

## 10. IMPROVING THE FEDERAL WORKFORCE

The United States has overcome great challenges throughout our history because Americans of every generation have stepped forward to aid their Nation through service, both in civilian Government and in the Armed Forces. A high-performing government depends on an engaged, well-prepared, and well-trained workforce with the right set of skills for the missions the government needs to achieve. Today's Federal public servants come from all walks of life and from every corner of America to carry forward that proud American tradition. Eighty-five percent of Federal employees live and work outside of the Washington, D.C. metropolitan area. Many Federal employees have made remarkable contributions to our society; notably, more than 50 current or former federal employees have received Nobel Prizes. Whether defending our homeland, restoring confidence in our financial system and supporting a historic economic recovery effort, providing health care to our veterans, conducting diplomacy abroad, providing relief to Hurricane Sandy victims, or searching for cures to the most vexing diseases, we are fortunate to be able to rely upon a skilled workforce committed to public service.

Today's Federal workforce confronts tight fiscal resources, rapidly changing problems, and new technologies. This chapter discusses trends in Federal employment, composition, and compensation, and presents the Administration's plans for achieving the talented Federal workforce needed to serve the American people effectively and efficiently.

### Trends in Federal Workforce Size

The size of the Federal civilian workforce relative to the country's population has declined dramatically over the last several decades, notwithstanding occasional upticks due, for example, to military conflicts and the administration of the Census. In overall terms, today's workforce remains the size it was under President Reagan.

Since the 1950s and 1960s, the U.S. population increased by 77 percent, the private sector workforce increased 137 percent, while the size of the Federal workforce rose just 10 percent, with 92 residents for every Federal worker. Since the 1980s, both the population and private sector workforce has increased 25 percent, but the Federal workforce has not grown at all, and in the 1980s and 1990s there were 119 residents for every Federal worker. Except for employment peaks associated with the decennial census, Federal employment, in absolute terms, increased slightly in the 1980s and then dropped in the 1990s. This overall downward trend began to reverse itself in 2001, following the September 11 attack. Following that tragic event, the Federal workforce expanded to deal with national security and homeland safety issues and to serve our veterans.

Between 2001 and 2010, security agency employment grew, while non-security employment declined. For example, civilians working for the Department of Defense grew by more than 92,000; the Department of Veterans Affairs (VA) grew by 78,000 with much of that increase attributable to medical care to provide for our returning service members; Customs and Border Protection also grew more than 30,000 to keep our citizens safe at home.

By 2012, the ratio of residents to Federal workers had increased to 148. Relative to the private sector, the Federal workforce is less than half the size it was back in the 1950s and 1960s. Table 10-2 shows actual Federal civilian full-time equivalent (FTE) levels in the Executive Branch by agency for 2011 and 2012, with estimates for 2013 and 2014. Estimated employment levels for 2014 result in an estimated 0.3 percent increase compared to prior year estimates. Most of the growth is in VA to continue strengthening medical care for returning service members. Additional increases are expected at the Department of Justice for enhancements in cybersecurity and increased background checks for firearm purchases, and at the Department of Homeland Security to support the strengthening of border protection and to support immigration reform.

Other increases are narrowly focused and frequently supported by congressionally authorized fees, not tax payer dollars. Increased fee receipts support timely commercialization of innovative technologies through faster and higher-quality patent reviews at the Patent and Trade Office of the Department of Commerce, stronger food safety measures at the Food and Drug Administration of the Department of Health and Human Services, and enhancements to create stronger, more stable financial markets consistent with the Wall Street Reform Act. Commitments to activate new Federal prisons already constructed with funding appropriated as early as 2001 and as recently as 2010 result in limited necessary personnel increases at the Department of Justice in 2013 and 2014. And stepping up Internal Revenue Service (Treasury) program integrity efforts to ensure companies and individuals are paying their fair share is an investment that more than pays for itself.

In contrast, the workforce decreased in agencies such as the U.S. Department of Agriculture (USDA), US Environmental Protection Agency (EPA) and the National Aeronautics and Space Administration (NASA), to correspond with decreases in funding. The Forest Service and the Natural Resources Conservation Service at the USDA are finding workforce efficiencies to meet budget reductions; decreases at the EPA reflect strong efforts in workforce restructuring to better manage and reduce personnel costs; and NASA will reduce its workforce in response

to budget reductions from changes in human space flight missions, including the retirement of the Space Shuttle.

Beneath many of the agency totals are programs that pursue aggressive actions to reduce and reallocate staff from lower to higher priority programs. Some agencies have imposed hiring freezes, and many are offering early retirement and separation incentives. For example, the General Services Administration offered more than 2,400 employee buyouts and early retirement packages in order to contain costs and provide the opportunity to better match employee skills with job requirements.

Chart 10-1 shows Federal civilian employment (excluding the U.S. Postal Service) as a share of the U.S. resident population from 1958 to 2012. The chart shows overall declines in both security and non-security agencies.

In recent years, the Executive Branch has had great success hiring veterans. In November 2009, President Obama signed Executive Order 13518, establishing the Veterans Employment Initiative. Through this initiative and the strategies used by the Council on Veterans Employment, the Executive Branch continues to benefit from retaining the dedication, leadership, and skills veterans have honed in the fast-paced, dynamic environments of the Army, Marines, Navy, Air Force, and Coast Guard.

In FY 2009, veterans made up 24 percent of the total new hires in the Federal Government. By the end of FY 2012, veterans made up 29 percent of new hires. The total number of veterans employed by the Government also increased. In FY 2009, there were 512,240 veterans in the Federal Government – 26 percent of our workforce. By the end of FY 2012, the number of veterans had grown to 611,784, or 30 percent of the Federal workforce.

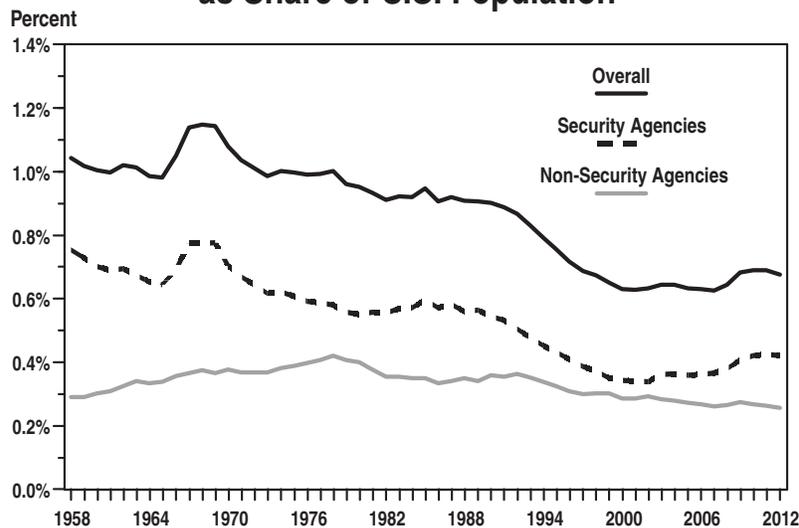
### Federal Pay Trends

After more than a decade when the percentage increases in annual Federal pay raises did not keep pace with the percentage increase in private sector pay raises, Congress passed the Federal Employees Pay Comparability Act of 1990 (FEPCA) pegging Federal pay raises, as a default, to changes in the Employment Cost Index (ECI). The law gives the President the authority to propose alternative pay adjustments for both base and locality pay. Presidents have regularly supported alternative pay plans.

Chart 10-2 shows how the Federal pay scale has compared to the ECI since 1976. Prior to FEPCA the Federal pay scale fell sharply relative to the ECI. The Federal pay scale rose relative to the ECI in the early 1990s, but fell relative to ECI during most of the middle and late 1990s. The Federal pay scale rose quite a bit relative to ECI in the 2000s, but has fallen sharply relative to ECI in the last few years.

In late 2010, as one of several steps the Administration took to put the Nation on a sustainable fiscal path, the President proposed and Congress enacted a two-year freeze on across-the-board pay adjustments for civilian Federal employees, saving \$60 billion over 10 years. The President also issued a memorandum directing agencies to freeze pay schedules and forgo general pay increases for civilian Federal employees in administratively determined pay systems. Additionally, on his first day in office, the President froze salaries for all senior political appointees at the White House, and in 2010, the President eliminated bonuses for all political appointees across the Administration. The Office of Personnel Management (OPM) and the Office of Management and Budget (OMB) directed agencies to limit individual performance awards for almost all employees starting in fiscal years 2011 and 2012.

**Chart 10-1. Federal Civilian Workforce as Share of U.S. Population**



Source: Office of Personnel Management.  
 Notes: Security agencies include the Department of Defense, the Department of Homeland Security, the Department of State, and the Department of Veterans Affairs. Non-Security agencies include the remainder of the Executive Branch.

For 2014, the President proposes a one percent pay increase for General Schedule employees, which is below the private sector Employment Cost Index increase of 1.8%. This increase reflects the tight budget constraints we now face while also recognizing the critical role these employees play in our everyday lives. In comparison to the baseline, the 1.0% pay increase saves approximately \$18 billion over 10 years and \$1 billion in FY 2014 within the BCA caps, which can then be reallocated to programs and services the American people depend on.

The 2014 budget also continues last year’s proposal to dedicate an additional 1.2 percent of employees’ pay (phased-in at 0.4 percent over three years) toward their pensions. This proposal would require existing employees, or those rehired with five or more years of creditable service, to contribute 1.2 percentage points more to their pensions. During 2012, the Middle Class Tax Relief and Job Creation Act increased employee contributions to Federal defined benefit retirement plans, including the Federal Employees’ Retirement System, by 2.3 percentage points, effective for individuals joining the Federal work force after December 31, 2012 who have less than five years of creditable civilian service. Neither this proposal nor the 2012 Act would change the amount of each employee’s benefit. This proposal would result in \$20 billion in mandatory savings over 10 years.

**Composition of the Federal Workforce and Factors Affecting Pay**

Federal worker compensation receives a great deal of attention, in particular, in how it compares to that of private sector workers. Comparisons of the pay and benefits of Federal employees and private sector employees, for example, should account for factors affecting pay, such as

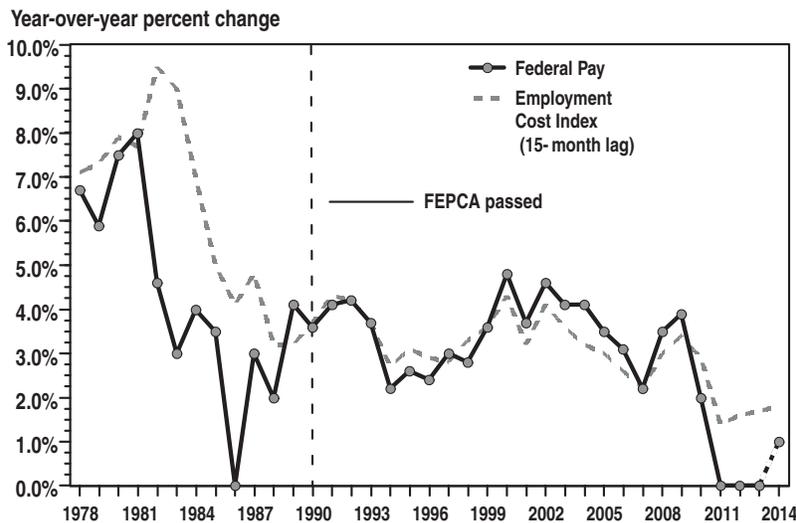
differences in skill levels, complexity of work, scope of responsibility, size of the organization, location, experience level, and exposure to personal danger.

A series of reports done in January 2012 by the Congressional Budget Office (CBO) accounted for some, but not all, of the factors described above. CBO found that Federal pay, on average, was slightly higher (2.0 percent) than comparable private sector pay. However, this study was done before Federal employees began a pay freeze. Overall public sector compensation was, on average, substantially higher, but CBO noted that its findings about comparative compensation relied on far more assumptions and were less definitive than its pay findings. The reports also emphasized that focusing on averages is misleading, because the public/private differentials varies dramatically by education and complexity of job. Compensation for higher educated Federal workers (or those in more complex jobs) is lower than for comparable workers in the private sector, which were not the CBO findings for less educated workers.

Some of the factors affecting compensation are:

**Type of occupation.** The last half century has seen significant shifts in the composition of the Federal workforce, with related effects on pay. Fifty years ago, most white-collar Federal employees performed clerical tasks, such as posting Census figures in ledgers and retrieving taxpayer records from file rooms. Today their jobs are vastly different, requiring advanced skills to serve a knowledge-based economy. Professionals such as doctors, engineers, scientists, statisticians, and lawyers now make up a large portion of the Federal workforce. More than half (55 percent) of Federal workers work in the nine highest-paying occupation groups as judges, engineers, scientists, nuclear plant inspectors, etc., compared

**Chart 10-2. Pay Raises for Federal vs. Private Workforce**



Source: Public Laws, Executive Orders, and the Bureau of Labor Statistics.  
 Notes: Federal pay is for civilians and includes base and locality pay. Employment Cost Index is the wages and salaries, private industry workers series.

**Table 10-1. OCCUPATIONS OF FEDERAL AND PRIVATE SECTOR WORKFORCES**  
(Grouped by Average Private Sector Salary)

Occupational Groups	Percent	
	Federal Workers	Private Sector Workers
<b>Highest Paid Occupations Ranked by Private Sector Salary</b>		
Lawyers and judges .....	1.8%	0.6%
Engineers .....	3.9%	1.9%
Scientists and social scientists .....	4.8%	0.7%
Managers .....	11.3%	13.3%
Doctors, nurses, psychologists, etc. ....	7.5%	5.4%
Miscellaneous professionals .....	15.5%	8.2%
Administrators, accountants, HR personnel .....	7.0%	2.6%
Inspectors .....	1.4%	0.3%
Pilots, conductors, and related mechanics .....	2.0%	0.8%
<b>Total Percentage .....</b>	<b>55.0%</b>	<b>33.8%</b>
<b>Medium Paid Occupations Ranked by Private Sector Salary</b>		
Sales including real estate, insurance agents .....	1.2%	6.4%
Other miscellaneous occupations .....	3.5%	4.5%
Automobile and other mechanics .....	1.7%	2.9%
Law enforcement and related occupations .....	8.9%	0.8%
Office workers .....	2.3%	6.3%
Social workers .....	1.4%	0.5%
<b>Total Percentage .....</b>	<b>18.9%</b>	<b>21.4%</b>
<b>Lowest Paid Occupations Ranked by Private Sector Salary</b>		
Drivers of trucks and taxis .....	0.7%	3.3%
Laborers and construction workers .....	4.3%	9.9%
Clerks .....	13.7%	11.3%
Manufacturing .....	2.5%	7.7%
Other miscellaneous service workers .....	2.6%	6.1%
Janitors and housekeepers .....	1.5%	2.4%
Cooks, bartenders, bakers, and wait staff .....	0.9%	4.1%
<b>Total Percentage .....</b>	<b>26.1%</b>	<b>44.9%</b>

Source: 2008-2012 Current Population Survey.

Notes: Federal workers exclude the military and Postal Service, but include all other Federal workers in the Executive, Legislative, and Judicial Branches. However, the vast majority of these employees are civil servants in the Executive Branch. Private sector workers exclude the self-employed. Neither category includes state and local government workers. This analysis is limited to full-time, full-year workers, i.e. those with at least 1,500 annual hours of work.

to about a third (33 percent) of private sector workers in those same nine highest paying occupation groups. In contrast, 45 percent of private sector workers work in the seven lowest-paying occupation groups as cooks, janitors, service workers, clerks, laborers, manufacturing workers, etc. About 26 percent of Federal workers work in those seven lowest-paying occupation groups. Between 1981 and 2011, the proportion of the Federal workforce in clerical occupations fell from 19.4 percent to 5.1 percent of the workforce, and the proportion of blue-collar workers fell from 22.0 percent to 9.7 percent.

Today, Federal employees must manage highly sensitive tasks that require great skill, experience, and judgment. They need sophisticated management and negotiation skills to effect change, not just across the Federal Government, but also with other levels of government, not-for-profit providers, and for-profit contractors. Using data from the Current Population Survey 2008-2012 of full-time, full-year workers, Table 10-1 breaks all Federal

and private sector jobs into 22 occupation groups and shows that the composition of the Federal and private workforce are very different.

**Education level.** The size and complexity of much Federal work – whether that work is analyzing security and financial risks, forecasting weather, planning bridges to withstand extreme weather events, conducting research to advance human health and energy efficiency, or advancing science to fuel further economic growth – necessitates a highly educated workforce. Chart 10-3 presents the comparative differences in the education level of the Federal civilian and private sector workforce. About 22 percent of Federal workers have a master’s degree, professional degree, or doctorate versus only 10 percent in the private sector. Only 19 percent of Federal employees have not attended college, compared to 40 percent of workers in the private sector.

**Size of organization and responsibilities.** Another important difference between Federal workers and private sector workers is the average size of the organization in which they work. Federal agencies are large and often face challenges of enormous scale, such as distributing benefit payments to over 60 million Social Security and Supplemental Security Income beneficiaries each year, providing medical care to 8.8 million of the Nation’s veterans, and managing defense contracts costing billions of dollars. Workers from large firms (those with 1,000 or more employees) are paid about 13 percent more than workers from small firms (those with fewer than 100 employees), even after accounting for occupational type, level of education, and other characteristics. It is reasonable to assume that the size of these organizations and the larger salaries associated with their size is also associated with greater complexity of their work.

**Demographic characteristics.** Federal workers tend to have demographic characteristics associated with higher pay in the private sector. They are more experienced, older and live in higher cost metropolitan areas. For example, 21 percent of Federal workers are 55 or older – up from 17 percent 10 years ago and significantly more than the 16 percent in the private sector. Chart 10-4 shows the difference in age distribution between Federal and private sector workers.

**Challenges**

The Federal Government faces specific human capital challenges, including a personnel system that requires further modernization, an aging and retiring workforce, and the need to continuously engage and develop person-

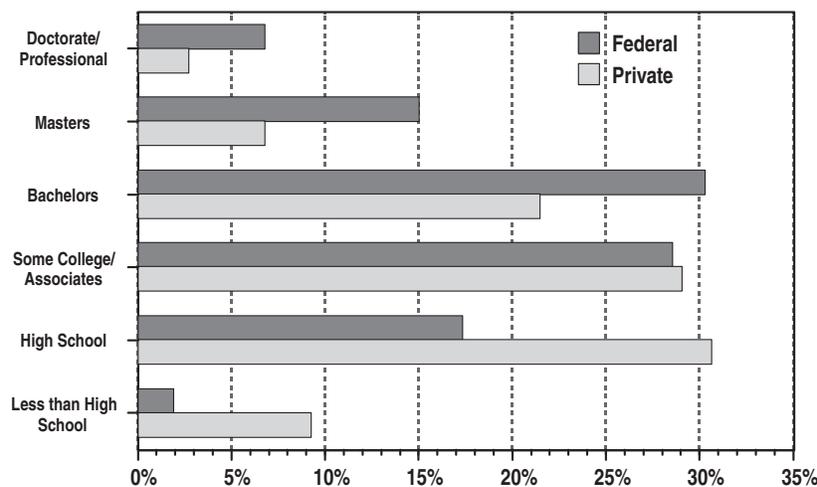
nel to maximize performance. If the Government loses top talent, experience, and institutional memory through retirements, but cannot recruit, retain, and train highly qualified workers, Government performance suffers. The age distribution and potential for a large number of retiring workers poses a challenge, but it also creates an opportunity to streamline the workforce and to infuse it with new – and in some cases lower-cost – workers excited about Government service and equipped with strong technology skills, problem-solving ability, and fresh perspectives to tackle problems that Government must address.

**Outdated Personnel System**

In the past sixty years, the private sector has innovated towards more flexible personnel management systems, but the Federal personnel system has not kept up and remains inflexible and outdated. While recent hiring reform efforts are showing significant progress in simplifying hiring, additional reforms are needed to update the pay, classification, and benefits systems. The General Schedule (GS) pay system has been in effect since 1949. Enacted in 1951, aspects of the current benefit and leave laws are out of date and do not always provide adequate flexibility for the increasing responsibilities of family caregivers in our workforce. An alternative, cost-effective system needs to be developed that will allow the Government to compete for and reward top talent, while rewarding performance and encouraging adequate flexibility to caregivers.

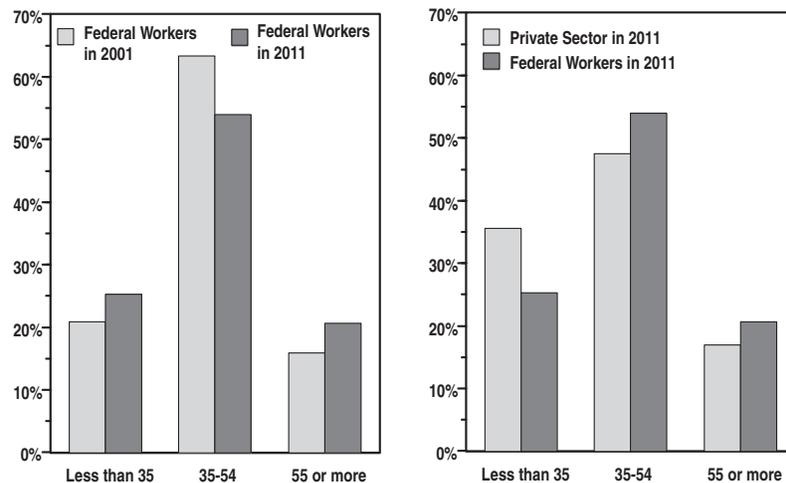
To address issues in the long-term, Federal managers and employees need a modernized personnel system. To that end, the Administration proposed to the Joint Select Committee on Deficit Reduction that the Congress establish a Commission on Federal Public Service Reform

**Chart 10-3. Education Level Distribution in Federal vs. Private Workforce**



Source: 2008-2012 Current Population Survey.  
 Notes: Federal workers exclude the military and Postal Service, but include all other Federal workers in the Executive, Legislative, and Judicial Branches. However, the vast majority of these employees are civil servants in the Executive Branch. Private sector workers exclude the self-employed. Neither category includes state and local government workers. This analysis is limited to full-time, full-year workers, i.e. those with at least 1,500 hours of work.

**Chart 10-4. Federal Age Distribution in 2001 and 2011 and Federal vs. Private Age Distribution in 2011**



Source: 2002 and 2012 Current Population Survey (covering calendar years 2001 and 2011).  
 Notes: Federal workers exclude the military and Postal Service, but include all other Federal workers in the Executive Branch. Private sector workers exclude the self-employed. Neither category includes State and local government workers. This analysis is limited to full-time, full-year workers, i.e. those with at least 1,500 annual hours of work.

comprised of Members of Congress, representatives from the President's National Council on Federal Labor-Management Relations, members of the private sector, and academic experts. The purpose of a Congressionally chartered Commission would be to develop recommendations on reforms to modernize Federal personnel policies and practices within fiscal constraints, including – but not limited to – compensation, staff development and mobility, and personnel performance and motivation.

### ***Aging Workforce***

The Federal workforce of 2012 is older than Federal workforces of past decades and older than the private sector workforce. The number of Federal retirements is on a steady increase, rising from 95,425 in 2009 to 96,133 in 2010 to 98,731 in 2011 and 112,817 in 2012. Increases in retirement are expected to continue. Nearly twenty-two percent of the over 687,000 respondents to the 2012 Federal Employee Viewpoint Survey (EVS) expressed an intent to retire during the next five years. Given these demographics, the Federal Government faces a few immediate challenges: preparing for retirements to maximize knowledge transfer from one generation to the next, succession planning to assure needed leadership and hiring and developing the next generation of the Government workforce to accomplish the varied and challenging missions the Federal Government must deliver.

### ***Developing and Engaging Personnel to Improve Performance***

One well-documented challenge in any organization is managing a workforce so it is engaged, innovative,

and committed to continuous improvement, while at the same time dealing with poor performers who fail to improve as needed or are ill suited to their current positions. Federal employees are generally positive about the importance of their work and express a high readiness to put in extra effort to accomplish the goals of their agencies. Results from the 2012 Federal Employee Viewpoint Survey (EVS) indicate that nearly 97 percent of respondents answer positively to the statement “When needed I am willing to put in the extra effort to get the job done.” However in contrast, Federal employees have repeatedly identified the inability to deal with poor performers as an area of weakness over the past 10 years. In 2012, only 30 percent of employees who participated in the EVS answered positively that “In my work unit, steps are taken to deal with a poor performer who cannot or will not improve.” In addition, only 39 percent agreed that “creativity and innovation are rewarded”.

### **Addressing the Challenges**

The Administration has made considerable progress improving employee performance and human capital management. Multiple efforts are underway, including: building a workforce with the skills necessary to meet agency missions, developing and using personnel analytics to drive decision making, new programs to infuse talent into agencies, heightened attention to a diverse and inclusive workforce, continued focus on the Senior Executive Service (SES) performance appraisal system, and strengthened labor-management partnerships.

### ***Mission Focused and Data Driven Personnel Management***

The Administration is committed to strengthening Federal agencies' capacity to analyze human resources data to address workplace problems, improve productivity, and cut costs. OPM, in conjunction with OMB, is implementing several key initiatives that will lead to better evaluation and management of Federal employees. These efforts include recasting the EVS as a diagnostic tool to improve an organization rather than a snapshot that simply describes it, more agencies conducting data-driven HRStat review sessions, greater alignment between human capital and mission performance, and quarterly updates of key HR performance indicators on Performance.gov.

OPM administers the Government-wide EVS to gather employee perceptions about whether, and to what extent, conditions characterizing successful organizations are present in their agencies. The survey is a valuable management tool that helps agencies identify areas of strength and weakness and informs the implementation of targeted action plans to help improve employee engagement and agency performance. In 2012, for the first time, OPM administered the survey to nearly all civilian Federal employees and received responses from over 687,000 Federal employees. This is the largest number of participants since the survey was first administered in 2002, more than double the number of respondents from any previous EVS survey, making this the most inclusive survey to date. Even more importantly, agencies now have greater ability to drill down to understand employee viewpoints in smaller organizational units; nearly five times the number of office-level components within agencies received office-specific results in 2012 compared to the 1,687 components that received results in 2011. The increased response and reporting granularity enables agencies to identify areas of strength, offering possible models for others, and areas of weakness needing attention. Agencies across Government are using EVS data to develop and implement targeted, mission-driven action plans to address identified challenges.

One area in which the EVS has given us new insight is the impact of telework. The 2012 EVS indicates that teleworkers (82 percent) are more likely than non-teleworkers (79 percent) to know what is expected of them on the job, more likely to feel empowered (52 percent versus 45 percent), and more likely (75 percent compared to 68 percent of non-teleworkers) to be satisfied with their jobs. Finally, employees who telework are more likely to want to stay with their agencies (72 percent compared to 68 percent of non-teleworkers) and to recommend their agencies to others (74 percent compared to 66 percent of non-teleworkers). As documented by OPM's 2012 report on the status of telework, the percentage of eligible Federal employees who participated in routine telework grew to 21 percent as of September 2011, compared to 10 percent during calendar year 2009. However, there is still more work to be done in breaking down barriers to the effective use of telework.

Agencies have also begun testing HRStat (Human Resources Statistics) reviews. HRStat reviews are data driven and focus on agency specific human capital performance; key human resources management metrics that drive agency performance and align with mission accomplishment. Agencies have incorporated a range of management metrics into their HR Stat review, including performance management, succession planning, and strategic workforce planning. The HRStat review is intended to enable quick course correction, if needed, to help ensure progress is being made on key human resources issues.

In addition, Performance.gov provides agencies and the public a window on key human resources data – including Government-wide and agency specific hiring times, applicant and manager satisfaction, employee engagement and retention, and hiring rates from diverse candidate pools.

### ***Closing Critical Skills Gaps***

The demands of the workplace necessitate new and agile skill sets in the Federal workforce. OPM's mission is to ensure that the Federal Government recruits, retains, and honors the talent agencies require to serve the American people. In 2011, OPM partnered with the Chief Human Capital Officers (CHCO) Council to take on the challenge of closing skills gaps across the Government. This initiative responds to the President's Cross-Agency Priority Goal to close skills gaps, as well as GAO's designation of human capital as a Government-wide high risk. The Department of Defense joined OPM in chairing an inter-agency workgroup that designed a sustainable strategic workforce planning method to identify and close skills gaps in mission-critical occupations. Based on rigorous data analysis, the workgroup identified the following mission-critical occupations for gap closure: IT-Cybersecurity Specialists, Acquisition Specialists, Economists, Human Resources Specialists, and Auditors. In addition, the workgroup identified STEM (science, technology, engineering, and mathematics) as a sixth functional area covering multiple occupations, which requires sustained strategic attention across Government.

To close skills gaps in these areas, OPM designated sub-goal leaders from agencies whose missions critically depend on these occupations. Together with these sub-goal leaders, OPM is developing and executing strategies to close skills gaps in these occupations. The sub-goal leaders meet quarterly with the OPM Director to apprise him of their progress, including by providing updated metrics that will be reported on [www.performance.gov](http://www.performance.gov).

One of the ways OPM is addressing skills gaps among human resources professionals is through HR University. Developed in 2011 by the CHCO Council, HR University provides an excellent foundation for human resources professionals to receive training to help them become more effective. HR University is a source of centralized training that takes courses and resources Federal agencies have already developed and provides a platform for cross-agency sharing.

HR University uses an HR Professional Framework, which helps HR professionals identify where they are in relation to the roles outlined in the framework. It also

helps them think about their desired career path and provides a mechanism for determining how they need to develop to achieve their goals. This mechanism leads to an Individual Development Plan (IDP) designed specifically for the HR professional to create more targeted development plans. HR University also offers a Managers' Corner to help supervisors and managers with their human resources management responsibilities. Finally, HR University is working to obtain accreditation as a full-service university.

HR University has more than 19,000 registered users who have completed more than 12,000 online training courses, with a cost savings of over \$41.4 million, realized through the sharing of resources and economies of scale. In addition, HR University ensures that courses meet OPM's high standards by vetting each course through a very rigorous quality review.

In partnership with the CHCO Council, OPM will continue to expand HR University's offerings. This effort may include more partnerships with colleges and universities, development of HR certifications, accreditation of courses, greater use of social media, website enhancements, and more courses on key topics that will close identified skill and competency gaps in the human resources field.

Individual agencies are also identifying and targeting critical skills gaps as a priority. The State Department and US Agency for International Development (USAID) identified overseas vacancies as an agency Priority Goal to help achieve operations and consular efficiency and effectiveness, transparency and accountability; and secure US presence internationally. This initiative aims to modernize and strengthen State/USAID so that they can meet the most pressing development challenges with a high-quality workforce to move towards the larger goals of these organizations.

### ***Recruiting and Developing an Agile Workforce***

To maximize effectiveness and potential, the Federal Government must continue to prepare its talent for challenges on the horizon. New cost-effective programs are being implemented to develop current employees, foster collaboration with innovators from the private sector, promote career pathways into Federal service, and enhance institutional knowledge transfer through a phased retirement program. These efforts are essential for developing a nimble, efficient 21st Century workforce that can help ensure agencies achieve their important missions under a tightening fiscal climate.

**Leadership Development.** In 2011, the President's Management Council (PMC) and the Chief Human Capital Officers (CHCO) Council launched the PMC Interagency Rotation Program to bolster cross-agency exposure for high-potential GS 13-15s. Through 6-month developmental assignments, this program enables emerging Federal leaders to expand their management skills, broaden their organizational experience, and foster networks they can leverage in the future. Now preparing for its fourth cohort, the program has grown from 10 agencies and 28 participants to 15 agencies, 4 interagency councils, and 45 participants, with likely expansion in the upcoming cycle.

**Innovation Fellows.** The Presidential Innovation Fellows program pairs top innovators from the private sector, non-profits, and academia with top innovators in government to collaborate on solutions to high-impact challenges and deliver significant results in six months. The results of these projects are intended to save taxpayer money, fuel job growth, save lives, and provide tangible benefit to the American people. Each team of innovators is tasked with working on a specific high-impact issue using a focused but agile approach. This unique initiative focuses on tapping into the ingenuity, know-how, and patriotism of Americans from every sectors of our society.

**Pathways Programs.** Under the Administration's leadership, the Government has taken steps to help students and recent graduates join the Federal service. As part of the Administration's hiring reform efforts, the President issued Executive Order 13566, which created the Pathways programs to create clear paths to Federal service for students and recent graduates. OPM issued final regulations implementing Pathways last year and has been working closely with agencies to help them transition to the new programs. Pathways consists of three streamlined developmental programs: the Internship Program for students; the Recent Graduates Program for people who graduated within the preceding 2 years; and the Presidential Management Fellows (PMF) Program for people who obtained a graduate or professional degree within the preceding two years. Internship and career opportunities for students and recent graduates provide meaningful training and career development opportunities, promote employment opportunities for a new generation of public servants, and help agencies address recruiting challenges and infuse new skills into the Federal workforce.

**Provide phased retirement to eligible Federal employees.** The Administration proposed and Congress passed a phased retirement law to help facilitate the transfer of valuable knowledge between retiring and non-retiring employees. The phased retirement program will make it easier for the most experienced employees to enter into part-time retirement arrangements, providing expertise while mentoring other employees.

### ***A Diverse and Inclusive Workforce***

The American people are best served by a Federal workforce that reflects our rich diversity and encourages collaboration, fairness, and innovation. Under the President's Executive Order 13583, of August 2011, the first Government-wide Diversity and Inclusion Strategic Plan was issued and provides agencies with the shared goals of workforce diversity, workplace inclusion, and sustainability. Since the issuance of the Executive Order, the percentage of people with disabilities who are Federal employees has increased to 11.86 percent, an all-time government high. The percentage of Hispanic (8.2 percent) and Asian American/Pacific Islander (6.1 percent) employees is steadily increasing with all other groups remaining at the same levels, and the diversity of the SES has improved. Moreover, the FY 2012 EVS reflected that 65 percent of Federal employees answered positively

when asked if their supervisor or team leader is committed to a workforce that represents all segments of society.

In addition to supporting a diverse and inclusive workforce, the Federal Government has also made progress towards pay equality. Pay differentials by gender, after accounting for education and occupation, tend to be about half as small in the Federal sector as in the private sector. Differentials by race are also smaller in the Federal sector than in the private sector.

### ***Government-wide SES Appraisal Model***

Drawing from leading practices in Federal agencies and the private sector, representatives from 29 organizations developed a Government-wide Senior Executive Service (SES) performance appraisal model in 2011. Under this system, agencies can rely upon a more consistent and uniform framework to communicate expectations and evaluate the performance of SES members.

Anchored to a set of clearly-defined competencies (OPM's Executive Core Qualifications) and balancing achievement of results with demonstration of leadership behaviors, this approach enhances clarity, transferability, and equity in performance standards development, feedback delivery, and ratings derivation. Since the introduction of the new SES appraisal model in January 2012, OPM approved implementation in 38 agencies (51% of all SES appraisal systems Government-wide). By FY14, it is anticipated to be 96%.

### ***Strengthening Labor-Management Relations***

The Administration continues to fulfill the robust vision laid out in Executive Order 13522, Creating Labor-Management Forums to Improve Delivery of Government Services. This Executive Order created a national Council, which meets regularly to coordinate Government-wide efforts, and nearly 1000 forums around government where agency management and union representatives work collaboratively to improve service delivery to the public.

In recent Council meetings representatives from both management and labor have presented on their successful efforts to improve productivity at naval shipyards, in VA appeals, and in Securities Exchange Commission (SEC) enforcement activities. For example, at the Nuclear Regulatory Commission (NRC), they are moving approximately 1400 workers and managers to a new building management involved workers and their unions in the design process. Important points for employees were included in the designs right from the start such as – access to natural light, noise levels, and workstation layouts. These are factors that deeply affect both productivity and morale. By engaging early, the NRC could approach business decisions with a problem-solving attitude.

In another case, there was enormous productivity increases at the Naval Sea Systems Command, NAVSEA. These are the employees who build, buy and maintain the Navy's ships and submarines and their combat systems. NAVSEA leadership asked their unions and workers, through their labor-management forum, to put forward ideas to save an hour of time out of each workday. Workers identified the most wasteful part of their day: waiting in line to get the tools and parts they needed for their projects. Management and labor devised with a solution – a kit, prepared in advance and handed to you on arrival. In the kit, workers receive the tools needed and the exact number of nuts, bolts, and parts for any project that day. With this and other changes, NAVSEA projects to save one hour per day for about 8,000 mechanics and engineers across four shipyards – which translates into enormous savings. It has also helped reduce overtime hours, further increasing cost savings. A next challenge in the labor management partnership is to spread these successes to other agencies and locations around government.

### ***Goals-Engagement-Accountability-Results (GEAR)***

Over the years, there have been numerous attempts to reform and improve employee performance management in the Federal sector, with the ultimate goal of improving the performance of the organizations in which the employees work. Drawing from practices in the Federal sector and private sector, representatives from various Federal agencies, labor unions, and management organizations from the National Council on Federal Labor-Management Relations and the CHCO Council developed recommendations to strengthen the existing system of employee performance management. These recommendations are known as the GEAR framework. They are based on the idea that successful organizations must have clear, aligned goals, engaged employees and supervisors, and accountability for every employee at every level.

Five agencies are currently implementing the GEAR framework: OPM, the Department of Energy, the Department of Housing and Urban Development, and components of the Department of Veterans Affairs and the U.S. Coast Guard. The CHCO Council is currently reviewing the progress of GEAR and lessons learned in these agencies and identifying other leading practices across the Federal sector and private sector with the goal of broader application of the GEAR framework across the Federal Government. The ultimate goal is to ensure that Federal employees are engaged and enabled to deliver and improve Government services.

**Table 10-2. FEDERAL CIVILIAN EMPLOYMENT IN THE EXECUTIVE BRANCH**  
(Civilian employment as measured by full-time equivalents (FTE) in thousands, excluding the Postal Service)

Agency	Actual		Estimate		Change: 2013 to 2014	
	2011	2012	2013 CR	2014	FTE	Percent
<b>Cabinet agencies:</b>						
Agriculture .....	95.9	91.7	92.4	90.7	-1.7	-1.8%
Commerce .....	41.3	39.9	42.6	43.0	0.4	0.9%
Defense .....	771.3	765.2	777.2	765.0	-12.2	-1.6%
Education .....	4.4	4.3	4.2	4.3	0.1	2.4%
Energy .....	16.1	15.7	15.7	15.9	0.2	1.3%
Health and Human Services .....	68.8	69.3	71.3	72.6	1.3	1.8%
Homeland Security .....	179.5	184.0	190.1	191.0	0.9	0.5%
Housing and Urban Development .....	9.5	9.3	9.3	9.2	-0.1	-1.1%
Interior .....	70.5	70.0	69.7	69.8	0.1	0.1%
Justice .....	116.3	115.1	115.7	117.7	2.0	1.7%
Labor .....	16.9	17.2	17.4	17.5	0.1	0.6%
State .....	32.4	33.0	33.1	33.2	0.1	0.3%
Transportation .....	57.4	56.9	57.3	57.6	0.3	0.5%
Treasury .....	110.7	106.3	107.1	112.7	5.6	5.2%
Veterans Affairs .....	295.7	301.4	311.1	319.3	8.2	2.6%
<b>Other agencies—excluding Postal Service:</b>						
Broadcasting Board of Governors .....	1.9	1.9	1.9	2.0	0.1	5.3%
Corps of Engineers—Civil Works .....	23.7	23.1	22.7	22.7	0.0	0.0%
Environmental Protection Agency .....	17.3	17.0	17.0	16.9	-0.1	-0.6%
Equal Employment Opportunity Comm .....	2.5	2.3	2.2	2.3	0.1	4.5%
Federal Deposit Insurance Corporation .....	8.3	8.1	8.0	7.6	-0.4	-5.0%
General Services Administration .....	12.7	12.5	12.8	12.5	-0.3	-2.3%
International Assistance Programs .....	5.2	5.6	5.6	5.8	0.2	3.6%
National Aeronautics and Space Admin .....	18.6	18.1	18.2	17.9	-0.3	-1.6%
National Archives and Records Administration .....	3.3	3.2	3.2	3.2	0.0	0.0%
National Labor Relations Board .....	1.7	1.6	1.7	1.7	0.0	0.0%
National Science Foundation .....	1.4	1.4	1.4	1.5	0.1	7.1%
Nuclear Regulatory Commission .....	4.0	3.8	4.0	3.9	-0.1	-2.5%
Office of Personnel Management .....	5.4	5.3	5.5	5.7	0.2	3.6%
Railroad Retirement Board .....	1.0	0.9	0.9	0.9	0.0	0.0%
Securities and Exchange Commission .....	3.8	3.8	4.2	4.8	0.6	14.3%
Small Business Administration .....	3.4	3.4	3.4	3.5	0.1	2.9%
Smithsonian Institution .....	5.2	5.0	5.2	5.3	0.1	1.9%
Social Security Administration .....	67.6	64.7	65.1	65.3	0.2	0.3%
Tennessee Valley Authority .....	12.4	12.8	13.6	13.3	-0.3	-2.2%
All other small agencies .....	16.3	16.9	18.0	18.6	0.6	3.3%
<b>Total, Executive Branch civilian employment * ...</b>	<b>2,102.4</b>	<b>2,090.7</b>	<b>2,128.8</b>	<b>2,134.9</b>	<b>6.1</b>	<b>0.3%</b>

\* Totals may not add due to rounding.

**Table 10-3. TOTAL FEDERAL EMPLOYMENT**  
(As measured by Full-Time Equivalents)

Description	2012 Actual	2013	2014	Change: 2013 to 2014	
		CR	Request	FTE	Percent
<b>Executive Branch Civilian:</b>					
All Agencies, Except Postal Service .....	2,090,679	2,128,768	2,134,948	6,180	0.3%
Postal Service <sup>1</sup> .....	587,310	569,782	546,203	-23,579	-4.1%
Subtotal, Executive Branch Civilian .....	2,677,989	2,698,550	2,681,151	-17,399	-0.6%
<b>Executive Branch Uniformed Military:</b>					
Department of Defense <sup>2</sup> .....	1,501,807	<sup>3</sup> 1,466,664	<sup>4</sup> 1,330,944	-135,720	-9.3%
Department of Homeland Security (USCG) .....	43,027	43,017	42,029	-988	-2.3%
Commissioned Corps (DOC, EPA, HHS) .....	6,935	7,065	7,062	-3	-0.0%
Subtotal, Uniformed Military .....	1,551,769	1,516,746	1,380,035	-136,711	-9.0%
Subtotal, Executive Branch .....	4,229,758	4,215,296	4,061,186	-154,110	-3.7%
Legislative Branch <sup>5</sup> .....	30,634	34,260	34,402	142	0.4%
Judicial Branch .....	34,523	34,313	34,502	189	0.6%
<b>Grand total</b> .....	<b>4,294,915</b>	<b>4,283,869</b>	<b>4,130,090</b>	<b>-153,779</b>	<b>-3.6%</b>

<sup>1</sup> Includes Postal Rate Commission.

<sup>2</sup> Includes activated Guard and Reserve members on active duty. Does not include Full-Time Support (Active Guard & Reserve (AGRs)) paid from Reserve Component Appropriations.

<sup>3</sup> FY 2013 reflects the FY 2013 President's Budget request.

<sup>4</sup> FY 2014 excludes Overseas Contingency Operations (OCO) funded activated Guard and Reserve members on active duty and OCO funded non-enduring strength of 33,885 for Army and 9,787 for the Marine Corps.

<sup>5</sup> FTE data not available for the Senate (positions filled were used).

**Table 10-4. PERSONNEL COMPENSATION AND BENEFITS**  
(In millions of dollars)

Description	2012 Actual	2013 CR	2014 Request	Change: 2013 to 2014	
				Dollars	Percent
<b>Civilian Personnel Costs:</b>					
Executive Branch (excluding Postal Service):					
Direct compensation .....	176,133	178,980	185,562	6,582	3.7%
Personnel Benefits .....	68,117	68,723	71,842	3,119	4.5%
Subtotal .....	244,250	247,703	257,404	9,701	3.9%
Postal Service:					
Direct compensation .....	36,398	35,059	34,141	-918	-2.6%
Personnel benefits .....	15,128	16,007	8,502	-7,505	-46.9%
Subtotal .....	51,526	51,066	42,643	-8,423	-16.5%
Legislative Branch: <sup>1</sup>					
Direct compensation .....	2,053	2,098	2,153	55	2.6%
Personnel benefits .....	670	654	667	13	2.0%
Subtotal .....	2,723	2,752	2,820	68	2.5%
Judicial Branch:					
Direct compensation .....	3,140	3,180	3,244	64	2.0%
Personnel benefits .....	1,071	1,147	1,169	22	1.9%
Subtotal .....	4,211	4,327	4,413	86	2.0%
<b>Total, Civilian Personnel Costs .....</b>	<b>302,710</b>	<b>305,848</b>	<b>307,280</b>	<b>1,432</b>	<b>0.5%</b>
<b>Military personnel costs:</b>					
Department of Defense					
Direct compensation .....	100,189	101,196	93,393	-7,803	-7.7%
Personnel benefits .....	51,505	52,113	45,350	-6,763	-13.0%
Subtotal .....	151,694	153,309	138,743	-14,566	-9.5%
All other executive branch, uniformed personnel:					
Direct compensation .....	3,234	3,235	3,181	-54	-1.7%
Personnel benefits .....	809	739	706	-33	-4.5%
Subtotal .....	4,043	3,974	3,887	-87	-2.2%
<b>Total, Military Personnel Costs <sup>2</sup> .....</b>	<b>155,737</b>	<b>157,283</b>	<b>142,630</b>	<b>-14,653</b>	<b>-9.3%</b>
<b>Grand total, personnel costs .....</b>	<b>458,447</b>	<b>463,131</b>	<b>449,910</b>	<b>-13,221</b>	<b>-2.9%</b>
<b>ADDENDUM</b>					
Former Civilian Personnel:					
Retired pay for former personnel .....	76,196	82,087	87,534	5,447	6.6%
Government payment for Annuitants:					
Employee health benefits .....	10,683	10,698	11,163	465	4.3%
Employee life insurance .....	47	46	45	-1	-2.2%
Former Military personnel:					
Retired pay for former personnel .....	52,495	53,851	55,572	1,721	3.2%
Military annuitants health benefits .....	8,736	9,283	9,499	216	2.3%

<sup>1</sup> Excludes members and officers of the Senate.

<sup>2</sup> Amounts in this table for military compensation reflect direct pay and benefits for all service members, including active duty, guard, and reserve members.