



NATIONAL ACADEMY OF PUBLIC ADMINISTRATION

1600 K Street, N.W., Suite 400
Washington, D.C. 20006

TEL: (202) 347-3190 FAX: (202) 223-0823
INTERNET: www.napawash.org

June 28, 2017

Contact: Betsy Holahan bholahan@greatpointstrategies.com

National Academy of Public Administration President and CEO Terry Gerton's Remarks at the Potomac Forum

WASHINGTON, DC – National Academy of Public Administration President and CEO Terry Gerton spoke at the Potomac Forum on June 28th. The following are her prepared remarks:

Good morning! It's my privilege to be with you today, and to kick off what promises to be an incredibly useful and practical agenda. You've got a powerful line-up of experienced leaders ahead of you, and you will, I'm sure, leave here with new tools and techniques to help you deal with these very challenging times.

When budgets are uncertain, administration priorities are still in flux, trust in government is generally low, and rumors abound, getting the most out of your workforce can be difficult, to put it mildly. Your agencies have just been through a hiring freeze, and the resulting vacancies may not be where you want them. Potential budget cuts mean even more limitations on travel and training, especially for professional development; that has a negative impact on your staff's morale and also on your ability to accomplish your mission. Workers are stressed—there's more mission for less staff, and political tension and uncertainty wear them down. Add to these conditions new technology that is changing work patterns and processes in unpredictable ways, and you've got a recipe for disaster.

This is not just a federal problem: according to a recent nationwide study conducted by *Route Fifty* and the Government Business Council, state and local government employees say addressing workforce needs is the most pressing concern for their organization. Ninety percent of respondents consider human capital issues to be a challenge for their organization, and only 41 percent believe their organization is prepared for the coming retirement wave of Baby Boomers. But, these problems at the state level mean that there's no one to pick up the slack for poor performance at the federal level.

And now, all federal agencies are being asked to fundamentally reconsider every mission they perform; determine whether they should continue to perform it; if so, recommend ways they can do it better, faster, and cheaper; and if not, eliminate that mission and

reduce staff and costs accordingly. So, while getting the most out of your federal workforce might be as hard as it has ever been, it has never been more critical.

Because you are leaders in your organizations and agencies, your approach to this situation is equally critical. Do you see this situation as a blessing or a curse? Is it an opportunity or an obstacle? How you approach today's circumstances will have a tremendous impact on how your staff members approach the same circumstances, and in turn, how well your organization accomplishes its missions for the people of America.

I want to suggest to you that what you're facing today is a manageable problem, and that if you manage it well, you and your staff and your organization can all come out on the other side stronger, better, and more efficient. This is not just my idle wishing on your behalf. I lived through a very similar situation when I was the Comptroller and Executive Deputy for Army Materiel Command and we were executing the requirements of the 2005 Base Realignment and Closure (BRAC) statute. The Army strategy was to use BRAC as an opportunity to streamline installations, enhancing their value to the military through transformation, rebasing overseas units, and supporting joint operations and functions. The end result of the strategy was to reduce costs and reinvest those savings in the service's long-term infrastructure. The Army also synchronized BRAC with organizational transformation. It helped move the Army from brigade-centric to modular forces, enabling it to be more ready and flexible to meet future defense missions. Does any of that sound similar to the guidance in EO 13781 and OMB Memo 17-22?

At that time, Army Materiel Command (AMC), commanded by a four-star general, was headquartered nearby at Fort Belvoir, Virginia, but we had over 70,000 people at bases across the country and around the world, including units forward deployed in support of ongoing combat operations. The 2005 BRAC law required 30 different functional relocations and base closures in AMC alone, and those moves affected locations in 25 states. It required unit reorganizations and reductions, and it affected one in six people in the command--nearly 11,000 people--most of whom were civilians. For example, we had to move the entire Communications and Electronics Command, responsible for repair of all Army communications equipment from Fort Monmouth, NJ to Aberdeen Proving Grounds in Maryland, co-locate it with the Army's Research, Development, and Evaluation Command, and combine the staffs where possible to gain efficiencies. We also had to relocate the command headquarters from Virginia, just a short driving distance from the Pentagon, to Huntsville, Alabama.

We had to balance the missions and retain the institutional knowledge and skills of our people, ensuring there were no interruptions or negative impacts on AMC's support to troops in combat, while accepting that not everyone would make the transition to the new locations. We also used the moves as a catalyst to reorganize how we accomplished our missions and position the command for the future. We applied emerging technologies to help us improve our operations, to change how missions were accomplished, and to development fundamentally new ways of doing our business.

But all of those changes meant that many of our individual position descriptions needed to change. So workforce-shaping tools were incredibly important. We had VERA/VSIP authority that allowed us to offer individuals incentives to retire or separate from government service. To make sure that individuals could make informed choices, we conducted multiple information sessions and offered individual counseling with HR professionals to help staff members evaluate their options. When folks took us up on these early-out options, we either eliminated those positions or reengineered them to meet new mission requirements. Then we moved those reengineered positions to the gaining locations and hired for them there. For those who were willing to relocate, we coordinated contacts with the gaining communities to make sure they had all of the information they needed about housing options, schools, medical care, and other community services to make the move as worry free as possible. For those who didn't want to make the move but weren't eligible for the VERA/VSIP options, we worked closely with the Army to provide as many reassignment options as possible. And remember, we were relocating lots of people who had never moved before, ever, at the lowest point of the housing market and the peak of the recession in 2009 and 10. These were huge personal and professional decisions!

We also phased the moves, securing swing space at gaining locations so that those who wanted to move and were ready to move could go early and start to set up the new operations. This "split-basing" was the key to making sure that there was no interruption in mission performance. That might seem like a no brainer now, but remember back to 2005---telework and video conferencing were just beginning to take hold. We thought we were pretty radical!!

AMC ultimately completed all of its moves three months ahead of schedule, under budget, and with the highest staff retention percentage of any of the major commands affected by BRAC. There aren't really any secrets to that success. We thought hard about better ways to do business, and we planned and executed well. But the real key was transparent and continuous communication with the workforce. We had a website focused on the status of the moves. We held brown bags and information sessions. We sent letters. We spent time talking to each and every affected employee. And, as much as possible, we made them a part of the solution. The result was a nearly seamless seven-year transition that resulted in stronger, more effective, and more efficient operations with no drop in mission throughout the process.

So, I can testify that the change journey your agencies are embarking upon can be successful. But once you've developed your agency's reform plan, you still have to address the workforce management requirements laid out for you in OMB Memo 17-22. Other organizations have tackled tough human capital challenges and made measurable improvements, and their approaches continue to offer lessons relevant to today's environment. Some of those are documented in studies completed by the National Academy of Public Administration.

I've been the President of the Academy for just about six months now—for those of you with kids in college, I figure that's roughly equal to one semester, so I'm still learning.

But one thing I have learned is that the Academy is a unique and invaluable organization and a national treasure.

The National Academy of Public Administration helps government leaders solve their most critical management challenges. Since 1967, our congressionally chartered non-partisan nonprofit Academy has provided expert advice to government leaders in building and managing more effective, efficient, accountable, and transparent organizations. Our national network of over 850 Fellows includes former cabinet officers, Members of Congress, governors, mayors, and state legislators, as well as prominent scholars, business executives, and public administrators.

With the support of our full-time professional staff, our Fellows bring their insights, experiences, successes, and lessons learned straight to our clients through independent thought leadership, in-depth studies and analyses, advisory services and technical assistance. Nowhere else can government leaders consult such a broad array of relevant expertise in one place. And the Academy has deep expertise in human capital strategy development and implementation. I'd like to tell you about three of our related projects.

In 2007, the University of California engaged the Academy to assist them in developing an HR system that could support its world-class academic and research operations across the ten campuses, five medical centers, and two national laboratories that comprise the UC system. Additionally, they wanted validated HR standards to measure performance; assessment processes that compared performance against the standards and identified any necessary remedial actions; and external validation that certified compliance with the standards. This joint UC-Academy partnership produced the *Certified Assessment of Human Resources System (CAHRS)*. Although it was designed for UC, CAHRS is sufficiently flexible to be transferable to other organizations, both public and private, with relatively minor modification. CAHRS consists of five components: validated HR standards against which HR performance can be measured; a readiness review to prepare an organization for a self-assessment; a self-assessment to formally compare HR operations to the standards; a peer review to ensure the integrity of the self-assessment; and a certification, which occurs when the Peer Review opinion attests that an organization has successfully met all of the standards. Our report articulates seven CAHRS HR standards and describes the self-assessment and peer review processes; but perhaps more importantly, it provides a ten-step implementation plan to ensure that a major organizational change such as a complete new system-wide HR restructuring has the greatest opportunity for success.

In November of 2015, the Academy completed a two-year engagement with the Centers for Disease Control and Prevention to transform their recruiting and hiring processes. The Academy completed an initial study in February 2014 with recommendations for driving performance improvement in CDC's HR processes. Upon the completion of that review, CDC requested that the Academy work with the agency to reengineer its hiring process. The Academy formed a study team of senior human resource professionals with input from a five-member Expert Advisory Group and worked closely with CDC to:

- Document the existing hiring framework and develop a comprehensive, improved process;
- Pilot the improved hiring framework with three programs;
- Recommend performance metrics to continually assess the new hiring framework;
- Conduct a “training of trainers” on the pilot and the final new hiring process; and
- Identify critical changes in HRO and CDC culture needed to implement and sustain the new hiring process.

The initial results of this integrated set of changes have shown significant promise for improving recruitment outcomes and working relationships between the Human Resources Office and CDC’s line office managers. By using the competency-based assessment questions that the Academy project developed, and involving subject matter experts in the hiring process, the agency had a much-improved capability for assessing and identifying the most highly qualified candidates, and has reduced its time to hire. The relationship between the human resources professional staff and its customers improved because of concrete steps to build a partnership between these two critical elements of the hiring process. This partnership is essential, for example, to ensure that the position description or vacancy announcement suits the hiring manager’s need.

At the conclusion of that engagement, the Academy team made 13 recommendations for next steps that should be taken by CDC to build on the momentum of the pilots and institutionalize the new approaches. Recommendations included continuing the collaboration between Human Resources and program office to transition to competency-based job analysis and recruitment; supporting CDC line offices’ efforts to streamline procedures and processes as part of this transition; integrating a robust communications program into the transition; and strengthening the Customer Review Board. The Academy’s Expert Advisory Group members continue to meet voluntarily with the CDC staff on a quarterly basis to support continued progress.

Most recently, the Academy completed a focused review of CDC’s senior career recruitment, with a goal of improving the recruitment processes and hiring results for these critical positions while increasing customer service and satisfaction. To fulfill CDC’s critical mission, the Executive and Scientific Resources Office (ESRO) is tasked with recruiting and hiring the absolute best in worldwide top scientific talent and the executives who manage and lead their efforts. CDC must compete in a hyper-competitive labor market for a global yet extremely scarce talent pool that is in high demand from both public health organizations and private companies.

The Academy team reviewed existing processes and procedures, interviewed key individuals, and identified leading practices from other agencies or organizations. It determined that ESRO had an opportunity to learn from the successes of HRO in the previous Academy project and adjust those lessons to the more demanding requirements of providing consistent, high quality service for executive recruitment, on-boarding, compensation and performance management services to CDC’s executive leadership.

Our team issued recommendations and developed an implementation plan that enabled ESRO's success and improved CDC's ability to rapidly staff these critical positions.

Our third case is the Federal Aviation Administration. In 1995, Congress passed legislation exempting FAA from most of the provisions of Title 5 and directed the agency to develop and implement a new personnel management system that would provide greater flexibility in hiring, training, compensation, and in the assignment of personnel to duty locations. In 1996, Congress directed that the FAA negotiate the new system with its unions. The personnel management system reform effort at the FAA has been the subject of numerous implementation reviews. In recent years, external assessments have been done on specific human resources (HR) issues, in particular issues related to the air traffic control workforce, but none had taken a systematic look at FAA's personnel management system.

In June 2016, the Office of Management and Budget (OMB) requested that the FAA contract for an independent, third-party assessment of how the agency has utilized these flexibilities. FAA chose the National Academy of Public Administration to conduct this assessment. The Academy formed a professional study team to conduct a five-month study based on extensive independent research, including interviews with agency officials in both headquarters and the field; employee groups; external customer/stakeholder groups and oversight bodies; and in-person visits to FAA. A three-member Expert Advisory Group composed of Academy Fellows provided guidance to the team on such topics as research strategy, leading practices, and possible recommendations for improvement.

The study team determined that FAA has taken important steps in the past few years to address long-standing impediments to the efficient and effective staffing of air traffic control facilities, though it will take additional time to fully assess progress. Also, FAA has taken advantage of flexibility in the area of compensation, but there appears to be some reluctance by the human resources staff to more fully explore options that would allow the FAA's mission elements greater flexibility in other areas, due to concern over their inability to oversee and enforce conformance with merit system principles.

Historically, there was a legacy of distrust between central human resources staff in the Assistant Secretary for Human Resources, or AHR, and customer organizations. The study team determined that AHR recently has made important progress in addressing this distrust. Its successes in managing the challenges created by the budget sequester in FY 2013 and, more recently, meeting hiring targets for air traffic controllers, have helped to begin rebuilding customer confidence in AHR. Since 2015, AHR has taken steps to enable a more proactive, strategic approach to addressing customer staffing needs, and the new director of AHR has been undertaking a series of forums to identify opportunities to improve the working relationship with customers and to address specific complaints as she is able in the near term.

The Academy study team also assessed the current state of those challenges and the use of flexibility afforded by the exemption. Based on this review, the study team developed

nine recommendations to strengthen human capital management at FAA. Among other things, the team urged FAA to develop a comprehensive strategy that allows the agency to (1) strengthen the working relationships between the human resources management office and customer organizations, (2) improve coordination of classification and management of human resources-related positions across the agency, (3) strengthen agency-wide workforce planning processes, and (4) develop a balanced, fiscally responsible approach to labor contract negotiations. Specifically, the team determined that further improvements of the performance of the FAA's personnel management system depends to a large degree on strengthening agency-level capabilities, which will require actions that AHR cannot take on its own. These key needed capabilities are classification and management of human resources-related positions, workforce planning, and labor negotiations.

You can find the complete version of these reports on our website: napawash.org. I encourage you to review them for potential application to your own organizations and to reach out to us with any questions you might have.

So let me close by circling back to my original question. Do you view the challenges facing you as a manager today in federal government as opportunities or obstacles? When I was in the Army, we used to say of our work, "It's not just a job, it's an adventure!" Well, the same might be said of a career in public service today! But more than just an adventure, it's an adventure with purpose... and that's what you signed up for. I submit to you that you are facing opportunities, not obstacles, and that the lessons you learn through today's program will better prepare you with the tools and resources you need to achieve the best results for your workforce, your agency, and the American people through your restructuring efforts.

This year, the National Academy of Public Administration will celebrate our 50th Anniversary. That's 50 remarkable years of influence in some of the toughest challenges that our government, at all levels, has faced. Through it all, our vision has been a "government that works, and works for all." The Academy and our 850 Fellows are here to help you make that vision reality. You have my best wishes and my thanks as you engage daily in the hard and selfless, but infinitely rewarding, work of public service.

About the National Academy of Public Administration

Chartered by Congress to provide non-partisan expert advice, the Academy is an independent, non-profit, and non-partisan organization established in 1967 to assist government leaders in building more effective, efficient, accountable, and transparent organizations. Learn more at www.napawash.org

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