FMA

Federal Managers Association

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Compensation Reform in the Federal Government

Statement of
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Chairwoman Davis, Ranking Member Davis, and Members of the Subcommittee:

My name is Karen Heiser. On behalf of the 200,000 managers and supervisors in the Federal government whose interests are represented by the Federal Managers Association (FMA), I would like to thank you for inviting us to present our views before the House Government Reform Subcommittee on Civil Service and Agency Organization regarding the important subject of compensation for Federal employees.

I am currently the Organization Development Manager at Watervliet Arsenal in New York, U.S. Department of the Army. My statements are my own in my capacity as a member of FMA and do not represent the official views of the Department of Defense or the Army.

Established in 1913, FMA is the largest and oldest Association of managers and supervisors in the Federal government. Our Association has representation in more than 25 Federal departments and agencies. We are a non-profit advocacy organization dedicated to promoting excellence in government through effective management. As those who are responsible for the daily management and supervision of government programs and personnel, our members possess a wide breadth of experience and expertise that we hope will be helpful as we collectively seek to address the human capital crisis that our civil service has been saddled with.

This hearing comes on the heels of recently released survey results from the Office of Personnel Management (OPM)[1]. OPM sent a 100-question survey to over 208,000 Federal workers between May and August 2002, to which more than 106,000 employees responded, representing 189 units in 24 of the largest Federal agencies. The data confirms that in addition to the impending mass exodus of Federal workers due to retirement, we are facing difficulties in the

[1] U.S. Office of Personnel Management: 2002 Federal Human Capital Survey, March 2003.

area of retention, as more than one-third of those surveyed said they were considering leaving their jobs. A little less than half of the 34.6 percent who are considering leaving said they were planning to retire within three years. As it relates to our discussion today, 43.8 percent felt their pay was fair, poor, or very poor. The study also shows that fewer than half of all employees are satisfied with the recognition they get for doing a good job, with only 30 percent believing awards programs provide real incentives for workers to do their best. Only 27 percent said steps have been taken to deal with poor performers.

Watervliet Arsenal has struggled for over a decade with decreasing workload and downsizing of personnel. To help offset attrition and skill loss, anticipated hiring of new engineers and apprentices will rejuvenate the nucleus of the workforce. The infusion of skills is a critical part of a successful transformation. The apprentice program at Watervliet Arsenal has always been the vehicle to recruit and develop these core skills. Although dormant for several years as a result of declining workload, the program is ready and waiting. Now is the time to revive the development of essential skills for the future through initiatives such as a reactivated apprentice program at Watervliet Arsenal, where program graduates have always staffed our critical manufacturing skill needs as well as many of our supervisory positions, from first line to directorate level. This type of in-house training and mentoring is what our government must do more of as we continue to lose valuable expertise by way of retirements mid-career departures.

A critical piece to this puzzle is the issue of compensation. Last April, OPM released a white paper[2] intended to initiate a dialogue on reform of the current Federal pay structure. According to OPM, if the government is to recruit, manage, and retain the human capital it needs, its white-collar pay system should:

- Achieve the principle of providing equal pay for work of equal value;
- Provide agencies the means to offer competitive salary levels on a timely, rational basis;
- Recognize competencies and results, at both the individual and organizational level; and
- Orient employee efforts and pay expenditures toward mission accomplishment.

Similarly, the second National Commission on the Public Service, a.k.a, the Volcker Commission so named for Commission Chair Paul Volcker, has issued recommendations on pay

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reform as part of its final report released this past January. More specifically, the Volcker Commission believes that Congress should establish policies that permit agencies to set compensation related to current market comparisons. The Commission is also of the opinion that current personnel systems are: a) out of touch with market reality; and b) immune to performance because managers seek to "spread bonuses around as compensation supplements for large numbers of employees instead of incentives or rewards for top performers."[3] The Commission goes on to state that such a system "discourages potential employees, especially the most talented and promising, who are reluctant to enter a field where there are so few financial rewards for their hard work, where mediocrity and excellence yield the same paycheck."[4]

PAY COMPARABILITY BETWEEN PUBLIC AND PRIVATE SECTORS

Compounding the myriad of problems associated with the recruitment and retention of Federal employees is the significant pay gap between the public and private sectors. According to a survey by the Partnership for Public Service[5], the Federal government is not considered an employer of choice for the majority of graduating college seniors. In the survey, nearly 90 percent said that offering salaries more competitive with those paid by the private sector would be an "effective" way to improve Federal recruitment. Eighty-one percent of college graduates said higher pay would be "very effective" in getting people to seek Federal employment. When Federal employees were asked to rank the effectiveness of 20 proposals for attracting talented people to government, the second-most popular choice was offering more competitive salaries (92 percent). The public sector simply has not been able to compete with private companies to secure the talents of top-notch workers because of cash-strapped agency budgets and an unwillingness to address pay comparability issues.

The Federal Employee Pay Comparability Act (FEPCA) of 1990 was intended to close the gap between Federal employee salaries and those of their private-sector counterparts.

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[2] U.S. Office of Personnel Management: "A Fresh Start for Federal Pay: The Case for Modernization," April 2002.
[3] Report of the National Commission on the Public Service: "Urgent Business for America: Revitalizing the Federal Government for the 21st Century," January 2003, pp. 9-10.
[4] Ibid
[5] Survey conducted by Hart-Teeter for the Partnership for Public Service and the Council for Excellence in Government, Oct. 23, 2001, p. 1-3.

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However, FEPCA has never been implemented as it was originally intended. Since this bill was enacted, administrations led by both political parties have used a capping feature designed to reduce pay increases in times of economic distress. This executive authority was utilized despite record budget surpluses by the government. More than a decade since the enactment of FEPCA, the Bureau of Labor Statistics shows that the pay gap between Federal civilian employees and their private-sector counterparts has grown to 33 percent. If FEPCA is to never be adhered to, we must, at a minimum, re-examine FEPCA to determine how best to bring public-sector salaries more in line with those of their private-sector counterparts. Closing the pay gap between public and private-sector salaries is critical if we are to successfully recruit and retain the "best and brightest."

PAY PARITY BETWEEN CIVILIAN AND MILITARY PERSONNEL

For the time being, however, we must uphold the longstanding principle of linking annual pay increases between Federal civilian employees and military personnel. Since 1987 – and in 19 of the last 22 years – civilian and military personnel have received the same annual raises.

Per the direction of Congress, President Bush recently signed into law a 4.1 percent average pay raise for civilian workers this year that matches the increase for the military – despite originally proposing only a 2.6 percent pay raise for Federal civilians. Nevertheless, the Administration has just proposed a 2 percent across-the-board average pay raise for Federal employees in 2004, while military personnel are slated to receive a 4.1 percent average pay raise next year – marking the third straight year that the White House has attempted to de-link civilian and military pay increases. The 2 percent recommended pay raise also rebuffs the 2.7 percent increase mandated by the formula in FEPCA used to determine annual civil service pay raises.

In light of the well-documented human capital concerns facing our Federal government, we must maintain the tradition of providing equitable pay increases to Federal civilian employees and members of the uniformed services – all of whom are on the frontlines ensuring our nation's security each day and make significant contributions to the general welfare of the United States.

RECRUITMENT AND RETENTION TOOLS

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Compensation is an integral piece of the human capital crisis we are presently facing. Legislation has been introduced in the Senate by Sen. George Voinovich (R-OH), S. 129, that would allow managers to use a variety of compensation tools such as recruitment, relocation, and retention bonuses, and give agencies streamlined critical pay authority to fill key positions. These are sensible reforms that would begin to address the workforce problems that will only worsen with the forthcoming retirement wave.

Retention bonuses do not always have to take the form of financial incentives. In exit interviews of Federal workers, other issues have been raised such as a lack of recognition and the absence of a long-term sense of purpose. It is also a widespread belief of those leaving government that insufficient opportunities exist for growth in the public sector, which brings us to the problem of proper succession planning. In a recent poll conducted by the Partnership for Public Service, when Federal employees were asked to rank the effectiveness of 20 proposals for attracting talented people to government, the most popular choice was providing more opportunities for career advancement.

OVERTIME PAY FOR MANAGERS

There is a distinct retention problem in the Federal government. The notion of the career civil servant is becoming more and more obsolete because there are few incentives for advancement in the Federal government. When combined with higher salaries and benefits packages in the private sector, it is no wonder that many Federal employees are leaving the public sector after only a few years of service. In fact, there are often times disincentives for moving up the career ladder. A perfect illustration is the current statute which caps overtime pay for Federal managers and supervisors.

Between 1994 and 2001, the non-postal executive branch civilian workforce was reduced by more than 452,000 positions.[6] One of the side-effects of this downsizing is that overtime is becoming increasingly common. According to OPM, "the percentage of public-sector supervisors and other FLSA-exempt employees who receive overtime pay is increasing."[7]

[6] U.S. Office of Personnel Management, "The Fact Book 2002 Edition: Federal Civilian Workforce Statistics," p. 8.
[7] April 28, 1999 letter from Office of Personnel Management Director Janice R. LaChance to House Speaker J. Dennis Hastert.

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Federal managers, supervisors, and other Fair Labor Standards Act-exempt employees, however, face an outdated restriction placed on the payment of overtime that is encouraging some to leave the ranks of management and return to the bargaining unit or move to the private sector so they can earn a higher paycheck.

Under current law, 5 U.S.C. 5542(a)(2), overtime pay for Federal managers, supervisors and FLSA exempt employees (one and a half times the normal rate for work in excess of 40 hours per week) is limited to that given to a General Schedule level 10, step 1 employee. The first grade-based overtime cap, enacted in 1954, set the base at GS 9, step 1 (P.L. 83-763). Twelve years later in 1966, it was increased to GS 10, step 1 (P.L. 89-504). In the thirty-three years since that time, however, nothing has been done to keep pace with changing workforce realities. In 1966 the average GS grade was 7.3; in 2001 the average GS grade was 9.7,[8] nearly three full grade levels higher since the implementation of the current overtime cap.

Overtime pay is premium pay and therefore does not count toward increasing an employee's future retirement benefit. This means that increasing overtime pay does not affect mandatory spending. The overtime cap causes two problems for Federal managers and supervisors:

1. First, managers and supervisors above GS-12, step 6 actually earn less on overtime than they do for work performed during the regular work week.

   Example: Sally Supervisor is a GS-13, step 9.
   Her regular rate of pay is $36.14 per hour.
   For overtime, however, she is paid at a rate of $26.64 per hour.
   If Sally worked on a Saturday she would be paid $9.50 less per hour than for the work she performed on Friday.

2. Second, managers and supervisors may earn substantially less for overtime work than the employees they supervise.

   Example: Sally Supervisor is a GS-13, step 9.
   Her regular rate of pay is $36.14 per hour.

For overtime, however, she is paid at a rate of $26.64 per hour.

Ed Employee is a GS-12, step 7 and FLSA non-exempt with an overtime rate of $42.09.

Raising the overtime cap would represent an important step toward addressing overtime problems that increasingly serve as disincentives to hard-working civil servants contemplating accepting promotions into the ranks of management. It would also go a long way toward removing significant obstacles to our government's ability to recruit and retain a highly motivated cadre of managers and supervisors.

WAGE-GRADE DISPARITIES

The Federal Wage System (FWS) has been one of the most maligned and adversely affected sectors of the Federal government. FMA is concerned about securing adequate pay raises for the 225,000 hardworking men and women covered by the FWS.[9] This number represents only 47 percent of the FWS workforce size in 1984[10], due to downsizing and significant pay disparities with similar positions offered in private industry. Multiple regions across the nation are presently in place to determine the wage of the particular trades and skills that are set in the wage grade pay-setting.

There are several concerns regarding wage-grade pay that demand serious attention in order to make these Federal jobs more competitive and desirable for the younger job seekers leaving our colleges and high schools today. The first concern is the disparity in how pay raises are determined in the present system of wage-grade surveying. The vast difference in locality pay not only occurs from region to region, but also can exist in small pockets within the same locality. A contributing factor to this disparity lies in the methodology used to select wage-grade survey industries and services. While it is true that the cost of living is different from region to region, there is no correlation when you examine how pay scales are set for various trades in our Federal workforce.

[8] U.S. Office of Personnel Management, "The Fact Book 2002 Edition: Federal Civilian Workforce Statistics," p. 26.
[9] U.S. Office of Personnel Management, "The Fact Book 2002 Edition: Federal Civilian Workforce Statistics," p. 30.
[10] Ibid

A prime example occurs in the wage-grade trades for the nation's ship repair trades. There is a $4 per hour difference in pay for ship repairers who perform the same skill at the Norfolk Naval Shipyard and those working at the Puget Sound Naval Shipyard. This difference was in large part established by the businesses used in those two areas as part of their wage-grade surveys. In the Puget Sound area a huge aerospace and computer industry base was utilized while at Norfolk more service-oriented businesses were examined. Despite the cost of living for the two areas being very comparable, the wage-grade surveys set vastly different pay rates. This occurrence can be found in many areas across the nation, which creates an unfair system for the skilled artisans and workers in our workforce.

In examining the pay-setting features used for wage-grade pay a major improvement would be the utilization of like industries in establishing pay scales. A more consistent method must be used to establish logical and realistic pay skills for skilled workers. A uniform system to establish the pay scales would be a major step forward in attracting younger workers into our aging Federal workforce. Fair distribution of pay raises is a primary concern of management and workers in the Federal civil service today. As different methods are examined to use in the setting of pay there must be an element of fairness instilled. A specific trade must be paid on a similar scale nationwide with only the consideration of an area's cost of living as an adjustment. Providing a standard wage-grade survey and pay-scale setting with appropriate locality adjustments would be a step in the right direction to resolve this longstanding inequity.

General schedule pay has a huge impact on the present setting of wage-grade pay. The trend has been to cap wage grade raises to the percentage set for GS pay. This has also been a major contributing factor to keeping the pay gap in the double digit levels.

PERFORMANCE MANAGEMENT

For agencies to perform at optimum levels, employees must have clearly defined performance standards. These standards should be directly linked to the agency's mission, customer service goals, and their annual performance plan and/or strategic plan.

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According to a Merit Systems Protection Board survey[11] conducted during fiscal years 1997 through 1999, on average one of every 8.8 Federal workers received a promotion each year during the three-year period that was studied. In other words, 7.8 of 8.8 employees – or 88.6 percent of the Federal workforce – were not promoted in any given year. At GS-12, the rate of promotion fell to about one in 13 a year; at GS-13, the rate was about one in 20, and at GS-14, the rate was about one in 25. Generally speaking, the rate of promotion slows as the General Schedule grade level increases. With such a low rate of promotion, the problem of putting the right people in the right jobs is aggravated.

We at FMA support implementing a more comprehensive, government-wide appraisal system. The current "pass/fail" appraisal system, for example, can serve as a disincentive for excellence. An appraisal system that clearly delineates unacceptable, acceptable and excellent performance is recommended. The appraisal rating should be a key consideration in the promotion and award processes.

The current mechanism in place for addressing unacceptable performance should be revised, for it is far too cumbersome and takes too long to document. As a remedial measure, the employee should be provided tutoring and given a reasonable timeframe in which to attain acceptable performance. We as Federal managers want the process to be fair for both the employee and the agency.

We envision a "contract" between the manager and the employee, i.e., if an employee performs at the acceptable level of performance, he/she will retain the position and receive the scheduled within-grade increases; if an employee performs at the excellent level, he/she will receive proper recognition; if an employee performs at the unacceptable level, he/she will receive a reasonable timeframe in which to improve performance.

We at FMA recommend an awards system for managers that adequately reflects the manager's level of responsibility, span of control, and level of achievement. Of course, any such system requires sufficient appropriations funds. We have too often seen over time new pay authorities without the necessary dollars to utilize these tools. The Bush Administration has proposed a $500 million Human Capital Performance Fund for fiscal 2004 to "allow managers to increase pay beyond annual raises for high-performing employees and address other critical

[11] U.S. Merit Systems Protection Board: "The Federal Merit Promotion Program: Process vs. Outcome," Dec. 2001, p. xi.

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personnel needs."[12] OPM will administer the Fund for the purpose of allowing agencies to deliver additional pay to certain civilian employees based on individual performance or other human capital needs, in accordance with OPM-approved agency plans. Although this is a step in the right direction, questions must still be answered in terms of the disbursement of the funds:

- Who will decide which employees receive increases, and who will determine the amount of such increases?
- Is $500 million sufficient for a workforce of some 1.8 million Federal employees?
- Will this Fund be renewed every year and appropriated accordingly?

Furthermore, FMA does not believe any new Performance Fund should be used to undercut fair and appropriate annual pay adjustments for Federal employees.

PAY BANDING

To help the Internal Revenue Service (IRS) improve tax administration and service to taxpayers, Congress included new requirements affording greater flexibility in handling personnel issues as part of the IRS Restructuring and Reform Act of 1998 (RRA).[13] One of the act's personnel flexibility provisions gave IRS discretionary authority in hiring, paying, and recruiting staff. Section 9509 authorized IRS to implement a broadbanded pay system, also called pay banding, to assist in its reorganization. Pay-banding combines two or more pay grades. Using this provision, IRS combined between 2 and 3 grades per band.

The IRS began its "pay-for-performance," pay-banding effort with conversion of Senior Managers (SM) in March 2001. The following December, Department Managers (DM) were converted to the pay-banding system. There are separate pay bands for each level of IRS management. The SM Band is for all mid-level positions. The DM Band combines grade 11-13 Service Center positions. The Service recently decided that the remaining GS/GM managerial positions in the Service will be converted to the pay-banding system effective in July 2003.

IRS plans to establish two Frontline Manager (FM) pay bands to include remaining managers not currently covered by the SM or DM pay bands. The FM I pay band will cover GS

[12] Fiscal Year 2004 Budget Proposal of the U.S. Government, p. 38.
[13] P.L. 105-206 was enacted on July 22, 1998. Title I, Subtitle C, Personnel Flexibilities, sections 1201-05, list the provisions.

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managerial positions at grades 7 through 11, and the FM II pay band will cover GS/GM managerial positions at grades 12 through 14. Frontline grade 15 managerial positions will be converted to the SM pay band.

Managers in the FM pay bands will continue to receive the annual comparability and locality increases. However, once in the pay band, step increases will no longer be automatic; rather, they will be based strictly on performance. Managers covered by an FM pay band will be eligible for their first performance-based step increase in January 2004, based on their FY 2003 performance ratings. Thereafter, salary reviews and any appropriate step increases will occur every 2 years. Annual performance bonuses will be mandatory for those managers earning an "Outstanding" summary rating. Managers in the FM pay band with summary ratings of "Exceeded" will be eligible for performance bonuses every year. The Service has established a bonus pool of 2% of FM salaries to fund FM bonuses.

Some of the IRS pay-band principles include:

- Appraisals will be done every year, but salary determinations are made every 2 years. The determination of whether an employee progresses further in the band is determined by matching 2 consecutive annual ratings and then matching them to pre-determined minimum rating requirements.

- Rating requirements to progress through the band increase the further the employee moves. (Example: In the beginning of the band two "Met" ratings are needed to move forward in the SM Band. One rating of "Outstanding" and the other of at least "Exceeded" are needed to move into the last increment of the band.)

- Pay-banded employees can receive annual bonuses based on the yearly appraisal. The bonus is a one time payment that does not become part of base pay (salary).

- All employees in IRS pay bands receive the General Schedule comparability increase.

- Employees converted into IRS pay bands are given credit for time spent in current step when converted. (Example: Current Grade 13, step 9 with 2 years under current step; the salary of Grade 13, step 9 increased by 2/3 of the value of the step increase between steps

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9 & 10; the new amount is then slotted into the new pay band salary chart. If the employee falls between steps s/he is slotted at the higher step.)

- To ensure ratings consistency, performance review boards were built into the system. The review examines ratings given to ensure consistency of criteria application.

Within FMA, we have conferences divided along agency lines, one of which is the FMA-IRS Conference. Feedback from our IRS Conference shows that pay bands offer the opportunity to provide real recognition to top performers. The General Schedule places its emphasis on longevity. As long as an employee maintains a satisfactory level of performance, s/he will move through the step, and if s/he stays employed long enough, s/he will reach the top of the step.

Pay bands also provide the opportunity to have accelerated salary progression for top performers. Under the IRS pay-band system, managers are eligible for a performance bonus each year. Those managers with "Outstanding" summary ratings will receive a mandatory performance bonus. Managers with "Exceeded" summary ratings are eligible for performance bonuses.

In the area of job classification, determinations are made which place positions in different pay categories where the distinctions that led to the classification are small. Pay-banding provides the opportunity to place greater weight on performance and personal contributions.

Pay bands can also be designed to provide a longer look at performance beyond a one-year snapshot. Many occupations have tasks that take considerable lengths of time. Pay bands can be designed to recognize performance beyond one year. (The IRS system combines two consecutive yearly ratings to determine whether an employee moves forward in the band). Arbitrary grade classifications in the GS system inhibit non-competitive reassignments. Broader bands allow non-competitive reassignments. This enhances management flexibility and developmental opportunities.

Of course, there remain challenges with the IRS pay-band system, and any proposed pay-band system for that matter. First, pay-for-performance systems are only as good as the appraisal systems they use. Since performance is the determining factor in pay-band movement, if there is no confidence in the appraisal system, there will be no confidence in the pay system.

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Moreover, pay-for-performance systems can be problematic where there is an aging workforce. Experienced employees tend to convert towards the top of the pay band. This provides them little room to progress through the band, and only if they achieve higher levels of performance ratings. This is particularly true for those employees whose GS grade is the highest grade in the new band. (Example: Grade 13 employee placed in an 11-13 band. S/he will be towards the top and now will need the higher grades to continue to move ahead. Previously s/he only needed time in grade to progress).

Finally, pay-band performance requirements can discourage non-banded employees from applying for banded positions. If the employee is converted in the upper range of a band s/he may not have confidence s/he can achieve the higher ratings requirements.

For additional guidance, Congress should look to the pay-banding system being implemented at the Federal Aviation Administration (FAA). As a result of legislation in 1995 that granted the agency broad exemptions from laws governing Federal civilian personnel management found in Title 5 of the United States Code, the FAA is managing its personnel in one of the most flexible human capital management settings ever witnessed in the Federal government. In 1996, FAA announced a sweeping reform of its personnel management system. Once exempted from these provisions of title 5, FAA replaced the traditional grade and step pay system with a broadbanded pay structure that provides for a wider range of pay and greater managerial flexibility to attract, retain, and reward employees.

CONCLUSION

As we collectively grapple with the complex issue of compensation reform in the Federal government, we must find where models such as the ones being used at the IRS and the FAA have succeeded – and failed. There have also been numerous instances of demonstration projects in the area of expanding personnel authority bringing success to some Federal agencies, but rarely are these successful initiatives allowed to cross agency lines. The approach the government takes to correct pay systems for civilian workers will decide how this Nation survives the human capital crisis before us. More importantly, Congress and the Administration must shift the habitual focus from cutting the size of the Federal workforce to that of recruiting and retaining top talent.

Some of the challenges facing the Federal workforce will be difficult to overcome should a continued priority be placed on conversion of critical Federal sector jobs to private sector activity. The loss of valuable and experienced employees – and the institutional wisdom they provide – is already taking place. No real succession planning, including managerial development and training, has been funded or implemented to ease the strain the system is facing as retirement-eligible employees leave the public sector.

We at FMA would like to propose several recommendations. One important priority is to work with both the Administration and Congress to alter the image and perception of the civil service. Far too often, civil servants have unfairly taken the brunt of the blame for ill-advised policies that they had no control over. The public must recognize the important duties our Federal employees perform each and every day on their behalf. Everyday, Federal employees are working tirelessly behind the scenes to ensure that our Nation remains as secure as possible. Everyday, a disaster of some sort is averted through the dedicated efforts of our extremely talented Federal workforce. Yet we often hear stories of blame being assigned to these public servants, rarely about the successes that occur on a daily basis. And while our attention is focused on security, the business of our Nation continues to move forward in an increasingly efficient manner.

All the while, Federal workers at the Departments of Transportation and Justice are providing heightened security of our skies, our shores, and our borders; employees throughout the Department of Defense are supporting our warfighters as they continue fighting the war with Iraq as well as the war on terrorism; and the ongoing endeavors of the talented individuals at the Centers for Disease Control are addressing immediate terrorist threats while preparing us for future contingencies. Time and time again, our civil service selflessly responds in a professional manner – all for the greater well-being of the country they serve.

We at FMA would also like to see a review of FEPCA to examine what adjustments need to be made to enable the legislation to work as intended. Any constructive dialogue on FEPCA at this point is better than the hollow act of preempting designated pay increases each and every year, which serves only to exacerbate the low morale that is pervading our civil service.

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We also support ways to improve the hiring process for Federal employment, and bring about policies that attract the best and brightest of our society to serve in Public Service. Correspondingly, managers should be afforded the means to continuously enhance their skills. Individual development plans should be devised to maximize each manager's potential. Agencies and departments should increase opportunities for managers to receive training in their respective fields while on-duty by specifically allocating funds for this training. Thus, FMA supports establishing management succession programs to ensure that we have the strongest possible pool of managers to lead tomorrow's civil service.

Finally, we encourage a real and sincere look at Federal pay systems, while encouraging structures that attract, retain, and maintain the Federal workforce we need and desire. The system must be fair and realistic in offering career ladder incentives and progression. Congress must also look at legislation that has been introduced to ensure that Federal retirees and their spouses do not lose benefits they are entitled to receive as being citizens of this great democracy. The time has come to eliminate the penalties and caps placed on a Federal retiree's Social Security benefits. Both Government Pension Offset and the Windfall Elimination Provision must be done away with to allow former civil servants to receive their just rewards for serving their nation and being a citizen of the United States of America.

FMA has long served as a sounding board for the Legislative and Executive branches in an effort to ensure that policy decisions are made rationally and provide the best value for the American taxpayer, while recognizing the importance and value of a top-notch civil service for the future. We must keep in mind that even if passed into law, without the necessary funding, no real benefits will be realized – and thus no real progress will be made.

I want to thank you again, Chairwoman Davis, for providing FMA an opportunity to present our views. We at FMA look forward to working with you and other Members of Congress to deal with our government's workforce challenges in our mutual pursuit of excellence in public service. This concludes my prepared remarks. I would be glad to answer any questions you and members of the subcommittee might have.

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