALIZED INFORMATION DATABASE OF EXECUTIVE DEVELOPMENT OPPORTUNITIES, WE ARE PARTNERING WITH AGENCIES TO PROVIDE AN ELECTRONIC CLEARINGHOUSE FOR SUCH OPPORTUNITIES.

TRADITIONALLY, EXPERIENCE IS VIEWED AS THE BEST TEACHER. WE BELIEVE THAT EXECUTIVES WITH BROADER VIEWPOINTS AND EXPERIENCES BRING MORE TO THE TABLE THAN THOSE WHO HAVE WORKED IN ONE ORGANIZATION IN A SINGLE CAREER PATH, OR BEEN "STOVEPIPED, AS IT IS SOMETIMES

TERMED." IN MARCH OF THIS YEAR, WE RELEASED THE RESULTS OF OUR SURVEY OF THE SENIOR EXECUTIVE SERVICE. ALMOST HALF OF THE SES MEMBERS RESPONDING TO OUR SURVEY BELIEVE MOBILITY IMPROVES JOB PERFORMANCE. WE WANT TO INCREASE THIS NUMBER AND CHANGE THE WAY EXECUTIVES VIEW MOBILITY TO FOCUS AWAY FROM GEOGRAPHIC MOVES AND CONCENTRATE MORE ON BROADENING THEIR EXPERIENCE.

TO ASSIST IN THIS, WE ARE DEVELOPING AN INTERNET FORUM TO FACILITATE VOLUNTARY MOBILITY BY LINKING INTERESTED EXECUTIVES WITH AGENCY OPPORTUNITIES. WE ARE CONSIDERING A GOVERNMENTWIDE AUTHORITY FOR PRIVATE SECTOR EXCHANGES TO GIVE SES MEMBERS EXPOSURE TO THE BEST PRACTICES IN THE PRIVATE SECTOR AND TO ENRICH AGENCY LEADERSHIP WITH PRIVATE SECTOR EXPERTISE.

NOW LET ME TURN TO THE ISSUES YOU SPECIFICALLY ASKED US TO ADDRESS, NAMELY, THE GOVERNMENT'S INVESTMENT IN TRAINING, THE OPM ROLE IN SETTING POLICIES, AND OUR RELATIONSHIP WITH THE OFFICE OF MANAGEMENT AND BUDGET IN DEVELOPING THOSE POLICIES.

STRATEGICALLY PLANNING FEDERAL TRAINING RESOURCES

OPM RECOGNIZES THAT CONTINUOUS INVESTMENT IN LEARNING AND DEVELOPMENT IS CRITICAL FOR IMPROVED GOVERNMENT PERFORMANCE.

EACH DAY BRINGS FRESH EXAMPLES OF HOW A BETTER-TRAINED WORKFORCE CORRELATES WITH REDUCED COSTS, IMPROVED SERVICE, AND INCREASED CUSTOMER AND EMPLOYEE SATISFACTION. UP-TO-DATE KNOWLEDGE, SKILLS, AND ABILITIES ARE CRITICAL FOR INDIVIDUAL EMPLOYEE SUCCESS.

WE ALSO RECOGNIZE THAT MANY FEDERAL AGENCIES NEED TO DO A BETTER JOB OF ALIGNING THEIR LEARNING AND DEVELOPMENT INITIATIVES WITH THE STRATEGIC DIRECTION OF THE ORGANIZATION. RECENT STUDIES CONDUCTED BY OUR OFFICE OF MERIT SYSTEMS OVERSIGHT AND EFFECTIVENESS, AND THE GENERAL ACCOUNTING OFFICE FOUND THAT MANY AGENCIES ARE STILL STRUGGLING WITH INTEGRATING HUMAN RESOURCES MANAGEMENT GOALS, OBJECTIVES AND STRATEGIES INTO AGENCY STRATEGIC PLANS. HAVING RECOGNIZED THIS PROBLEM, THE PRESIDENT, IN HIS FY 2001 BUDGET, ADDED A NEW PRIORITY MANAGEMENT OBJECTIVE WHICH CHARGES OPM WITH HELPING AGENCIES TO "ALIGN FEDERAL HUMAN RESOURCES TO SUPPORT AGENCY GOALS."

THE PRESIDENT PROVIDED PIVOTAL DIRECTION TO GOVERNMENT LEADERS ABOUT WORKFORCE LEARNING AND DEVELOPMENT IN JANUARY 1999, THROUGH EXECUTIVE ORDER 13111, USING TECHNOLOGY TO IMPROVE TRAINING OPPORTUNITIES FOR FEDERAL GOVERNMENT EMPLOYEES.

THE ORDER HIGHLIGHTS THE NEED FOR EVERY AGENCY'S STRATEGIC PLAN TO IDENTIFY TRAINING AND EDUCATION AS A MEANS OF ACHIEVING AGENCY CORPORATE GOALS. IT FURTHER CALLS ON AGENCIES TO INCLUDE A SET OF GOALS AND ALIGNED PERFORMANCE MEASURES TO PROVIDE EFFECTIVE TRAINING OPPORTUNITIES AS PART OF THEIR ANNUAL BUDGET SUBMISSION. AGENCIES ARE TO IDENTIFY THE RESOURCES NEEDED TO ACHIEVE THE GOALS IN THEIR ANNUAL PERFORMANCE PLANS. THIS PLANNING PROCESS IS AN IMPORTANT STEP IN INTEGRATING AND LINKING LEARNING TO THE ACCOMPLISHMENT OF ORGANIZATIONAL OBJECTIVES.

THE TASK FORCE IS WORKING ON A FINAL REPORT WHICH MAY INCLUDE SUCH OPTIONS AS ESTABLISHING A TRAINING TECHNOLOGY STEERING COMMITTEE AND A TRAINING TECHNOLOGY RESOURCE CENTER WHICH WILL SERVE AS A ONE-STOP SHOP FOR PROVIDING INFORMATION AND PROMOTING LEARNING TECHNOLOGY. THIS INITIATIVE WILL HELP TO GALVANIZE EFFORTS WITHIN THE FEDERAL GOVERNMENT TO TRANSFORM THE FEDERAL WORKPLACE.

WE BELIEVE THAT THE WORK OF THE TRAINING TECHNOLOGY TASK FORCE PROVIDED THE OPPORTUNITY FOR OPM TO HELP AGENCIES FOCUS MORE ON TRAINING IN THEIR STRATEGIC PLANS. WE HAVE ASKED THE DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET, TO ASSIST US IN THIS IMPORTANT ADMINISTRATION INITIATIVE BY INSTITUTIONALIZING THE NEED FOR

INTEGRATED TRAINING GOALS AND MEASURES AS PRINCIPAL ELEMENTS OF AN AGENCY'S ANNUAL PERFORMANCE PLAN. SPECIFICALLY, WE HAVE ASKED THAT THIS REQUIREMENT BE INCLUDED IN THE GUIDANCE FOR PREPARATION OF FY 2002 BUDGETS. WE HAVE WORKED WITH OMB STAFF TO DEVELOP LANGUAGE TO BE INCLUDED IN CIRCULAR A-11 GUIDANCE.

THIS SPRING, OPM WILL ALSO PROVIDE AGENCIES ASSISTANCE WHEN WE PUBLISH A GUIDE TO STRATEGICALLY PLANNING TRAINING AND MEASURING RESULTS, WHICH WILL SERVE AS A VALUABLE REFERENCE FOR AGENCIES TO LINK TRAINING STRATEGIES AND RESOURCE ALLOCATIONS WITH THE ACCOMPLISHMENT OF AGENCY GOALS.

INVESTMENTS IN LEARNING TECHNOLOGY

TECHNOLOGY IS REVOLUTIONIZING THE WAY WE LEARN AND MEET THE CHALLENGES OF THE FEDERAL WORKPLACE. MANY FEDERAL AGENCIES ARE USING LEARNING TECHNOLOGIES IN INNOVATIVE WAYS ALREADY. OPM HAS CONVENED MORE THAN 31 FEDERAL AGENCIES ARE WORKING ON PROJECTS THAT ILLUSTRATE DIFFERENT APPLICATIONS OF LEARNING TECHNOLOGY IN A FEDERAL ENVIRONMENT. THE DEPARTMENT OF LABOR IS DELIVERING EMPLOYMENT LAW TRAINING TO FEDERAL EMPLOYEES AND SMALL BUSINESSES BY USING "EXPERT SYSTEMS." TRAINING FOR EMERGENCY RESPONSE TEAMS IS BEING DELIVERED BY THE DEPARTMENT OF DEFENSE WITH

NETWORKED PC'S COUPLED WITH SOPHISTICATED 3-D VIRTUAL SIMULATIONS. THE DEPARTMENT OF STATE IS TEACHING 60 FOREIGN LANGUAGES USING A HYBRID APPROACH - COUPLING COMPUTER-BASED TRAINING, SATELLITE DOWNLINKS, VIDEO AND AUDIO, AS WELL AS THE INTERNET. THROUGH OPM'S LEADERSHIP IN THIS FORUM, AGENCIES ARE ABLE TO BENEFIT FROM EACH OTHER'S EXPERIENCES AND FORM COLLABORATIVE EFFORTS.

OPM ALSO SUPPORTS THE DEVELOPMENT OF HIGH TECHNOLOGY LEARNING PROJECTS THROUGH THE TRAINING AND MANAGEMENT ASSISTANCE (TMA) PROGRAM. THE TMA PROGRAM PROVIDES AGENCIES WITH IMMEDIATE ACCESS TO HIGHLY-QUALIFIED, COMPETITIVELY-SELECTED CONTRACTORS THROUGH A STREAMLINED PROCUREMENT MECHANISM. THESE CONTRACTORS DEVELOP AND DESIGN A WIDE RANGE OF HUMAN RESOURCE AND TRAINING SOLUTIONS. FOR EXAMPLE, OPM IS ASSISTING THE DEFENSE ACQUISITION UNIVERSITY (DAU) WITH THEIR CURRICULUM MODERNIZATION PROJECT. THIS EFFORT INVOLVES THE CONVERSION OF APPROXIMATELY 80 CLASSROOM COURSES TO COMPUTER-BASED AND WEB-BASED TRAINING. DAU IS RESPONSIBLE FOR TRAINING MORE THAN 250,000 PERSONNEL WORLDWIDE IN 11 ACQUISITION CAREER FIELDS. THE ACCELERATION OF THE USE OF LEARNING TECHNOLOGIES ENABLES AGENCIES TO MORE READILY TRAIN THEIR GEOGRAPHICALLY-DISPersed WORKFORCES AND PROVIDE REAL-TIME SKILLS DEVELOPMENT AND KNOWLEDGE ENHANCEMENT TO MEET THE NEEDS OF A RAPIDLY CHANGING WORKPLACE AND TO PREVENT SKILL OBSOLESCENCE. FURTHER, IT WILL

ENABLE AGENCIES TO QUICKLY DELIVER SOPHISTICATED, TECHNOLOGICALLY-ADVANCED LEARNING TO INFORMATION TECHNOLOGY PROFESSIONALS AND OTHER TECHNICAL SPECIALISTS WHO MUST KEEP PACE WITH THE CONSTANTLY CHANGING, HIGHLY COMPLEX REQUIREMENTS OF THEIR OCCUPATIONS.

TRAINING POLICY AND INDIVIDUAL LEARNING ACCOUNTS

I AM PLEASED TO SAY THAT OPM PLAYS AN ACTIVE ROLE IN SETTING TRAINING POLICY, WHILE AT THE SAME TIME STRIVING TO GIVE AGENCIES THE FLEXIBILITY THEY NEED TO MEET THEIR DIVERSE MISSIONS. TRAINING LAW GIVES BOTH OPM AND THE HEADS OF AGENCIES SPECIFIC RESPONSIBILITIES REGARDING THE TRAINING OF FEDERAL EMPLOYEES.

OPM HAS STATUTORY RESPONSIBILITY FOR GOVERNMENTWIDE TRAINING POLICY AND GUIDANCE. THE RESPONSIBILITY FOR WORKFORCE DEVELOPMENT WHICH SUPPORTS THE MISSION OF THE ORGANIZATION RESIDES WITH THE HEAD OF EACH AGENCY. OPM ISSUES REGULATIONS AND GUIDANCE THAT GOVERN THE SCOPE AND CONDUCT OF AGENCY PROGRAMS AND ASSIST AGENCIES IN ESTABLISHING AND EFFECTIVELY MANAGING THOSE PROGRAMS. WE REVISE OR DEVELOP NEW REGULATIONS AS REQUIRED BY CHANGES IN THE WAY WE LEARN AND MANAGE OUR HUMAN RESOURCES.

OPM HAS WORKED HARD TO REMOVE BARRIERS AND MAKE TRAINING A FLEXIBLE MANAGEMENT TOOL. WE HAVE WORKED WITH THE CONGRESS TO AMEND OUTDATED PROVISIONS OF TRAINING LAW; REVISED TRAINING REGULATIONS TO REFLECT THOSE CHANGES; PROVIDED MORE TECHNICAL ASSISTANCE TO AGENCIES; AND PUBLISHED THE TRAINING POLICY HANDBOOK AS A HANDY REFERENCE TOOL. IN RESPONSE TO WIDESPREAD AGENCY REQUESTS, WE ARE MAKING MORE TRAINING POLICY INFORMATION EASILY ACCESSIBLE ON THE OPM WEBSITE. WE ALSO REGULARLY CONDUCT POLICY BRIEFINGS AND PRACTITIONER UPDATES FOR AGENCIES HIGHLIGHTING EXISTING TRAINING FLEXIBILITIES.

WE CONTINUALLY STRIVE TO IDENTIFY NEW FLEXIBILITIES. FOR EXAMPLE, OPM HAS DEVELOPED A LEGISLATIVE PROPOSAL TO PERMIT AGENCIES TO PAY THE COST OF ACADEMIC DEGREES WHEN SUCH TRAINING IS PROVIDED BY AN ACCREDITED SCHOOL AND MEETS AN IDENTIFIED AGENCY NEED. CURRENTLY, AGENCIES CAN PAY FOR DEGREE TRAINING RELATED TO SHORTAGE CATEGORY POSITIONS ONLY.

AN ADDITIONAL LEGISLATIVE PROPOSAL WOULD ALLOW AGENCIES TO PAY THE COST OF EMPLOYEES' LICENSES, CERTIFICATES AND OTHER PROFESSIONAL CREDENTIALS. BOTH PROPOSALS WOULD GIVE AGENCIES ADDITIONAL FLEXIBILITY TO HELP ADDRESS THEIR RECRUITMENT OR RETENTION PROBLEMS

AND PROVIDE NECESSARY TRAINING FOR IMPROVING THE TALENTS AND SKILLS OF THEIR EMPLOYEES.

THE MANY FLEXIBLE MANAGEMENT TOOLS FOR TRAINING AVAILABLE TO MANAGERS AND TRAINING SPECIALISTS ARE STILL UNDERUTILIZED. FOR EXAMPLE, FOR MANY YEARS AGENCIES HAVE HAD THE AUTHORITY TO ESTABLISH TUITION ASSISTANCE AND REIMBURSEMENT PROGRAMS. THESE ARE PROGRAMS THAT PAY SOME OR ALL OF THE COSTS OF COLLEGE COURSES. THEY PROVIDE FEDERAL EMPLOYEES WITH OPPORTUNITIES TO ROUND OUT THEIR ACADEMIC BACKGROUNDS AND BROADEN THEIR TECHNICAL OR PROFESSIONAL KNOWLEDGE.

OPM IS LAUNCHING EFFORTS TO PROVIDE MORE INFORMATION AND ASSISTANCE REGARDING THE CONSIDERABLE DISCRETION AGENCIES HAVE WHEN IT COMES TO TRAINING, INCLUDING THE AUTHORITY TO SHARE THE COSTS OF TRAINING AND EDUCATION WITH EMPLOYEES AND TO ADJUST EMPLOYEES' WORK SCHEDULES FOR EDUCATIONAL PURPOSES.

THE PRESIDENT'S EXECUTIVE ORDER ON TRAINING TECHNOLOGY LAST YEAR GAVE US AN OPPORTUNITY TO HELP AGENCIES USE THE EXISTING FLEXIBILITIES IN A MOST CREATIVE AND EXCITING WAY. IN THE ORDER, THE PRESIDENT ASKED FOR OPTIONS AND RECOMMENDATIONS FOR ESTABLISHING

AN INDIVIDUAL TRAINING ACCOUNT FOR EACH FEDERAL WORKER TO USE FOR TRAINING RELEVANT TO HIS OR HER FEDERAL EMPLOYMENT, USING EXISTING RESOURCES.

BECAUSE THE CONCEPT IS RELATIVELY NEW, AFTER SOME PRELIMINARY RESEARCH, THE TASK FORCE RECOMMENDED THAT AGENCIES EXPERIMENT AND PILOT INDIVIDUAL LEARNING ACCOUNTS. THE PRESIDENT AGREED.

AGENCIES HAVE BEGUN THEIR PILOTS. UNDER THIS INNOVATIVE APPROACH TO LIFE-LONG LEARNING, MANAGERS PUT MONEY, OR HOURS, OR BOTH INTO AN "ACCOUNT" THAT AN EMPLOYEE CAN USE FOR LEARNING AND DEVELOPMENT.

PROGRAMS ARE BEING PILOTED BY THIRTEEN FEDERAL AGENCIES, AND THE PILOTS COVER SEVERAL THOUSAND EMPLOYEES. SOME TARGET SPECIFIC WORK GROUPS -- SUCH AS THE WELFARE-TO-WORK POPULATION OR THE INFORMATION TECHNOLOGY WORKFORCE. OTHERS COVER AN AGENCY'S ENTIRE WORKFORCE -- SUCH AS GIVING OFFICIAL TIME FOR LEARNING TO EVERY EMPLOYEE. ALTHOUGH THE PILOTS ARE JUST BEGINNING, WE ANTICIPATE POSITIVE RESULTS, BOTH IN EMPLOYEE SATISFACTION AND IN PERFORMANCE IMPROVEMENT.

AS AN EXAMPLE, OPM HAS A PILOT IN THE RETIREMENT AND INSURANCE SERVICE THAT PROVIDES AN ACCOUNT OF DOLLARS AND TIME FOR EACH EMPLOYEE WHICH ALLOWS ACCESS TO MENTORS. THIS PILOT IS SPECIFICALLY DESIGNED TO PROMOTE SUCCESS IN THE RETIREMENT SYSTEMS MODERNIZATION PROGRAM..

WE ARE VERY EXCITED TO HAVE THIS NEW TOOL, INDIVIDUAL LEARNING ACCOUNTS. IT HELPS US PROMOTE WORKFORCE LEARNING USING EXISTING FLEXIBILITIES IN TRAINING LAW.

OPM'S ROLE IN FORMULATING TRAINING BUDGETS AND ACTIVITIES

FEDERAL AGENCIES HAVE THE PRIMARY RESPONSIBILITY FOR FORMULATING THEIR TRAINING BUDGETS BASED ON ANALYSES OF THEIR ORGANIZATIONAL NEEDS AND STRATEGIC GOALS. OPM SUPPORTS AND ASSISTS THEM IN THIS RESPONSIBILITY.

WE HAVE ISSUED PUBLICATIONS, SPONSORED TRAINING, AND SUPPORTED INTERAGENCY GROUPS DEDICATED TO PLANNING FOR TRAINING AND MEASURING THE RESULTS OF TRAINING. FOR EXAMPLE, IN 1993, WE PUBLISHED "ESTABLISHING THE VALUE OF TRAINING, A BASIC GUIDE ON EVALUATING TRAINING." IN 1994, WE PUBLISHED "MAKING THE BUSINESS CASE FOR TRAINING AND TRAINING NEEDS ASSESSMENT, A PRIMER ON ASSESSING

INDIVIDUAL AND ORGANIZATIONAL NEEDS." SHORTLY AFTER THE ENACTMENT OF THE GOVERNMENT PERFORMANCE AND RESULTS ACT, OPM DEVELOPED A STRATEGIC PLANNING AND PERFORMANCE MEASUREMENT COMPONENT FOR OUR MANAGEMENT TRAINING SEMINAR, WHICH IS CONDUCTED AT OUR MANAGEMENT DEVELOPMENT CENTERS. WE ALSO DEVELOPED AN ORIENTATION ON STRATEGIC PLANNING AND PROGRAM PERFORMANCE MEASUREMENT FOR NEW SUPERVISORS. WE CONTINUE TO OFFER RESULTS ACT-RELATED COURSES AT THE FEDERAL EXECUTIVE INSTITUTE AND THE MANAGEMENT DEVELOPMENT CENTERS.

TO SUPPORT AGENCIES' PERFORMANCE PLANNING AND MEASUREMENT EFFORTS, WE CONVENED AND HOSTED A RESULTS ACT INTEREST GROUP FOR THE LAST SIX YEARS. THIS MULTI-AGENCY GROUP HAS MORE THAN 330 MEMBERS, ITS OWN WEBSITE, AND ATTRACTS BETWEEN 75 AND 100 PEOPLE TO ITS MONTHLY MEETINGS. MANY OF THESE MEETINGS FOCUSED ON THE ALIGNMENT OF HUMAN RESOURCE MANAGEMENT WITH AGENCY STRATEGIC PLANS.

WORKING WITH THE OFFICE OF MANAGEMENT AND BUDGET

AS WE DISCUSSED EARLIER, THE WORK WE ARE DOING TO HELP AGENCIES ALIGN TRAINING WITH THEIR STRATEGIC PLANS IS CERTAINLY ONE EXAMPLE OF HOW OPM WORKS WITH OMB TO DEVELOP GOVERNMENTWIDE TRAINING POLICIES AND ESTABLISH INNOVATIVE TRAINING PRACTICES.

FURTHER, OMB REVIEWS OUR PROPOSALS FOR REGULATORY, LEGISLATIVE, AND EXECUTIVE ACTION ON TRAINING, AND COORDINATES THE AGENCY COMMENT PROCESS. FOR EXAMPLE, OMB CURRENTLY HAS OUR PROPOSED STUDENT LOAN REPAYMENT REGULATIONS UNDER REVIEW.

WE WORKED WITH OMB'S OFFICE OF FEDERAL PROCUREMENT POLICY IN ISSUING OMB POLICY LETTER NO. 97-01, A POLICY LETTER ON THE EDUCATION, TRAINING AND EXPERIENCE REQUIREMENTS OF NON-DEFENSE DEPARTMENT CIVILIAN ACQUISITION PERSONNEL. THE LETTER IMPLEMENTED SECTION 37(B)(3) OF THE OFFICE OF FEDERAL PROCUREMENT POLICY ACT.

CONCLUSION

OPM'S LEARNING AND EDUCATION POLICIES AND INITIATIVES UNEQUIVOCALLY SUPPORT OUR CONTENTION THAT THE FEDERAL GOVERNMENT'S MOST VALUABLE ASSET IS THE TALENTED AND DIVERSE MEN AND WOMEN WHO WORK EVERY DAY TO MAKE A DIFFERENCE IN THE LIVES OF THE AMERICAN PEOPLE THEY SERVE.

THAT CONCLUDES MY PREPARED REMARKS. I WOULD BE PLEASED TO ANSWER ANY QUESTIONS YOU MAY HAVE.

Statement of Dr. Diane M. Disney

**Deputy Assistant Secretary
Civilian Personnel Policy
Department of Defense**

**before the
Subcommittee on Oversight of Government Management, Restructuring and
the District of Columbia, Senate Committee on Governmental Affairs**

Educating and Training Civilian Employees in the Department of Defense

May 18, 2000

Mr. Chairman and Members of the Subcommittee. I am pleased to be here today to provide testimony about matters affecting the training, education, and development of civilian employees in the Department of Defense (DoD).

DoD is widely acknowledged to be the premiere organization for transforming raw talent into highly competent performers in a wide range of fields. The Department has extremely well-developed programs for training soldiers, sailors, airmen, and marines in how to perform in situations likely to recur as well as for educating them to cope effectively with the unexpected. Its blend of work experience with classroom training, distance learning, and formal academics has been designed to prepare all military members with the knowledge and skills necessary to perform effectively and to prepare for future assignments.

This excellence stems in part from its unique structure and legal authority. The military is a closed system, in that one enters at a low level and works up; because there is no lateral entry, anyone wishing advancement must develop higher-order knowledge and skills while already in the service. Also, the "up-or-out" system permits the Department without prejudice to end the service of those who do not work to improve their knowledge and skills, or to decide to keep only those who do the most for self-improvement. Promotion is based on performance as well as potential, as individuals are frequently assigned to positions where they are then given the necessary education and training. Also, within the authority of Title 10 of the U.S. Code, the Military Departments can specify absolute requirements for certain positions

For the civilian workforce, however, matters are less clear-cut. Governed primarily by provisions within Title 5, civilians are not regarded as competitive for jobs unless they have already demonstrated possession of the requisite knowledge, skills, and abilities. In other words, they are generally expected to arrive at a job with the necessary education and training already achieved. Because people can enter the civil service at any level, some managers in the Federal sector have been reluctant to invest in education or training of the existing workforce because of the belief that fully qualified people exist outside and need only be recruited.

Another key difference is that military rank resides in the person, while civilian rank resides in the position. Therefore, when a military member goes to education or training, it is seen as part of his or her job, as something appropriate to the current rank. For civilians in the Department, mobility is more constrained, and education or training must often be accomplished after hours or on weekends.

As a result of these systemic differences, the Department has long invested more in the military members (whose future it controls) than in the civilians (who are part of a Federal-wide system). That said, however, I must note that DoD has begun transforming its approach to civilian education and training. Over the years, the Department has made a considerable investment in educating its civilian employees, but not always in systematic ways. However, the Department's mission is becoming increasingly more complex while the number of employees continues to decline, requiring that everyone be able to do more with less than before. Therefore, DoD must make a serious, systematic investment in its employees.

Let me set the stage for describing that investment by summarizing some of the changes that DoD faces. Over ten and a half consecutive years of downsizing have brought significant changes in the DoD civilian workforce in terms of age, occupational profile, grade, and educational level. As Fiscal Year 1989 ended, DoD employed about 1.15 million civilians (including those in both military and civilian functions, but excluding workers paid from nonappropriated funds), of whom 10 percent were local nationals. By March 2000, the number had declined to 727,000, a drop of 37 percent, with the number of local nationals falling by 56 percent. Among our workers who are U.S. citizens, major changes include the following:

- **An increase in the average age.** This has risen already from 41.6 to 45.9. Further, the number of employees younger than 31 has dropped by 77 percent, while the number in their 30s has fallen 52 percent. Fully a third of current workers are aged 51 or older. These factors present potential problems in the orderly transfer of institutional knowledge.
- **Increasing professionalization.** While there has been a decline in all major areas, the sharpest drops have been in clerical (-67 percent) and blue-collar (-48 percent) occupations. As the decade began, blue-collar workers accounted for just over 29 percent of our workforce; the share has fallen under 24 percent, primarily because of the base closure process. At the same time, the share of the total workforce in professional, technical, and administrative jobs has risen. The smallest absolute decline has come in professional jobs.
- **Improvement in educational levels.** Data in this area understate actual academic achievement. However, we do know that fewer than 10,000 current employees entered DoD with less than a high school diploma; this figure is some 77 percent smaller than it was a decade earlier. For higher levels of education, there has been very little decline. Of those known to have entered DoD employment with at least one advanced degree, the decline has amounted to only 3 percent across the decade. The jobs that remain in DoD, therefore, seem to be those requiring more advanced education and training than those in the past.

During this decade, then, the Department has seen a profound shift in the expectations it has of its workforce. Outsourcing, base closure, and technological advances have worked to reduce the number of positions requiring limited education and training. Simultaneously, advanced technology, contract oversight, and a more complex mission have generated the need for more advanced education and capacity. Reduced hiring and the aging of the Baby Boom generation have combined to increase average pay and grade level. Taken together, these factors have produced a workforce that is very different from its predecessor of a decade earlier.

To add complexity to the situation, the United States has achieved an unemployment rate of less than four percent, making competition for talent extremely difficult. As a public-sector employer, we face salary constraints that make it difficult for us to attract top-flight talent in a wide range of areas, most notably in computer science, information technology, and a range of other scientific and technological fields. Therefore, we are working hard to develop tools that can permit us to invest more in the training and education of those we already have, as well as those we hope to attract in the future.

Approaching this problem systematically has required research into what education and training is already being provided, research into future needs, and development of appropriate programs. The balance of my testimony will address those three areas.

Education and Training Being Provided

Historically, management of educational programs for DoD civilians has been highly decentralized, with no central records of courses, certification, educational attainment, costs, or standards. While this approach has permitted tailoring of programs to meet organizations' needs, it has not necessarily served to guarantee quality, administrative efficiency, economy, or adequacy to meet requirements. Therefore, at the request of the Under Secretary of Defense (Comptroller) (later the Deputy Secretary of Defense) in mid-1997, my office surveyed educational institutions, educational and professional development programs, career developments, and external providers of program support to the Fourth Estate, that is, all parts of DoD outside the three Military Departments.

We found that the Fourth Estate is a major sponsor of postsecondary education and professional development for civilians. There are some 20 educational institutions, 37 educational or professional development programs, 37 career development programs, and at least 40 external providers and 68 external support programs. These varied considerably, from week-long seminars to multi-year degree programs, but most of the offerings are short. The determination of requirements was highly decentralized, and the career development programs varied widely in scope, impact, and sophistication. For additional information, in 1998 we updated the survey of educational institutions enrolling civilians to include those sponsored by the three Military Departments. Findings remained consistent with the earlier work.

Several key principles underlay the reports' recommendations and were stated explicitly in December 1997:

- The Department of Defense is committed to employing the most highly qualified civilians possible and to investing in their development as managers, leaders, and functional specialists.
- DoD is committed to *excellence* in education and professional development, from quality of curriculum to teaching methods, from facilities to student selection, from fiscal integrity to academic rigor. That which is not excellent should be improved, turned over to an entity providing excellence, or abandoned.
- Joint education of military members and civilians greatly benefits the Department, its Components, and the participants, and should therefore be encouraged.
- Investments in education and professional development should be coordinated and leveraged for maximum benefit to the Department, its Components, and the participants.

These principles have continued to guide the Department's actions.

Research into Future Needs

Two DoD studies, one not yet published and the other recently released, provide useful insights into future civilian work requirements. First, my office and the Joint Staff sponsored the "Future Warrior/Future Worker" study by the RAND Corporation. The study asks the question: Given anticipated changes in future defense missions, organization, and technology, in what specific ways will work change and will workers need to change? To perform this comprehensive study of civilian and military occupations, RAND has employed skilled occupational analysts from North Carolina State University, the Institute for Job and Occupational Analysis, and the U.S. Air Force Occupational Measurement Squadron. While the final report will not be published until this summer, several broad themes have emerged, indicating that the future DoD workforce will need better problem-solving skills, more advanced technical skills, the ability to stay current, and an enhanced service orientation.

It would probably be useful for the subcommittee to know some of the detail of the civilian workforce aspects of the study. Using the Occupational Information Network (O*Net) of the Department of Labor, RAND transformed 1,122 occupations into 46 clusters. (On the civilian side, this grouped 592 occupations into 39 clusters.) The analysts used *Joint Vision 2010* and other information in assessing how the nature of work in these occupational clusters would change by 2010. They analyzed work characteristics along 232 dimensions that fell into five domains: work context, generalized work activities, knowledge, skills, and abilities.

RAND's preliminary projections indicate the greatest degree of change in two clusters: maintenance specialists and computer specialists. By contrast, relatively little change in the nature of work was indicated in the large science and engineering cluster. Overall, future requirements include increased emphasis upon a service orientation, active learning, systems evaluation, negotiation, understanding of technology design, visioning, monitoring, identification of downstream consequences, an ability to synthesize and reorganize, and critical thinking.

The as-yet-unpublished results suggest that the nature of work in DoD and the set of employee characteristics needed to perform future civilian missions will evolve rather than change dramatically in the next ten years. This evolutionary change implies a major role for training and employee development for our current workers to ensure that they keep abreast of future technical developments while improving their problem-solving skills and service orientation.

From another perspective, my office has been working with the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics on assessing the future acquisition and technology workforce, which constitutes the largest occupational segment of the defense civilian workforce. This effort has led to the identification of critical competencies necessary for success. The report, entitled *The Future Acquisition and Technology Workforce*, recommends measures that will allow DoD to realize a vision of a workforce that will be smaller, highly talented and motivated, adaptable, knowledgeable of commercial business practices and information technology, and able to operate in a dynamic, rapidly changing environment. Since our research has indicated that DoD stands to lose up to half of the current workers in key defense acquisition occupations to retirement and other causes over the next five to seven years, there is particular urgency to taking action in response to this assessment. This study forms the basis of an evaluation of acquisition training, education, and development that will help shift the Defense Acquisition University's curriculum toward focusing on preparing people to meet future needs.

Given the subcommittee's interest in assessing future training and development requirements for the civilian force, the acquisition workforce study provides useful insights. The working group was tasked with projecting the future acquisition and technology environment, functions, and critical knowledge, skills, and abilities. The study projected an environment that will be more dynamic, uncertain, and global, requiring greater industry-government cooperation, increased compatibility with electronic operations, and more familiarity with a wide range of acquisition functions and business skills. Emerging acquisition functions will demand a workforce with broader acquisition and business knowledge, skills, and abilities. The competencies necessary to perform in this environment and to accomplish these functions increasingly emphasize what the report calls "universal" competencies as opposed to "functional" competencies that pertain to a particular career field. These universal competencies encompass personal, organizational, managerial, and leadership knowledge, skills, and experience. Core functional skills remain essential, but there is a growing emphasis on personnel who understand multiple functions and have strong business skills.

This study takes place against a background of substantial commitment by the Congress and the Department to the training, education, and development of the defense acquisition workforce. In enacting the Defense Acquisition Workforce Improvement Act, or DAWIA, Congress recognized that systematic training and education of the acquisition workforce is fundamental to performance. The program of training, education, and experience administered by the Defense Acquisition University recognizes this mandate.

In addition, the Under Secretary of Defense for Acquisition, Technology, and Logistics initiated a policy of continuous learning in 1998. In his memorandum, Under Secretary Gansler wrote that "meeting increased performance expectations in the rapidly changing defense acquisition environment requires workforce members to be current with reforms, adaptable,

flexible, and willing to accept risk and exercise leadership.” To that end, civilian and military acquisition professionals must participate in continuous learning activities that augment the minimum education, training, and experience standards established for certification purposes. Those who have completed the certification requirements for the positions they occupy must earn a minimum of 80 Continuous Learning Points every two years. Continuous learning activities include updated technical training, leadership training, academic courses, developmental assignments, and professional activities.

From another perspective, our Intelligence Community has been assessing its educational and training needs to develop an IC Workforce with a “community” perspective and strategic outlook. The community has studied competencies, characteristics, and attributes necessary for success. This research has led to the development of training objectives for each item, along with a draft Curriculum Guide that provides guidance to prospective Intelligence Community Officers.

Development of Programs

In the early 1990s, DoD managers were pleased that implementation of the Goldwater-Nichols Act had been yielding an officer corps that was more highly educated with a stronger joint perspective than ever in the past. However, there had not been a similar investment on the civilian side. To the contrary, civilians tended to remain occupationally stove-piped despite the fact that their jobs were becoming broader and their responsibilities more complex. They had very few opportunities for developmental assignments and little exposure to national security decision-making. Clearly, a change was needed.

That change came when, in response to recommendations from the Commission on Roles and Missions of the Armed Forces, DoD created its Defense Leadership and Management Program (DLAMP). Since its Directive was signed in 1997, DLAMP has been DoD’s first systematic, Department-wide program to prepare civilians for key leadership positions at the GS-14, GS-15, and Senior Executive Service levels. Designed for DoD employees currently at the GS-13, 14, and 15 levels, DLAMP has three core requirements:

- a one-year rotational assignment outside one’s occupation or Component;
- at least a three-month course in professional military education at the senior level (with a focus on national security decision making); and
- at least 10 advanced-level graduate courses in subjects important for Defense leaders (in a format similar to a Defense-focused MBA).

These activities are completed over six to ten years, while participants also meet any specific requirements for their particular occupation. Competitively chosen for admission, each participant has a personal mentor to provide guidance throughout the multi-year effort.

Currently recruiting for its fifth class, DLAMP now has some 1,100 participants. Currently, 83 are enrolled in the 10-month Professional Military Education (PME) courses at Senior Service Schools for the 1999-2000 academic year; 98 have already completed one of these 10-month courses with their military counterparts. Team-taught graduate courses began on February 23, 1998. As of two years later, the program has conducted 82 graduate courses, with 1,227 students in attendance. Approximately 65 additional graduate courses will be conducted

through the remainder of Fiscal Year 2000. In addition, this program is serving as a model for similar efforts in several other countries.

The program's diverse appeal is evident by the backgrounds of participants. For example, 31 percent have backgrounds in administration and management; 21 percent in research and engineering; and 10 percent in business. In addition, 8 percent come from accounting and budget; 7 percent from the social sciences; 6 percent from personnel; and the balance from mathematics, physical sciences, law, and other areas. Currently 37 percent are female, and 63 percent male.

The success of DLAMP has heightened awareness of the need for similar investments in the civilian workforce in other areas, both in terms of leadership skills and in terms of occupational knowledge. Because our research has indicated that higher-level DoD positions are filled overwhelmingly by people who have spent some time within the Department, it is essential that DoD invest in its civilian cadre. To that end, the Defense Science Board's Task Force on Human Resources Strategy recently issued a strong endorsement of DLAMP's expansion and a recommendation for a DLAMP preparatory program for employees at the GS 9-12 levels. This was accompanied by a recommendation to expand efforts to recruit and develop interns on both the specific occupational tracks and on the higher levels as Presidential Management Interns. To add strength to this area, the Task Force said that DoD should continue with its planned efforts to seek legislative flexibility to permit payment for degrees and certificates in relevant fields of study.

Already, DoD sponsors the Executive Leadership Development Program (ELDP) for prospective leaders at the GS-12 and GS-13 levels. This year-long, joint program provides immersion weeks in the activities of each Military Service, as well as several Functional Areas. It serves as excellent preparation for DLAMP and other activities.

For individuals who have reached senior executive ranks, The Office of the Secretary of Defense sponsors the two-week APEX Program, which is the civilian version of CAPSTONE for one-star General and Flag Officers. The course covers DoD goals and priorities; the Joint Chiefs and Joint Commands; Component plans and perspectives; acquisition; budget and financial administration; personnel and resources; leadership; logistics; diversity; ethics; integrity; conflict of interest; and protocol. In addition, for senior civilian and military leaders, OSD sponsors the Executive Seminar Series, consisting of a dozen short courses on topics ranging from privatization to communications skills.

In addition to the Functional and Fourth Estate Programs described earlier, the Department also offers a range of educational opportunities through the individual Military Departments. The Air Force, for example, uses the military model of Life Cycle management for its centrally managed, functionally led career programs, which started in 1976. The 15 career programs range from civil engineering to public affairs, logistics to personnel. Further, the Air Force has successfully integrated the selection processes for DLAMP and its own Civilian Competitive Development Program to ensure the best possible allocation of resources and assignment of people.

The Army also has a centrally managed and funded system for recruiting, retaining, developing, and advancing individuals along career progression patterns. Just under 40 percent of the Army's civilians participate in the 22 occupationally oriented career programs, with the largest representations in engineering and science, information missions, comptroller areas, materiel maintenance management, contracts and acquisition, and supply management. For leader development, the Army sponsors courses for interns, supervisors, managers, and executives, with mid-level courses offered through the Army Management Staff College and Senior Service Schools.

Operations within the Navy are more decentralized, with the focus shifting over one's career from the functional and technical to leadership development. For example, in the area of financial management, the Navy sponsors a two-year trainee program, followed by mid-level courses in comptrollership, and a graduate-level financial management program. In 1995, the Navy's Civilian Leadership Development established requirements and guidelines for the design of command and activity programs providing leadership training to civilian employees at the GS-9 through GS-15 and equivalent levels. Also, after benchmarking with several private-sector organizations, the Navy has developed an executive lifelong learning model, which includes centralized development of senior civilians and use of a 360-degree assessment option.

Beyond all of these programs, individual DoD offices sponsor seminars, workshops, and short courses in a wide range of areas to meet specific needs, from mastering PowerPoint to functioning as an Executive Secretary to understanding the Congressional process.

Conclusion

As mentioned earlier, DoD must cope with the realities of an aging workforce. Indeed, this year, the oldest Baby Boomer turns 54, with retirement eligibility coming in 2001. Over a third of our workforce is over age 50. Therefore, in the coming decade, we face greater-than-normal losses in experienced employees, keener competition for new talent, accelerated technological change, and continued fiscal constraints. Therefore, it is imperative that we have a civilian force that is more "joint" in perspective, that welcomes diversity, and that can adapt to change readily.

The Department of Defense has long recognized that the effective management of human capital calls for a well-tuned program of training, education, and development, with structured education and managed assignments playing an increasing role. From our experience on the military side, we have learned that training – in its broadest sense – is not like a light switch that can be turned on and off at convenient or critical times. Rather, training, education, and development are like the electrical grid without which organizations cannot function effectively. That is why we are expressly dedicating resources to investing in our civilian workforce through appropriate training, education, and professional development.

This concludes my remarks. Thank you again for the opportunity to discuss civilian workforce development. I will be pleased to answer any questions that you may have.

United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Oversight of Government
Management, Restructuring, and the District of Columbia
Committee on Governmental Affairs
U.S. Senate

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HUMAN CAPITAL

Design, Implementation,
and Evaluation of Training
at Selected Agencies

Statement of Michael Brostek, Associate Director
Federal Management and Workforce Issues
General Government Division



Statement

Human Capital: Design, Implementation, and Evaluation of Training Programs at Selected Agencies

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss how training programs have been designed, implemented, and evaluated at four federal agencies. As social, economic, and technological changes continue to affect the way in which the government does business, agencies will need to place special emphasis on how they develop their employees—or human capital—in order to maximize their ability to successfully perform their missions and achieve their strategic goals. Training programs play a key role in how agencies develop their human capital and improve performance. Agencies must design and implement these programs to address any identified gaps in the knowledge and skills that agencies believe are needed to achieve their missions and goals. Agencies must also evaluate their training programs to ensure that they are indeed increasing workforce knowledge and skills and improving individual and agency performance.

During the 1990s, many federal agencies cut back on hiring new staff in order to reduce the number of employees and meet downsizing goals. As a result, these agencies also reduced the influx of new people with new knowledge and skills that agencies needed to help build and sustain excellence. Moreover, anecdotal evidence regarding overall federal expenditures on training indicates that, in trying to save on workforce-related costs, agencies cut back on the training investments needed if their smaller workforces were to make up for institutional losses in knowledge and skills. Agencies may need to take a fresh look at their training resource needs. If additional resources are indeed needed and cannot be secured through the appropriations process, agencies may need to explore budget-neutral options, such as reprogramming resources from other operations accounts, for providing adequate training for their employees.

As part of your Subcommittee's efforts to improve federal agencies' human capital management, you requested that we provide information on (1) how high-performing organizations approach the design and implementation of their training and development programs and (2) the design, implementation, and evaluation of training and development programs at four federal agencies—the Defense Finance and Accounting Service (DFAS), the Health Care Financing Administration (HCFA), the Immigration and Naturalization Service (INS), and the Department of State (State).

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My statement makes four main points:

- First, high-performing organizations we contacted consistently approached the design and implementation of their training and development programs by (1) identifying the knowledge, skills, abilities, and behaviors employees need to support organizational missions and goals, and measuring the extent to which employees actually possess those competencies; (2) designing and implementing training programs to meet any identified gaps in those needs; and (3) evaluating the extent to which training programs actually increase employees' individual competencies and performance levels as well as overall organizational performance.
- Second, the four agencies we reviewed recognized the importance of identifying the knowledge and skills needed by their employees to support the agencies' missions and strategic goals. The agencies told us that they were developing a comprehensive approach for identifying mission critical competencies and measuring the extent to which all of their employees had these competencies. However, each agency's progress in this effort varied. The agencies used or planned to use this information to design (or update) their training programs in order to address any gaps between needed and existing knowledge and skills.
- Third, the four agencies all had training curricula for developing employee skills in selected occupations; required or recommended that employees complete training on specific topics or meet a minimum number of training hours; and made training slots available each year on the basis of estimated needs, priorities, and available resources. The agencies generally gave higher priority to entry-level employees because of limited resources (in terms of training funds as well as coverage of employees' work duties while they were attending training.)
- Finally, the four agencies each recognized the importance of measuring the extent to which their training programs contributed to increased employee skills and improved support of agency missions and strategic goals. However, the agencies generally relied on standard end-of-course evaluations to collect information on participant satisfaction rather than increased knowledge and skills. Most were still developing more comprehensive evaluation techniques to determine the extent to which training was actually increasing employees' knowledge, skills, and job performance.

My statement today is based on our interviews with officials from the four agencies and our review of relevant training documents provided by those

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agencies. As agreed with the Subcommittee staff, the four agencies included in this review represent a subset of the agencies being directly contacted by the Subcommittee regarding federal training practices. Their training policies and practices may not be typical and are not generalizable to all federal agencies. We also reviewed information from our previous work on training and development programs and human capital management in high-performing public and private sector organizations. We did not collect quantitative data related to these training programs, since the Subcommittee collected this data directly from these and other agencies. We performed our review in Washington, D.C., between December 1999 and April 2000, in accordance with generally accepted government auditing standards.

Background

The Defense Finance and Accounting Service is responsible for making all payments, including payroll and contracts, and for maintaining the core finance and accounting records for the Department of Defense (DOD). DFAS is also responsible for the consolidation, standardization, upgrading, and integration of DOD's central finance and accounting operations, procedures, and systems. DFAS is headquartered in Arlington, VA, and also has 5 centers and 20 operating locations that employed approximately 18,000 people as of January 2000.

The Health Care Financing Administration is an agency within the Department of Health and Human Services responsible for administering much of the federal government's multibillion-dollar investment in health care—primarily the Medicare and Medicaid programs. As of January 2000, HCFA had about 4,500 employees, approximately 65 percent of whom were located in HCFA's central office in Baltimore, MD, and the remainder in the agency's 10 regional offices. In addition to its workforce, HCFA oversees Medicare claims administration contractors.

The Immigration and Naturalization Service is an agency of the Department of Justice responsible for both administering immigration-related services and enforcing immigration laws and regulations. INS is headquartered in Washington, D.C., and administers its functions through a network of 3 regional offices, 33 district offices, and 21 Border Patrol sectors throughout the United States. As of January 2000, INS had about 31,500 employees and was working to hire at least 1,000 new border patrol agents each year through 2001. INS trains its border patrol agents at the Border Patrol Academy in Glynco, GA, and at a temporary training facility in Charleston, SC.

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The Department of State is the principal agency for advancing and protecting U.S. interests overseas. State maintains a worldwide network of operations at over 250 overseas locations to support its mission and those of about 35 other U.S. agencies that operate overseas. As of January 2000, State had about 31,000 employees. State's Foreign Service Institute is the federal government's primary training institution for officers and support personnel of the foreign affairs community. In addition to State, the Institute provides training for employees from more than 40 other government agencies. State's Diplomatic Security Training Center also provides specialized training for diplomatic security agents to supplement training they receive from the Institute.

Training and Development Programs in High-Performing Organizations

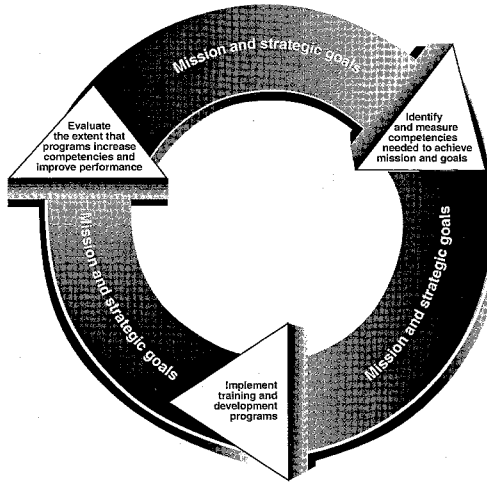
High-performing organizations we contacted recognize the need to invest in their human capital to achieve their missions and strategic goals. One fundamental form of that investment consists of providing continuous training and development opportunities that support personal development as well as organizational results. Based upon our previous human capital work, we found that, while their actual programs, policies, and practices varied, high-performing organizations generally follow certain key steps in developing training programs they believe to be effective.¹ Specifically, as shown in the following figure, these organizations

- identify the competencies—commonly defined as knowledge, skills, abilities, and behaviors—needed to achieve organizational missions and goals, and measure the extent to which their employees possess these competencies,
- implement training and development programs to address any identified competency gaps, and
- evaluate the extent to which their programs actually increase employees' individual competencies and performance levels as well as the organization's overall performance.

We examined the training programs of the four agencies included in this review in light of these key steps to developing effective training programs.

¹ For examples of our previous work noting the human capital management practices of high-performing organizations, see *Human Capital: Managing Human Capital in the 21st Century* (GAO/T-GGD-00-77, Mar. 9, 2000), *Human Capital: Key Principles From Nine Private Sector Organizations* (GAO/GGD-00-28, Jan. 31, 2000), *Human Capital: A Self-Assessment Checklist for Agency Leaders—Discussion Draft* (GAO/GGD-99-179, Sept. 1999), and *Transforming the Civil Service: Building the Workforce of the Future—Results of a GAO-Sponsored Symposium* (GAO/GGD-96-36, Dec. 20, 1996).

Figure 1: Key Steps in Developing Training Programs



Identifying and Measuring the Knowledge and Skills Needed to Support Missions and Goals

The four agencies included in our review recognized that identifying and measuring the knowledge and skills needed by their employees to support missions and goals were important steps in developing their training programs. The degree to which the agencies had actually completed these steps for all of their employees varied. The agency officials described several tools that they were developing or using to identify and measure their employees' knowledge and skills, including workforce planning models, needs assessments, knowledge and skills inventories, and individual development plans (IDP). Officials from each of the agencies told us that they planned to work with the Office of Personnel Management (OPM) or outside contractors to assess the reliability and validity of these tools.

Federal agencies may encounter certain challenges in their efforts to identify and measure the knowledge and skills that their employees must

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possess to support missions and goals. For example, the four agencies in our review employed individuals across diverse occupations, some of which required knowledge and skills that may be more easily measured than others. For example, border patrol agents could be tested for certain knowledge and skills, such as their foreign language proficiency, physical fitness, and marksmanship, whereas some of the knowledge and skills needed to be an effective contract administrator might not be so readily determined. Another challenge for agencies may be finding the staff and resources needed to identify what knowledge and skills are needed for high performance and to measure in a reliable, valid, and comprehensive manner the extent to which employees have those competencies.

DFAS

As noted in the agency's current career development and training plan, in 1996 GAO as well as the Department of Defense (DOD) Inspector General found that DFAS lacked a comprehensive strategy or program for training its employees to support the financial and accounting needs of DOD. As a result, the Office of the Secretary of Defense provided DFAS with additional training funds and directed that the agency develop and implement a centralized training program to respond to the developmental needs of its employees. DFAS officials told us that the agency now uses its strategic plan, human resources directors' performance contracts, and an annual training needs assessment to identify the knowledge and skills that employees must possess to support the agency's mission and goals. Moreover, the officials said that DFAS was piloting a new process to identify which knowledge and skills gaps could be addressed through training. This pilot involved assessing training needs 5 years into the future; systematically collecting managers' and supervisors' views on training needs using interviews, focus groups, and surveys; and requiring all employees to complete IDPs. To this end, DFAS developed detailed career development plans for all its occupations that (1) outline the knowledge and skills employees must possess to support the agency's mission and goals, and (2) guide employees as they identify and prioritize their own training and developmental needs.

HCFA

Last year, we testified that HCFA's staff had not been sufficiently trained to effectively support its missions and goals to provide services to Medicare and Medicaid beneficiaries, as well as to promote the fiscal integrity of those programs.² The agency officials told us that HCFA developed a learning plan for its employees that established training needs and priorities on the basis of input collected from managers and focus

²HCFA Management: Agency Faces Multiple Challenges in Managing Its Transition to the 21st Century (GAO/T-HEHS-98-58, Feb. 11, 1998).

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groups from across the agency. Moreover, HCFA officials stated that the agency was developing a workforce planning process that would identify the knowledge and skills employees must possess to support strategic staffing and training and development that would be aligned with the agency's mission and goals. The officials said that the agency was using guidance from the Department of Health and Human Services, the Office of Management and Budget, and our human capital self-assessment checklist, to develop a workforce planning process consisting of four phases: analyzing the current and future workload, developing current and future competency frameworks, identifying existing workforce competencies, and conducting an analysis of any gaps between current and future requirements and the existing workforce.³

INS

Agency officials told us that, in an attempt to ensure that employees have the knowledge and skills needed to administer immigration-related services and enforce immigration laws and regulations, INS made an effort to identify and measure the knowledge and skills that border patrol agents, investigators, and immigration specialists must possess to execute the tasks INS considers necessary for mission accomplishment. According to the officials, every 5 years, INS' research and evaluation unit reviewed the knowledge and skills that these employees must possess and determined whether the agency was providing the training and development opportunities needed to ensure that those core skills were developed. The agency's most recent review was completed in 1998. The officials said that the agency primarily relied upon post-training tests to determine the extent to which employees actually possessed the identified core skills. The officials also said that they did not make similar efforts to identify and measure the knowledge and skills needed for headquarters, administrative, and other support staff, because the agency did not have the staff or resources to do so.

State

Agency officials told us that, to identify and measure the knowledge and skills State's foreign service officers and diplomatic security agents must possess to support the agency's mission of advancing and promoting U.S. interests overseas, the agency completed (1) a job analysis of its foreign service generalist corps in 1998 to identify the tasks and activities performed by those employees as well as the human attributes and foreign language proficiency required for high performance, and (2) a formal baseline needs assessment for its diplomatic security agents in the mid-1980s, which has been informally updated in the intervening years. The agency officials also said that State had adopted OPM's leadership

³GAO/GGD-99-179.

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competencies for senior executives. State now measures employees' existing knowledge and skills by testing periodically for language proficiency, requiring certain employees to pass tests to fulfill agency certification requirements, and providing leaders access to 360-degree self-assessment instruments that allowed them to identify areas where they may need further development. New diplomatic security agents are required to achieve certain baseline test scores at the completion of their training programs. State is also developing competency-based models for several occupations—including passport agents, information technology support staff, and human resource management occupations—that will identify the competencies needed for high performance, measurement methods for determining the extent to which staff have these competencies, and suggested training courses and developmental activities.

Implementing Training Programs That Develop Employees' Knowledge and Skills

The four agencies we reviewed had training curricula for developing employee knowledge and skills in selected occupations, and the agencies generally required that employees complete training on specific topics (and/or complete a specified minimum number of training hours) included in those curricula. The agencies generally made training slots available each year on the basis of estimated needs, priorities, and available resources. All of the agencies' training budgets were funded at least in part from the central agency budget, and all but DFAS also funded a portion of their training programs by offering courses on a fee-for-service basis (i.e., explicitly charging organizational units or other agencies an established fee for each unit of training provided to their employees.)

Officials of the four agencies in our review told us that their agencies had encountered certain challenges to implementing training programs that strategically developed the knowledge and skills of all of their employees. For example, agency officials indicated that limited training resources often necessitated prioritizing the training for new employees (who may need training to understand an agency's unique missions, goals, and job performance expectations) over training for more senior employees. Moreover, some of the officials also told us that current staffing levels prevented them from offering employees more training opportunities because the agencies believed that their staffing levels did not allow for proper coverage of the employees' mission-related job responsibilities while they were attending training.

DFAS

DFAS officials told us that the agency had multiple training programs with curricula that were specifically focused on increasing the skills of particular groups of employees. For example, the agency's largest

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program focused on financial management and financial systems skills. The agency also had a career development curriculum focused on professional and executive development and managerial skills. The agency also had a goal (but not a requirement) that each employee complete 40 hours of training each fiscal year.⁴ DFAS asked first-line supervisors to determine what their employees' training needs were, and this information was incorporated into the development of the agency's training needs assessment as well as decisions on how many training slots should be funded each year. DFAS training was centrally funded out of its operations and maintenance and defense working capital funds appropriations.

HCFA

HCFA officials told us that the agency had identified curricula that included basic skills, desktop computer skills, program policy and operations, management development, and contract/grants certification. However, according to the officials, much of this core knowledge and many of these skills were learned by employees before they obtained employment at HCFA and were maintained through such continuing education efforts as attending conferences, reading professional literature, and belonging to professional associations. Thus, training requirements varied by occupation. For example, systems administrators and contract/grants officers had specific training requirements, and new managers were required to receive 40 hours of training upon being promoted. The agency estimated its training budget needs on the basis of prior years' needs and projected needs. The agency funded central training from its administrative budget, and also provided agency units with discretionary funds that allowed them the flexibility to purchase external training or additional internal training slots on a fee-for-service basis.

INS

INS officials told us that the agency had a curriculum for its border patrol and other law enforcement employees, but not for the agency's nonspecialist employees. Specifically, new border patrol agents were sent to the Border Patrol Academy for a required 19-week basic training program, where employees received training in six subjects—physical training, firearms, driving, operations, law, and Spanish. The agency required managers and supervisors to complete basic management training classes, and also developed advanced training courses for experienced

⁴ In 1998, we recommended that DFAS adopt minimum training requirements, particularly for financial management employees, because such requirements would help ensure that as many employees as possible were provided the up-to-date, technical training needed to carry out their responsibilities. See *Financial Management: Training of DOD Financial Managers Could Be Enhanced* (GAO/AIMD-98-126, June 24, 1998).

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(journeyman) special agents. According to INS officials, the agency ensured that it had sufficient slots for new-hire training by developing modular costs for budgeting that included the cost of recruiting, hiring, and training each new hire. The officials told us that the agency could not provide the same assurance of sufficient slots for journeyman agents; however, the agency was considering making greater use of distance learning where appropriate or feasible (firearms training, for example, could not be offered through distance learning) to ensure that employees received the training they need while also being able to continue their on-the-job assignments—a concern of agency supervisors.⁵ INS' fixed training costs (which represented about 25 percent of the training budget) were funded from the agency's central budget, while the remaining variable costs were funded by providing courses to INS units and divisions on a fee-for-service basis.

State

State officials told us that the agency had an extensive training curriculum, which included profession-specific areas of study (e.g., acquisitions) and training on foreign languages, information technology, overseas briefings, leadership and management, and diplomatic security. The agency also required certain employees to complete a specific training courses. For example, new diplomatic security agents received approximately 24 weeks of training in such areas as firearms, criminal investigations, and the law. According to the officials, the agency made initial or entry level training a higher priority than advanced training for foreign service and diplomatic security agents, because of a concern that extensive training requirements could cause experienced employees to be called in from their field assignments and thus endanger the agency's ability to accomplish its mission. The officials told us that the agency determined the number of training slots to be offered by looking at hiring plans, past enrollments, assignment projections, and available resources. Each organization within the agency determined its own training budget, and the agency's primary training unit was funded by a direct budget allocation and fees from agency units and other agencies that sent employees to State training classes.

⁵ In 1998, INS contracted out for an assessment of the advanced training needs of its journey-level employees, including border patrol agents and immigration inspectors. The assessment included a survey of journeyman-level employees and their supervisors; however, the response rates were fairly low for border patrol agents and immigration inspectors, at 23 percent and 32 percent, respectively. The assessment showed that the agency's competency models for both occupations were valid, the percentage of employees who received training varied greatly by job classification, and significant performance gaps existed for several competencies and tasks. Both supervisors and journeyman-level employees selected training as the best solution for eliminating most of the performance gaps.

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Evaluating Training Programs

The four agencies we reviewed each recognized the importance of measuring the extent to which its training programs contributed to increased employee knowledge and skills and improved mission accomplishment; however, the agencies' primary means of evaluation generally consisted of using end-of-course evaluations to collect information on participant satisfaction for specific training courses. On a more positive note, the agencies either had or were developing more comprehensive evaluation techniques to determine the extent to which (1) training courses taught employees new knowledge and skills; (2) these knowledge and skills were actually being applied on the job; and (3) training courses had any long-term impact on overall agency performance. The agencies also told us that they used central databases to track the training that their employees had completed.

The four agencies included in our review have encountered several challenges to evaluating their training and development programs, which may be attributed in part to the general difficulty associated with measuring the impact of training on individual and organizational performance for any organization. Measurement difficulties aside, agencies may also lack the staff and resources needed to complete in-depth evaluations. Moreover, even in those instances where an agency might have staff and resources to complete training evaluations, low participation on the part of employees and managers in surveys and focus groups may limit an agency's access to the data needed to complete valid, useful evaluations.

DFAS

DFAS officials told us that they evaluated their training programs by asking participants to complete end-of-course evaluations. The agency was also developing an evaluation model that would allow it to determine more comprehensively the effectiveness of its various training programs. The officials described this model as including the means to collect not only information on participant satisfaction with training courses, but also information on the extent to which participants had acquired specific knowledge and skills, improved their performance on the job, and contributed to improved business results. The officials stated that the agency had contracted with OPM to help it develop valid measurement instruments for its financial management training efforts in order to pilot its new training evaluation model. The officials also stated that the agency used a central database to track the specific training completed by employees.

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HCFA

HCFA officials stated that the agency generally used end-of-course evaluations to determine the extent to which their training courses improve individual and organizational performance and mission accomplishment. Additionally, the officials stated that the agency developed an annual learning plan process that included a qualitative review of the effectiveness of existing training classes and career development programs. However, the officials also stated that the agency recognized the need for improving its evaluation of on-the-job and long-term impacts of its training courses on employee and organizational performance. As a result, the officials stated that they were working with a contractor to develop additional tools and guidance for evaluating training courses and career development programs. For example, the officials told us that the agency was purchasing a software application that would provide an automated means for conducting customized end-of-course and follow-up evaluations that addressed the value of training and subsequent performance improvements. The officials also told us that the agency had a database to track all employee training that was at least 1 day in length, and that those units that had established a training requirement also tracked the extent to which their employees had completed those requirements.

INS

INS officials told us that their agency evaluated and validated their training and development programs for border patrol agents, investigators, and immigration specialists at several levels. First, the officials stated that INS administered end-of-course evaluations to training participants that allowed them to assess participants' views on the training facilities, materials, and instructors. They also said that INS administered tests and practical exercises as part of its training programs that allowed the agency to make general assessments as to the participants' increase in knowledge or skills as a result of the training. For example, border patrol agents were tested on their physical fitness, marksmanship, foreign language abilities, and reaction times. Finally, the agency officials stated that INS used operations data and feedback collected through periodic surveys and focus groups to determine the effectiveness of training programs in preparing participants to perform specific tasks. While INS evaluated the training and development of its border patrol agents, investigators, and immigration specialists, the officials stated that the agency did not comprehensively evaluate the training and development that headquarters, administrative, and other support staff receive due to staff and resources limitations. INS told us that they used a database to track the specific training completed by its employees.

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State

State officials told us that the agency regularly sought input and feedback from its various units as well as from other agencies that used its training services to determine whether the courses met their training needs and were believed to have improved individual and organizational performance. The officials stated that the agency asked its employees to complete end-of-course evaluations not only for State training, but also for external training they attended. The officials also told us that State's Inspector General was responsible for inspecting and auditing training programs as part of their overall mission. Diplomatic security officials said that they had previously completed long-term course evaluations, but because of downsizing within their training operations, this capability was now limited. To improve the extent to which State can evaluate on-the-job and long-term individual and organizational benefits of training courses on mission accomplishment, the agency was developing methods to obtain post-training assessment data from both participants and their supervisors. The officials indicated that State was also working on explicitly linking training to the agency's mission and strategic goals. The agency used a registration and enrollment database to track internal and external training—a similar, but separate database was used to track diplomatic security agents' training and certifications.

Conclusions

As part of adopting more strategic and performance-based management practices, agencies must be prepared to focus on how best to invest in their people, or human capital, to achieve high performance of their missions and strategic goals. To achieve this high performance, agencies may need to place particular emphasis on the training and development of their employees to ensure that they have the competencies—knowledge, skills, abilities, and behaviors—needed to successfully perform and contribute to agencies' mission-critical activities. To design and implement effective training programs, agencies must (1) identify the competencies needed to achieve their specific mission and goals and measure the extent to which their employees exhibit those competencies; (2) identify training and development needs to be addressed; and once those training opportunities are in place; (3) evaluate the extent to which their programs are actually increasing employees' individual competencies and individual and overall organization performance levels.

Our review of the training programs of DFAS, HCFA, INS, and the State Department suggests that agencies recognize the importance of, and are in the early stages of seeking to improve, their training and development programs using these basic steps. However, these agencies also face a number of challenges that could make the execution and completion of these steps difficult, including a reported lack of staff and resources

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needed to apply the steps across all groups of employees and with sufficient rigor. If agencies determine that additional training resources are needed and they are unable to obtain these resources through the appropriations process, they may need to consider budget neutral options, such as reprogramming resources from other operations accounts, for providing adequate training for all of their employees.

Mr. Chairman and Members of the Subcommittee, this concludes my prepared statement. At this time, I would be pleased to answer any questions you may have.

GAO Contacts and Acknowledgements

For further information regarding this testimony, please contact Michael Brostek, Associate Director, Federal Management and Workforce Issues, at (202) 512-8676. Individuals making key contributions to this testimony included Charlesetta Bailey, Jennifer Cruise, and Thomas Fox.



1640 King Street Box 1443
Alexandria, VA 22313-2043 USA
Tel 800.628.2783 Fax 703.683.8103
www.astd.org

TESTIMONY

OF

TINA SUNG
PRESIDENT AND CEO
AMERICAN SOCIETY FOR TRAINING & DEVELOPMENT

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT
MANAGEMENT, RESTRUCTURING, AND
THE DISTRICT OF COLUMBIA

COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

MAY 18, 2000

Mr. Chairman and members of the Subcommittee, I thank you for inviting me to testify on the subject of training federal employees.

The American Society for Training & Development (ASTD) is a professional association representing 70,000 members in the field of workplace learning and performance. ASTD's members work in more than 15,000 multinational corporations, small and medium sized businesses, government agencies, colleges, and universities. ASTD also has 150 local chapters nationwide.

Through the expertise of our members and our research on company-based training and human capital management, ASTD provides employers, employees, and policymakers insight into the critical forces shaping the workplace of today and tomorrow.

My testimony will cover three areas:

- the competitive landscape driving how organizations compete for talent;
- leading trends in private sector training; and
- recommendations to help the Federal government build and maintain a knowledge-based workforce.

The Rising Importance of Training

The war for talent is a bottom line issue in today's knowledge economy. Workplace learning is becoming the smartest strategic solution to the largest human resource challenge ever facing employers. According to PricewaterhouseCoopers, 70% of Fortune 1000 companies cite lack of trained

employees as their biggest barrier to sustaining growth.¹ For both the private sector and government, attracting, optimizing and retaining talent will require a continuous investment in people.

According to the *2000 ASTD State of the Industry Report*, an annual survey that collects information from more than 500 organizations across the country on the nature of their training expenditures and practices, spending on employer-provided training continues to grow.²

Total training expenditures increased 11 percent from 1997-1998. Organization participants also projected a 14 percent increase in total training expenditures between 1998 and 1999. Companies in the technology sector projected the largest increase -- 30 percent-- during the same period.³

Despite this trend, senior executives recognize that training and career development programs on their own will not be sufficient to give their company an edge in attracting and training the best people. They are simply the price of admission to be a player in the global economy.

¹ *Corporate E-Learning: Exploring A New Frontier*, WR Hambrecht + Co, 2000.

² *The 2000 ASTD State of the Industry Report*, American Society for Training & Development, 2000.

³ Data gathered for *The 2000 ASTD State of the Industry Report* was collected from organizations participating in ASTD's Benchmarking Service in 1999, who provided information on training activities for 1998. The Benchmarking Service consists of a measurement tool and report that allows organizations to benchmark training investments, practices, and outcomes data. Information is collected from more than 1500 organizations. This year's report includes data from 500 of those organizations. Two-thirds of these participants were for-profit companies. The largest industry sector among participants was finance, insurance and real estate, followed by technology and services.

According to our study, "Training Investment Leaders" each spent \$17 million on total training expenditures in 1998 while the average firm spent just \$2 million.⁴ Those firms provided training for nearly 97 percent of eligible employees, at an average of 57.5 hours per employee. The average firm provided training for 76 percent of eligible employees. This amounted to 29 hours of training per eligible employee.

At U.S. Telecom, a computer telephony firm that emerged out of our study as a Training Investment Leader, the average eligible employee participated in nearly 125 hours of training. Depending on the job, new staff members can participate in anywhere from 30 to 90 days of training including intensive sessions with technicians about firm products. In addition to technical training, the company also offers courses on presentations, teamwork, and EEOC requirements.

In terms of courses provided, Training Investment Leaders reported significantly higher spending (23 percent) on training in technical processes and procedures than the average firm, which spent 13 percent.

Among all of the firms in ASTD's study, managerial and supervisory skills, professional skills, and occupational safety were the second most common types of training on which firms spent money. Basic skills, executive development, quality, competition, and business practices were among the types of training on which typical firms spent the least amount of money.

⁴ Training Investment Leaders are defined as those firms from ASTD's Benchmarking Service that ranked the highest in four categories: training expenditures (percent of payroll and expenditures per employee), training hours per employees, percent of employees trained, and use of learning technologies. On average, Training Investment Leaders employed more than 9,036 people at an average annual payroll of \$315 million. The average Benchmarking Service participant employed more than 3,400 people at an average payroll of \$126 million.

However, there has been a recent shift in spending for soft skills training.⁵ According to a new study by WR Hambrecht + Co prepared for venture capital firms, the soft skills training market is growing substantially at a compounded annual gross revenue of 123%. This market is growing at twice the rate of the IT training market and should surpass it by 2003.⁶

While organizations still use various traditional practices to train, from tuition reimbursement to mentoring or coaching programs, they are making tremendous investments in learning technologies. In 1998, Training Investment Leaders spent \$463,000 on average on hardware and software specifically for training while the average firm spent \$101,000.

When we compared our overall data to the Federal government, we found that agency offices were competitive across the board with our average firms. Please bear in mind that our sample of Federal government agencies is small and the offices that did participate in our Benchmarking Service tended to have well-funded and established training programs.⁷

When we viewed ASTD's overall data from a performance standard, training pays off. Those companies reporting improvement in performance between 1997 and 1998 tended to spend more on training, measured both as a percent of payroll and on a per eligible employee basis. In addition, these organizations tended to provide training to a higher percentage of their employees.

⁵ Among the areas covered under soft skills training are communication skills, leadership and general management, human resources, team building, time management, and customer service.

⁶ *Corporate E-Learning: Exploring A New Frontier*, WR Hambrecht + Co, 2000.

This is the third year in a row in which ASTD has found a relationship between an organization's investment in training and its performance in the marketplace. Add this to the fact the organizations continue to increase their training expenditures on a year-to-year basis, and the training-performance link comes into even sharper focus.

Train to Retain

We are also starting to see the link between training and retention. A forthcoming study by ASTD illustrates how seven companies -- Dow Chemical Company, Edward Jones, Great Plains, LensCrafters, Sears, Roebuck & Company, Southwest Airlines, and South African Breweries -- have secured lower turnover rates and higher employee satisfaction as a result of human resource practices and employee career development initiatives.⁸

For example, Southwest Airlines considers employee development the cornerstone of its recruitment and retention strategy, which is viewed as essential for corporate success. Software developer Great Plains succeeds or fails based on the development provided to their workers. Its employees list development as their main reason for staying at Great Plains -- even over salary.

Our analysis of these seven companies revealed that in each company:

- training is supported within the highest levels of the organization;

⁷ The Federal government sample consists of data collected from 14 offices and/or labs within various agencies including, the U.S. Departments of Defense, Labor, Energy, Health and Human Services, and Transportation.

⁸ *Recruiting and Retaining Employees: Using Training and Education in the War for Talent*, ASTD/SHRM Consortium Benchmarking Study, 2000.

- employees are considered one of the primary reasons for business success;
- values, mission, and vision are strongly communicated to potential employees;
- infrastructure has been put in place to support human resource efforts to attract and train employees; and
- competencies have been identified to help employees understand the skills needed to move throughout the organization or into other positions.

When we compared these seven companies to data collected through ASTD's Benchmarking Service, these companies:

- trained more people and provided eligible employees more hours of training;
- spent less per employee, but more as a percentage of payroll on training;
- delivered training more often using learning technologies;
- spent more on technology as a percentage of the training budget;
- spent less on outside training providers; and
- used human performance practices including compensation, work design, training, and performance management practices.

Conclusion

Through our research, we have learned that training is the glue that holds an organization together. It is part of the broader strategy for success that also includes other elements such as compensation and benefits, leadership, work/life balance, and employee growth and career development. Because training is a critical element in an interconnected system of workplace policies and practices created to improve performance, it can not occur in a vacuum.

Given all the private sector data as well as my professional experience in the Federal government, we have three recommendations for government.

- First, there is clearly a war for talent with no end in sight. Cabinet secretaries should be encouraged to bring human capital to the forefront of agency priorities. During the first 100 days of the new administration, each cabinet secretary should convene political appointees and staff in order to develop the strategies for identifying skill needs, building worker competencies, and aligning human capital management policies with performance management principles. This effort would prompt agencies to create early on, the infrastructure necessary to implement mission and policy goals, and demonstrate results.
- Second, good decisionmaking requires good data. Federal leaders need data to understand how their workforce development efforts compare across agencies and industry. All agencies should collect and widely disseminate data on their training investments, practices, and outcomes. They also should use existing benchmarking tools.
- Third, if there is any message that is clear, you must train to retain. Government needs to recognize the value and importance of investing in its employees and set standards to help agencies identify appropriate training expenditures, employee eligibility, hours of training time, and innovative delivery methods.

Finally, the key to preparing a strong workforce is best expressed by the director of training and communications for Wal-Mart. "Training is a vital strategy that can't wait -- to strengthen our people and build our retention. It must happen right here, right now."

That concludes my prepared remarks. I applaud your efforts to focus on training and development. It is an issue that is vital to the success of a strong Federal civil service. I would be happy to provide you with any additional information that you desire and I would be pleased to answer any questions that you may have.



American Federation of
Government Employees, AFL-CIO

80 F Street, N.W.
Washington, D.C. 20001
(202) 737-8700

STATEMENT BY

BOBBY L. HARNAGE, SR.

NATIONAL PRESIDENT
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES,
AFL-CIO

BEFORE

THE SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT
MANAGEMENT, RESTRUCTURING, AND THE
DISTRICT OF COLUMBIA

SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS

ON

TRAINING EMPLOYEES TO BE THEIR BEST

MAY 18, 2000

Mr. Chairman and Members of the Subcommittee: Thank you for providing me the opportunity to testify on the subject of "Training Federal Employees To Be Their Best". The Subcommittee's inquiry focuses on two broad areas. The first is whether Federal workers are being trained appropriately to provide the world-class service that is increasingly demanded by the Results Act and other reform legislation. The second is whether the Federal government's spending on training its workforce, especially high-technology training, is comparable to such spending in the private sector.

It is widely recognized that in an age where information knowledge and changing high-speed skill requirements are key ingredients for a successful workforce to master, successful private sector companies require large training investments in terms of both time and money.

The idea of performing at one's best gets to the issue of organization performance through developing the workforce's skills and knowledge. It implies that desire to build performance capacity over a sustained period, and to re-build it as future demands and mandates warrant. Thus, I am glad to see the Subcommittee looking into a subject that is a positive force for providing the beneficiaries and recipients of Government services with a highly qualified, dedicated, and motivated Federal workforce.

Training of the Federal workforce has traditionally been considered a subject that is off-limits to unions. Any suggestions or proposals involving training have had to be approached on a level of generality that was just about meaningless; anything else was, and is, outside the scope of the collective bargaining law, the 1978 Civil Service Reform Act (CSRA). That is because training is considered management's responsibility, a sub-category of work performance, and any proposal that addresses training in a prescriptive way has been seen as illegally interfering with the management right to assign work. Thus, for most of the post-CSRA period, agencies simply turned a deaf ear to union initiatives that addressed training, its frequency, or adequacy. This is unfortunate because training is a subject on which there ought to be natural alignment between management and labor.

It has been only in the past few years that the Federal government has begun a program promoting labor-management partnerships. It also has acknowledged the increased value of employees in downsized organizations, and has incorporated ways of organizing work which rely on teaming and multi-skilling. With these developments, the time is ripe to make training a subject of active focus, in more than a cursory way, between labor and the Federal government.

Although I would like to have been able to provide hard numbers today, the information available to AFGE about training comes from "bottom up" experiences

rather than as quantifiable data. That puts us in about the same position as the Government. The General Accounting Office also has found out that “[l]ittle data exists on the overall Federal expenditures on training, but the anecdotal experience is that in trying to save on workforce-related costs, agencies cut back on the training investments.”ⁱ The trend line for Federal spending on training, then, is apparently a downward one, even though it could be expected to be increasing because of the smaller Federal workforce and the increased demands put on each worker.

Like a lot of reinvention concepts, it is likely that we’re at a point where the importance of training is not fully understood by Executive Branch agencies, at least not in a strategic sense. The official policy of the Administration may well be to make “lifelong learning” a priority for the federal workforce,ⁱⁱ as OPM Director Janice LaChance has said,ⁱⁱⁱ but the usual practice is still that of sacrificing future performance to the immediate goal of cost cutting, and, in the process, losing the opportunity to get where agencies want to be on their performance by investing in employee development. In this sense, agencies typically continue to talk OPM’s talk. But that’s all. In answer to the Subcommittee’s first area of focus, then, AFGE has not seen a substantive change in the training approaches of agencies, certainly not a change that would signal agencies’ implementation of a transformation program in regard to planned-for skill needs.

Even the President's January 1999 Executive Order 13111, "Using Technology to Improve Training Opportunities for Federal Government Employees", does not require greater investment in training, merely that agencies look at doing it using computerized training programs and perhaps devising a training "account" for individual employees. The Order also requires, as part of its annual budget process, that each agency include a set of goals to provide the highest quality and most efficient training opportunities possible to its employees, and a set of outcomes-based performance measures for training.ⁱⁱⁱ Presumably, training performance measures are to be developed in concert with the skills the agencies need to meet their Results Act plans. Although the Order is only slightly more than a year old, it appears to recognize the strategic value of a well-trained workforce that successful private sector and state government enterprises arrived at earlier.

While those steps make sense, they don't change the fundamental place of training in the management universe, which is to bring employees into the workplace, give them initial instructions about their work, and let them learn-on-the-fly after that point. Thus, there is an immediate need to commit more to training than is usually the case.

I'm not advocating spending more money on training for the sake of spending it; but I am advocating spending whatever money is necessary to transform training from just one more expense item to the capital investment priority it clearly is.

In preparing for today's hearing, I thought about the general state of training and have concluded it cannot be assessed in isolation. Training, as one part of human capital management, has to be looked at in the context of strategic planning and real-world results. The Comptroller General told this Subcommittee on March 9 of this year that private firms with successful human capital management have integrated it with both their strategic planning and their day-to-day business management.^{iv} They measure effectiveness of human capital policies against their organizational missions and goals. Government reform experts have called human capital management the third leg of the success of results-oriented, customer-driven performance, equal in priority to financial management and information technology.

Yet, according to 1999 testimony by the General Accounting Office,^v most major agencies' fiscal year 2000 annual performance plans that were prepared under GPRA did not sufficiently address how the agencies would use their human capital to achieve results. There is a lack of connection between how agencies conceive of training today, and how it will have to be given more priority in the Federal service of the future. My answer to one area of the Subcommittee's inquiry is that there is no comparing how a lot of Federal agencies and high-performance private enterprises invest or fail to invest in training their respective workforces. For the Federal government, it is still not natural to think in terms of maximizing the most

important resource in the organization; it's more natural still to think "where can we cut the training budget further?"

Recent statements of the Comptroller General mirror AFGE's experiences as to the need to reshape the role of training. Many times AFGE has seen possible solutions to agency problems evaporate because the wrong people were at the table representing agency management, and there was no chain of accountability between the bargaining table and the head of the agency. Although these instances are not limited to disputes involving training, downplaying training and discounting union involvement in decisions about it are examples of the systemic mistake of thinking training is "just" an employee concern.

The easy way out, which has happened far too frequently, is to slough off this "employee concern" as being too unimportant to the agency to warrant changes to the agency's training priorities or labor relations game plan. Rather, agencies have too often adopted the position that any problems employees raise should be kept under wraps at a low-level administrative unit that has no responsibility for overall agency performance. That approach has official support in fewer agencies today than before the Results Act triggered rethinking agency performance outcomes, but the more difficult challenge will be to convince Federal agencies that training has to be treated with the same day-to-day priority as do financial reform and information technology.

Labor-management partnerships are a logical place to start fixing training. As is well-known to Chairman Voinovich, in Ohio, the Quality Services Through Partnership Program is in full swing, and a part of the state employees' labor agreement is a Workforce Development Fund. The QSTP and the bargained-for funding of training complement each other to produce both qualified employees and effective work systems that are essential to statewide quality improvements. With a lot of focus on technical training, especially in information technology, it's noteworthy that the Ohio approach makes a Leadership Skills Workshop available to all employees regardless of their occupational field.

In my view, Ohio's quality of government program, including joint labor-management oversight of employee training, ought to be a guide for the Federal government. The practice of looking at training and cooperation as resource management issues rather than a cost-cutting opportunity, needs to be given an active boost in the Federal sector, and the Administration's Executive Order on training is a first step that might well have gone much further.

In closing, I have suggestions for the Committee's consideration regarding steps that can be taken to improve training in the Federal government as a means to high performing organizations.

To address the natural inclination of agencies to hold on to narrow views about the role and priority of training, they should be required to show in their Results Act plans and reports how training, as an input to organizational outputs, supported or failed to support the outcomes that the agency promised to Congress and the American people. Just like any other capital investment, workforce investment, of which training is an essential part, should be expressly included, as an integral part, in each agency's strategic plan. This requirement is fairly conservative; after all, agencies should already be looking at the ways they will meet their performance obligations, and one way is to perform work using a highly-skilled workforce. Failing to provide the right amount and kind of training is incompatible with managing for results. But this requirement would go a long way toward institutionalizing the concept of investing in workers.

Second, the contracting out of government services should be recognized for what it is: a short-term fix that undercuts the stable, results-oriented workforce that validates the concept of workforce investment. The highly-successful enterprises the Results Act is forcing onto policy analysis agendas depend on a civil service comprised of Federal employees. AFGE has been very vocal in opposing wasteful spending on privatizing the work of Federal workers. But beyond the high financial cost of privatizing, the objective of providing Results-oriented customer service is at risk when an agency's performance outcomes depend on a workforce that is not highly-trained, motivated and committed to the agency's missions. In terms of

training, a Results-oriented development approach to Federal employees is jeopardized by privatizing to a contractor workforce that is not adequate to perform at the highest possible levels.

Thank you for the opportunity to address the Subcommittee, and I would be glad to respond to any additional points you may have.

ⁱ Managing Human Capital in the 21st Century, GAO/T-GGD-00-77, Statement of David M. Walker, Comptroller General of the United States, page 4.

ⁱⁱ Managing Human Capital in the Twenty-First Century, Statement of Janice R. LaChance, Director, U.S. Office of Personnel Management, before the Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia, March 9, 2000, page 4.

ⁱⁱⁱ Executive Order 13111, Using Technology to Improve Training Opportunities for Federal Government Employees, Sec 3.(1)

^{iv} Managing Human Capital in the 21st Century, GAO/T-GGD-00-77, Statement of David M. Walker, Comptroller General of the United States, page 9.

^v Management Reform: Continuing Attention Is Needed to Improve Government Performance, GAO/T-GGD-00-128, page 8.



611 East Wisconsin Ave.
P.O. Box 3005
Milwaukee, WI 53201-3005
414-272-8575
Fax 414-272-1734
800-248-1946

Testimony of
Thomas J. Mosgaller
Vice President, American Society for Quality

Before the
Subcommittee on Oversight of Government Management, Restructuring,
and the District of Columbia

Committee on Governmental Affairs
United States Senate
May 18, 2000

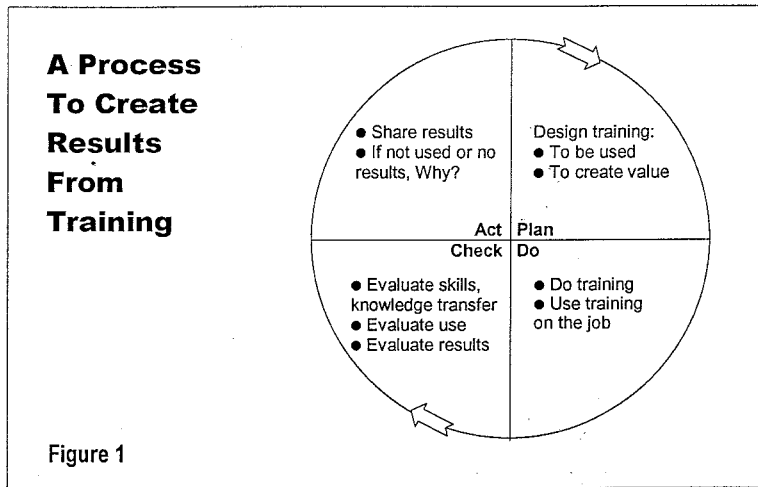
"Training Federal Employees to Be Their Best"



The experience of the American Society for Quality (ASQ) suggests that, rather than focusing on developing a training delivery system, the federal government ought to focus on adopting a performance improvement system. A performance improvement system that incorporates training efforts and in which training is tightly focused and purposeful. In which the aims are to make sure that training is actually used on the job and which leads to the achievement of beneficial, measurable results for the agencies receiving the training. This is one of the thorniest problems in the area of training today, and it is shaping the approaches being adopted by world-class organizations in the private sector.

Many of these organizations look to the criteria and values of the Malcolm Baldrige National Quality Award to provide an overall framework for performance excellence that guides their actions—including their approaches to training and development. By approaching their training activities from a similar performance excellence and best practice perspective, the federal agencies that pay for these activities (and the Congress that provides oversight) can best assure that they are getting value from the training efforts.

At the heart of this approach is the familiar Plan-Do-Check-Act (PDCA) cycle, which is both a key element in the Baldrige framework and a driver of improvement activities in the private sector. A model depicting how this performance improvement cycle applies to training-related performance improvement is shown in Figure 1.



The Model: A Process to Create Results from Training

The training design phase is depicted in the upper right quadrant of Figure 1—the “Plan” stage. The needs of the organization are taken into account in the design of training. Two key criteria guide this phase: 1.) The training must be used on the job, and 2.) Once used, the training must create value for the organization. “Value for the organization” might be cost savings, enhanced process efficiency, improved customer/client/constituent satisfaction—anything that the organization determines to be a strategically beneficial result.

This model assumes that the organization has determined that training is the appropriate approach to a particular performance excellence problem or opportunity. However, training is only useful where the cause of performance deficiencies is a lack of skills or knowledge. If individuals can perform particular tasks under any circumstances, then there is not a gap in the knowledge and skills required to meet a particular challenge, and approaches other than training—such as revised management methods or system redesign—need to be considered.

The next phase of the cycle (the “Do” phase) consists of not only conducting the training itself, but also the follow-up to put the training to use on the job. Breakdowns frequently occur at this point, that is, in failure to make the transition from the delivery of training to putting it into use. The training has to be applied quickly because it is well known and documented that learning that is not used decays very quickly. It is not uncommon to encounter estimates that only about one-fifth of the material presented in training courses is used on the job a month later; this corresponds to documented, classic research studies on memory retention showing that the percentage of material remembered drops from 54% after one day from the first learning down to 19% after 28 days from first learning.

Much training is wasted because it is never used. People go through expensive and time-consuming training, then go home and put the manuals on the shelf, never to be used again.

The “Check” phase of the cycle is where measurement comes into play. This is a weak link for many organizations. Many go no further than the most rudimentary tallying of the number of training sessions held or numbers of employees receiving training. Others evaluate the skills attained and knowledge transfer accomplished as a result of the training, but fail to take it further by evaluating whether the training is put to use and whether it leads to desired results. This is the most critical linkage. If an organization—a private-sector firm or a federal agency—possesses a clear strategic direction, it can link individual development with overall direction and measure whether the investment in training and development is moving the organization closer to desired strategic objectives.

Also important at this stage is an evaluation of the actual benefits of the training vs. the actual cost. This analysis cannot be done without an understanding of the ways in which the training led to the desired results.

Finally, in the “Act” phase, results achieved from the training are shared with other appropriate people in the organization and the maximum impact of the training is realized. If the training has not been put to use, or if satisfactory results have not been achieved, an attempt to understand why is made at this point. Knowing why permits adjustments to be made to the training process, which prepares the organization for the next iteration of the cycle.

These activities complete the learning cycle and position the organization to repeat the cycle in an upward spiral of continuous improvement.

Environment for Change

In order for this process model to be applied effectively in the real world, there must be an environment that will make change work for the organization. Best-in-class companies and other organizations—whether for-profit or not-for-profit—invariably possess a social structure that supports the learning and the change dynamics that come about from the learning. Supervisors, change agents, and experts within the organization are actively involved as mentors who promote sharing of the learning. They also teach others about the training systems in place.

Such an environment confers several advantages. It favors the adoption of development plans for individuals in which specific competencies are required to achieve desired performance and results. It helps individuals answer the question, “Why do I need to learn this?” Under these circumstances, learning tends to have more value.

Real learning happens not in the classroom but in the workplace, where competency has to be demonstrated and ultimately conveyed to others. Performance-based development means building systems of learning where planning, exposure to new knowledge, practice, coaching, and ongoing improvement is the norm. When all of these elements come together, the result is a self-supporting and self-reinforcing learning system.

Applicability to Training in the Federal Government

The process described here, and the practices it entails, are entirely compatible with training in the federal government. At each step in the PDCA cycle, the federal agency makes key determinations that govern how the process will be applied in its specific situation.

What are the agency's mission-critical objectives that need to be reinforced through training efforts? What are the specific customer/client/constituent satisfaction issues that need to be addressed through training? Which of these needs, if satisfied, would create the most value for the agency? These are the questions that help the agency prioritize its training efforts. Then, once the value-adding training activities are identified, the agency assesses its skills and knowledge capabilities to see what gaps need to be filled through training, and it designs and carries out targeted training activities. Having progressed through these initial stages of the PDCA cycle, the agency discovers that appropriate and meaningful measures for evaluating use of the training and results of the training will suggest themselves. The agency's managers are in the best position to then see to it that the training is used and the results shared throughout the organization. It is the agency that determines what are the valued results it wants to emphasize through its training efforts.

Summary

To summarize key points related to best practices and training:

1. Genuine needs of the organization form the basis for effective training.
2. Design the training and the organizational support systems to achieve a high rate of use on the job.
3. Design training and organizational support to ensure that beneficial results flow from use of training.
4. Evaluate actual benefits vs. actual cost.
5. Management's responsibility is to design the systems that encourage use of training on the job in order to create value.
6. Use training only where a lack of skills and knowledge is the underlying reason for a performance shortcoming.
7. The criteria and values of the Malcolm Baldrige National Quality Award describe a system that is compatible with training for performance excellence, and the Baldrige winners provide excellent private-sector training and development examples for federal agencies to emulate.

Because so many organizations do not follow through to question whether the training is being used, ASQ has begun to ask this question of the people who come to us for training. We follow up promptly with individuals who take our courses and query them about their application of the materials they learned and acquired. We realize it is the primary responsibility of the employing organization—the organization that

authorizes and sends its employees to outside training providers--to make sure the learning is applied. Nevertheless, we acknowledge that as a training provider we are not doing everything we can if we have not structured our courses and training materials in such a way as to encourage and promote their immediate and continuing application in the work setting.

The process described here is proven to work for leading private-sector firms, including many Baldrige Award winners. It is entirely applicable to federal agencies. Furthermore, in pursuing this approach, the federal agencies have the added advantage of being able to learn from the trials and experiences of private-sector organizations.

A transformation is occurring in the private sector, proving that we can, in fact, use the tools and methods of quality improvement to design training that is more effective, less wasteful, and more supportive of the strategic aims of the organization. In other words, training that creates value rather than destroys value.

The American Society for Quality encourages this Subcommittee to use its oversight role to help bring about a similar transformation in the training strategies of the federal agencies.

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About the American Society for Quality

The American Society for Quality (ASQ) advances individual and organizational performance excellence worldwide by providing opportunities for learning, quality improvement, and knowledge exchange. With more than 120,000 members employed in both the private and public sectors, ASQ is the world's largest association of individuals involved in the management and technical aspects of quality improvement. In addition to its extensive publishing, certification, standards, and training activities, ASQ administers the Malcolm Baldrige National Quality Award for the National Institute of Standards and Technology. ASQ has provided its expertise on numerous occasions to advise Congressional committees and governmental commissions on matters related to quality.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Statement of

The Honorable Deidre Lee
Acting Deputy Director for Management
Office of Management and Budget

Prepared for
The Subcommittee on Oversight of Government Management,
Restructuring, and the District of Columbia
Committee on Governmental Affairs
United States Senate

George V. Voinovich, Chairman

May 18, 2000

Thank you for the opportunity to express OMB's views on the important topic of training Federal employees.

In recent years, the Administration has worked with the Congress to increase the opportunities for training of all American workers. The President has repeatedly noted that, in order to participate in the new economy, we must train and retrain to develop new skills. We have made real progress, though this is a task that will never be complete. For example, the FY 2001 Budget proposes nearly \$7 billion for workforce development programs, an increase of over 86 percent from 1993. In 1998, the President signed the Workforce Investment Act, fundamentally reforming the Nation's job training system. Other initiatives increase opportunities for youth and prepare workers for the 21st century. These programs provide resources at the Federal level, but are implemented and managed on a decentralized basis.

The Federal government has undertaken comparable efforts within its own workforce. Like the nation's workforce as a whole, the Federal workforce must respond to changes in technology and in the way government delivers its critical services. This will remain a long-term challenge for the Federal government. And, like the nation's larger workforce development efforts, Federal training programs are implemented on a decentralized basis. There is no one "line item" in the Federal budget for employee training. Rather, funding for a given agency's training programs is determined by the Agency head and included as part of its overall agency budget for human resources management.

We have long recognized the tremendous importance of the Federal government's workforce in providing services and resources that the American people care about and have come to expect from their government. Over the last seven years, the Administration has made significant efforts to improve our management of and support for our own human resources. Our Statement for this Committee's hearing on March 9, 2000 described some of the actions this Administration has undertaken to help agencies meet the challenges facing them, as they meet increasingly complex demands for services, plan for an aging workforce, compete for talent with the private sector, and keep up with the ever-changing face of technology innovations.

“Training Federal Employees to Be Their Best”

To help agencies meet these challenges, this Administration has strongly encouraged agencies to re-engineer their organizations and retrain their workforces. This reengineering will help agencies focus on the primacy of providing their customers -- the American people -- services that they need and demand. As agencies continually reevaluate themselves in an effort to improve performance, the competitive civil service system, which covers over three-fourths of the Federal workforce in nearly all Executive Branch agencies, must keep pace with their needs. Agencies need flexibility to reconfigure, re-engineer, realign and retrain their workforces in order to meet mission needs in a manner that best suits their current and future management requirements. Rather than developing individual human resource solutions one agency at a time, we are developing comprehensive approaches to provide tools from which agencies can choose.

Over the past several years, and under the leadership of the Office of Personnel Management (OPM), the Administration has developed a number of tools either administratively or as legislative proposals to provide increased flexibility for agencies to hire, compensate, reward, train, and manage their workforce. These proposals have attempted to strike a balance between the competing need for flexibility and consistency across the government. New or expanded workforce development and training tools are among those offered.

Both OPM and OMB recognize that, to be effective, human resource programs cannot be “one size fits all.” This realization was central to the reconfiguration of OPM’s own mission and goals. OPM’s mission now states that OPM will support the Federal government’s ability to have the best workforce possible to do the best job possible. It recognizes that human resources programs, including training and development, are becoming more decentralized, and thus require more flexibility. This flexibility helps accommodate the array of skills, competencies, and job knowledge of individual employees, which is becoming increasingly diverse across Government and within individual agencies.

Providing Guidance & Oversight to Agency Activities

Both OPM and OMB provide flexible authority for Federal agencies and exercise general oversight of agency implementation of these authorities. In the past, we have worked informally with the agencies as they develop the strategic plans and annual performance plans required under the Government Performance and Results Act (GPRA). This year we will include within the budget planning guidance issued in OMB Circular A-11 instructions for agencies to align their Federal human resources to support agency goals contained in the President’s budget and to provide training opportunities to employees. These instructions are consistent with the requirements of Executive Order No. 13111, “Using Technology to Improve Training Opportunities for Federal Government Employees”, issued in January 1999.

Human Resources as a Priority Management Objective

As we also noted in our Statement for your March 9 hearing, this past year we established a new Priority Management Objective in the President’s FY 2001 Budget that strives to ensure human resources management supports agency goals. This PMO seeks to ensure that Federal

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agencies plan strategically to maximize performance of their workforce. Training is an integral part of this process. Our three PMO strategies for achieving this objective are:

- (1) OPM will help agencies strategically assess their human resources to ensure a quality Federal workforce in the 21st Century.
- (2) OPM will help agencies create and maintain labor-management initiatives that will empower executives, line managers, and especially employees to improve customer service and get results.
- (3) Through outreach, training, and education programs, OPM will encourage agencies to make better use of current flexibilities in existing human resources policies, regulations, and systems, and other tools now available.

More recently, we have added a fourth key component:

- (4) OMB will undertake actions to reinforce OPM’s plan and to highlight direction given by the President in a Presidential Memorandum currently under development, “Actions to Further Improve the Management of Federal Human Resources.”

By ensuring that OMB, in its budget and management oversight role, is a key partner, we believe we will get results more clearly and quickly.

These PMO objectives are based on four premises. These premises have evolved over time with our experience with reinvention, implementation of the Government Performance and Results Act (GPRA), and other actions. They are:

- (1) People are critical to achieving Government results. We must pay more attention to the strategic management of this vital asset at all levels in our organizations – not just at the top or in Human Resources (HR) units.
- (2) Strategic HR means that line executives and managers need to understand the strengths and weaknesses of their workforce, what their workforce needs are, and how to align their resources with agency mission, goals, and objectives, as described in GPRA strategic and performance plans.
- (3) These agencies and managers need effective strategies to recruit, hire, manage, train, develop, reward, and retain a workforce capable of producing results, and they need easy access to HR expertise that will support them.
- (4) The strategic goal for FY 2001 should be to ensure that agencies have access to and use all the flexible human resources policies, systems, and expertise necessary to support these objectives.

“Training Federal Employees to Be Their Best”

OMB Evaluation of Agency Training Requests

As noted earlier, OMB reviews each agency’s budget individually, because the vast diversity of needs and demands on personnel across the Federal government make a one-size-fits-all approach undesirable. A decentralized approach permits flexibility for agencies to tailor their training to the needs of employees who perform a diverse range of tasks, which can vary widely even within a particular agency. Current law (5 U.S.C. 41) and OPM regulation require that agency heads be responsible for determining the training needs of their workforces, and plan, budget, implement, and evaluate training necessary to meet agency mission goals. When agency heads present their budget submissions to OMB or to Congress, training resources are included in the overall request levels for personnel compensation; there usually are not separately identified “training budgets,” which tend to be a small part of an agency’s total budget. Our program examiners review agency resource requests to ensure that funding is adequate to support the agency’s mission, goals and plans. In addition, OMB Circular A-11 requires some specificity on training plans and training funding requests as part of an agency’s Capital Asset Plan for major information technology investments.

In instances where an agency proposes major training investments, or where an agency is making significant changes to realign and retrain its workforce to meet new mission requirements or goals, we scrutinize training investments more intensely. OMB pays particular attention to agency proposals when there are specific or unique needs. For example, OMB played a significant role in developing the following agency proposals:

- The Federal Aviation Administration (FAA) invests significant funding in both initial and recurrent training, since a thorough understanding of FAA regulations, procedures, and systems, as well as maintenance of technical skills, is critical to ensure the safety of the national airspace system. In support of FAA’s training efforts, the Administration has submitted a request for FY00 supplemental funding which includes \$4.7 million for air traffic controller training. The FY01 Budget continues our commitment to a well-trained workforce by requesting over \$40 million for air traffic controller training. The FY01 Budget also includes significant increases in other types of training -- an additional \$11 million for training of technicians who maintain the air traffic control systems; an additional \$12 million for safety inspectors who monitor air carrier/general aviation operations; and an additional \$1.8 million for certification inspectors who ensure that FAA safety regulations are followed during the development of new aircraft.
- The Department of Veterans Affairs (VA), Veterans Health Administration, continues its major, long-term investment (\$777 million in FY 2001) in educating and training health professionals through partnerships with affiliated academic institutions. The Veterans Benefits Administration is continuing to provide employees comprehensive training and performance support to improve disability claims processing, and the VA Learning University, a collaborative effort among all VA administrations and offices will provide training opportunities to all employees using the latest technology innovations.
- The Social Security Administration’s (SSA) FY 2001 budget request contains investments in two specific training initiatives: (1) Interactive Video Teletraining, which provides a cost-effective alternative to traditional classroom training using a satellite video network and an interactive distance learning response system. This combination creates a virtual classroom

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that allows the instructor to be in one place and the students in hundreds of different places. Interactive teletraining with employees at their work sites (and eventually at their personal computer workstations) reduces Agency costs and provides for more timely delivery of training, consistency in the subject matter content, and convenience for the employee. SSA is planning to spend \$4 million in FY 2001 on this initiative, primarily related to automation costs. (2) Leadership Training and Career Development programs, which are designed to provide the managers of tomorrow with the knowledge and skills necessary to lead and shape SSA's programs in the 21st century. SSA is planning to spend \$3.6 million for these programs in FY 2001.

- OMB provides a wide variety of training opportunities for its examiners and analysts, administrative staff and managers. Consistent with the goal of improving the development of OMB's human resources stated in OMB's strategic plan, the FY 2001 budget requests \$332,000 for such purposes, an increase of more than 30 percent over our FY 2000 estimate, and more than double our FY 1998 spending.

The President's Task Force on Federal Training Technology

The President signed Executive Order 13111, Using Technology to Improve Training Opportunities for Federal Government Employees, on January 12, 1999. The Executive Order created the President's Task Force on Federal Training Technology, co-chaired by the Director of Personnel Management and the Assistant Secretary for Administration and Management of the Department of Labor, and tasked it with developing policy recommendations on making effective use of technology to improve training opportunities for Federal government employees and with developing options and recommendations for establishing Federal Individual Training Accounts for Federal workers.

The Task Force has brought together representatives from Executive Departments and Agencies, as well as representatives from related Federal councils, to focus on various facets of training and training technology including: individual training accounts, procurement issues, training software standards, and financial investments in training. I am sure that you will hear much more about the work of the Task Force in OPM's testimony at today's hearing.

Summary

The Administration agrees with the Subcommittee that employee training is critical to better management and improved service delivery to the taxpayer. The President has focused attention on this issue through the designation of a PMO and the issuing of an Executive Order. This must necessarily be a process that relies on agency initiative, with OPM and OMB providing guidance and general oversight. OMB reviews training in the context of an agency's overall budget request, mission, goals and plan. We have taken specific steps to help agencies that have special needs. We will continue to assist agencies in ensuring that agencies develop training that equips their employees to meet the demands of the 21st Century.

We appreciate the Subcommittee's interest in this issue and would be happy to work with you if and as you develop legislative or other proposals. Thank you.


AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO

80 F Street, N.W., Washington, DC 20001 • (202) 737-8700
 FAX (202) 639-6490 • <http://www.afge.org>

Bobby L. Harnage
 National President

Rita R. Mason
 National Secretary-Treasurer

Kitty A. Peddicord
 Director, Women's
 Fair Practices Departments



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July 28, 2000

Honorable George V. Voinovich
 Chairman
 Senate Subcommittee on Oversight of
 Government Management, Restructuring,
 and the District of Columbia
 601 Hart Senate Office Building
 Washington, D.C. 20510
 Attention: Andrew Richardson

Dear Senator Voinovich:

Thank you for providing me with the opportunity to further address for the record certain issues raised in the Subcommittee's hearing, "Training Federal Employees to be Their Best." I imagine there would have been more direct testimony on those issues but for the premature closing of the hearing. In any case, the following responses correspond to the issues as stated in your letter of June 27, 2000.

1. Should the Federal Government devote greater resources to employee training?
 Yes. Agencies do not identify post-hire ongoing training separately from other items in the "Salaries and Expenses" budget item. Training, as an integral part of strategic development of the workforce in its entirety, remains unrealized while other S&E items are given actual priority. Thus, training takes on a "do the best we can with what we have" mien, and the concept of development of the entire human resource asset base is not implemented. Once the numbers get crunched, so do training funds for ongoing in-service training. Just as the umbrella concept of reinvented government requires building capacity, rather than managing issues by regulating them and thereby assuming victory over them, training as a human capital issue can have analogous policy advantages. Putting more resources into training that builds capacity is a first step and should replace the current practice of training for minimal competency.

I do not downplay the value of technical or specialized training that I characterize as "minimal"; some agencies are doing that limited training very well. In our experience, agencies do better at providing training, within current resource limitations, where the training is customary under an industry standard (such as

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when a certification is required); or, where an internal skill set has been identified by the employing agency as a prerequisite to basic performance in an entry level position that could not be obtained except in a structured training program. But such narrow training does not begin to equip an agency to transform itself through development of the workforce.

2. Has AFGE identified a benchmark for training budgets as a percent of payroll that it believes the government should aim for?

The ultimate goal should be transforming the organization from meting out training in the minimum possible circumstances, to making training available enough that it becomes a necessary component of high-performance work.

The General Accounting Office has reported that successful private sector enterprises spend several times more on training than is customary in the federal government. Whether or not exact parity with those enterprises is targeted to assure the optimal level of funding, multiplying training budgets several times above current levels is a reasonable and needed boost, and a visible icon of organization change. For that reason, a parity benchmark with the high-performance organizations GAO identified should be targeted as a baseline resource amount.

3. OPM has undertaken the Individual Learning Accounts training initiative, which is currently a pilot program in 12 agencies. What is [AFGE's] opinion of the Individual Learning Account concept?

The Office of Personnel Management's bases its version of ILAs on OPM's role in executing Executive Order 13111, *"Using Technology to Improve Training Opportunities for Federal Government Employees."* The concept is broad and emphasizes flexibility through self-directed planning of training. To that extent, the ILA concept is consistent with adult learning and should improve the worker's access to and interest in in-service training.

For the ILA concept to succeed, several concerns should be addressed, in addition to the lessons learned from the pilot programs OPM will be evaluating in the near future. Where a labor union represents agency employees, all aspects of the design and implementation of ILAs should be determined jointly, i.e., through partnership or through collective bargaining.

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ILAs should be established in terms of dollars and time. They should be employer-funded. Every individual in an agency should have equal access to ILA resources. Each agency should include the ILA tool in its unified accountability reporting to Congress, including: the specialized or universal training objectives established for the agency; the procedures used to fund, administer, and evaluate ILAs; and the results of the ILAs in terms of short-term and strategic workforce development.

Probably most obviously, a value change is needed and should be highlighted through ILAs. The boundaries for employees should no longer limit training to enhancing skills needed in their current job; rather, training through an ILA should be broadened to include preparing the employee for any work the agency does or will do. Training also should be encouraged that prepares the employee for the content challenges of the work (technically-oriented training), and for the transformational challenges of the workplace that include empowerment and leadership.

4. Federal agencies currently do not have a separate line item for training budgets. What does [AFGE] think would be the effect of mandating that Federal agencies have a separate line item for training budgets?

I believe that prescribing a budget line item for training should be part of an overall mandate to use training strategically. Simply "breaking out" training, without linking increased spending to a strategic outcome(s) need of the employer, is not acceptable. And, any mandates should be accompanied by increased agency budgets that permit them to carry out the new mandates instead of "eating" the additional costs. Agencies already are having to do much more with much less; at some point, capacity building requires doing more with more so that adequate resources exist for performing new, essential functions such as strategic workforce training.

Sincerely,



Bobby L. Harnage
National President

ASTD

RESPONSES TO QUESTIONS ON:

"TRAINING FEDERAL EMPLOYEES TO BE THEIR BEST"**SENATE SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT,
RESTRUCTURING, AND THE DISTRICT OF COLUMBIA****1. What do the best private sector companies spend on training as a percent of payroll?**

According to the *2000 ASTD State of the Industry Report*, an annual survey that collects information from more than 500 organizations across the country, companies identified as Training Investment Leaders spent roughly \$17 million each on training, which accounted for 3.6 percent of payroll. The average Benchmarking Service firm spent \$2 million on training, which accounted for 2.0 percent of payroll.¹

In addition, industries spending the most on training as a percent of payroll included transportation and public utilities; finance, insurance and real estate; and technology. Those spending the least were from the trade, government, and health care sectors.

2. Should the Federal government devote greater resources to employee training?

The Federal government needs to devote greater resources to employee training. Continuous investment in people is necessary to attract, optimize, and retain talent. In today's knowledge economy, workplace learning is becoming the key strategic solution for all employers facing human resource challenges.

It also is critical that Federal agencies collect and widely disseminate data on their training investments, practices, and outcomes. Federal leaders need valid data in order to make decisions and understand how their workforce development efforts compare across agencies and industry.

Benchmarking tools exist to help government understand the effects of training. For example, ASTD's Benchmarking Service obtains data from 14 Federal government offices and labs within

¹ Data gathered for the *2000 ASTD State of the Industry Report* was collected from organizations participating in ASTD's Benchmarking Service in 1999, who provided information on training activities for 1998. Training Investment Leaders are defined as those firms from ASTD's Benchmarking Service that ranked the highest in four categories: training expenditures (percent of payroll and expenditures per employee); training hours per employee eligible for training; percent of employees trained; and use of learning technologies.

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various agencies with leading training programs. The Benchmarking Service consists of a measurement tool and report that allows organizations to benchmark training investments, practices, and outcomes data.

Finally, government should set standards to help agencies identify appropriate training expenditures, employee eligibility, hours of training time, and innovative delivery methods.

3. Is government making the investments in high-technology training that will allow it to undertake the type of workplace transformation occurring right now in the private sector?

Government must continue to invest in high-technology training. The worldwide lack of IT workers is a critical concern as is competition for the most talented employees. The Bureau of Labor Statistics estimates that this year, 65 percent of the labor market will be required to possess high-tech skills.²

While the New Economy has produced a strong demand for workers with technical skills, the relentless pace of technological change has created a strong demand for workers with soft skills, which include the ability to learn, communicate, operate in teams, function in diverse, virtual environments, and lead. According to a study by WR Hambrecht + Co, the soft skills training market is growing at twice the rate of the IT training market and should surpass it by 2003.³

Consequently, the Federal government must not only look to increase high technology training but examine carefully what competencies are needed to ensure that agencies run effectively now and in the future. Agencies also must measure the extent to which all employees have the requisite knowledge and skills to achieve the agency's mission and goals.

Lastly, training should be incorporated into the broader strategy for success that includes compensation and benefits, leadership, work/life balance, employee growth and career development.

4. OPM has undertaken the Individual Learning Accounts training initiative, which is currently a pilot program in 12 agencies. What is your opinion of the Individual Learning Account concept?

Individual Learning Accounts may serve as a key program for fulfilling individual learning needs by promoting personal choice and responsibility. However, for the accounts to be successful, there must be clarity on how people qualify or receive their accounts and how the accounts will be administered and monitored.

² Help Wanted 1998: A Call for Collaborative Action in the New Millennium, Information Technology Association of America and Virginia Polytechnic University, 1998.

³ Corporate E-Learning: Exploring A New Frontier, WR Hambrecht + Co, 2000.

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Furthermore, efforts to create such accounts must address usability. The education and training marketplace is growing exponentially, which creates a challenge for learners attempting to identify the best services and providers. Workers at all levels must have solid information to become smart buyers.

Consideration also should be given to allowing the accounts to pay for assessment, career coaching, and mobility in addition to training. Such a broad approach would address and support the need for people to develop comprehensive approaches to lifelong learning in the broader context of the business strategy and results.

5. Federal agencies currently do not have a separate line item for training budgets. What do you think would be the effect of mandating that Federal agencies have a separate line item for training budgets?

A separate line item for training budgets would be helpful in addressing the Federal government's need to generate accurate information on training investments and expenditures. However, if training and development are going to be a priority for the Federal workforce, then this line item should not be eliminated in times of cost cutting, particularly when agencies make the commitment to improve performance by investing in human capital.