

Statement of

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SUBCOMMITTEE ON CIVIL SERVICE AND AGENCY ORGANIZATION
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On

DIVERSITY IN THE SENIOR EXECUTIVE SERVICE (SES)

Introduction

Madam Chair, my name is Ron Sanders, and I am OPM's Associate Director for Strategic Human Resources Policy; I appreciate the opportunity to appear before you today on behalf of Director Kay Coles James to testify on the Office of Personnel Management's aggressive efforts to improve the representation of those groups of employees that have traditionally been underrepresented in the Federal Government's

Senior Executive Service (SES). Mr. Mark Robbins, OPM's General Counsel, is also with me today to address any questions you may have on the No FEAR Act.

Madam Chair, I believe that we all share a goal that is simply stated: an SES corps that reflects the diversity of America's citizenry, and you can rest assured that as the President's Chief Human Capital Officer, Director James is unequivocally committed to achieving that goal...not only because this is the right thing to do (there is no doubt or debate about that), but also because it also represents a *mission* imperative: a more diverse SES will result in a Federal Government that better serves our citizens, the ultimate objective of the President's Management Agenda. The President and Director James simply will not be satisfied until this is accomplished, and they appreciate the strong and dedicated leadership you and your Subcommittee have provided in this area.

The Goal: An SES Corps that Reflects America

Madam Chair, the fact is that the SES today is not as diverse as it should be, and although we have seen some gradual improvement in this regard, progress remains unacceptably slow. In 1998, minority representation in the SES was about 13 percent. In 2003, minorities comprise nearly 15 percent of the SES. That translates into a 9 percent gain for minorities over that period, with an accompanying 1 percent decline in non-minority representation. Between 1998 and 2003, there was an 18 percent increase in the number of women in the SES, with a corresponding decrease in the number of men.

The SES is currently comprised of almost 9 percent African Americans, 3 percent Hispanics, and nearly 2 percent Asian/Pacific Islanders. Women now comprise over 26 percent of the SES, up from 22 percent in 1998. Disabled members of the SES increased from 3.8 percent to 3.9 percent during this period. We had hoped for even more progress, taking advantage of an expected higher-than-normal rate of executive retirements to provide the opportunity for even more candidates from traditionally underrepresented groups to enter the SES. While those retirements have not yet materialized, we are

confident that they will...and they represent a potential “silver lining” in the trend lines I have described.

A Long-Term Challenge

So while the Federal Government is getting better, we are still not nearly good enough...the challenge still remains before us, and it is one that is not amenable to quick fixes. Rather, it is all about succession planning...managing the Federal Government’s leadership development “pipeline” over a multi-year time frame, and paying attention to its diversity as we do. At the risk of stating the obvious, a diverse SES depends in large part on a diverse candidate pool of mobile, high-performing GS-14s and 15s, talented managers who are ready to take the next step up – right now, or some time over the next five years. That is where OPM’s new Federal SES Candidate Development Program (or FedCDP) comes in...I’ll talk more about this in a moment.

However, even with aggressive SES candidate development (formal and otherwise), the diversity of that successor pool still depends on the one below it...the reservoir of high potential GS-12s and 13s, those “leaders in learning” who will be ready to compete for the SES in to five to ten years. And the diversity of that pool depends on our ability to recruit the best and brightest, either directly into those positions, or more likely, at a more junior level with tools designed to staff the very beginning of the executive development pipeline: Presidential Management Interns (PMIs), Outstanding Scholars, Federal Career Interns, and cooperative education students.

At the entry level, these tools have proven to be extremely effective at bringing exceptional young people from all walks of life into the Federal service...especially those who aspire to leadership. For example, the PMI “class” of 2003, arguably the best long-term source of Federal senior executives, is a model of diversity; 21 percent of that class are minorities (up from 17 percent in 1998), and with 58 percent women, 12 percent African American, 5 percent Asian/Pacific Islanders, and 4 percent Hispanic, this year’s

PMI cohort is far more diverse than the SES overall. Similarly, the Outstanding Scholar program, open to college graduates with a 3.5 grade point average or top 10 percent standing in their graduating class, has been just as successful in assuring a diverse leadership succession pool...in 2003, nearly 26 percent of those appointed under this authority were minorities, up from 23 percent in 1998. All of these programs are designed to prepare their participants as future leaders, and with aggressive outreach to minority-serving institutions (something OPM has started to do with the PMI program), we can improve the diversity of those future leaders.

We are also improving mid-career leadership development efforts. As a complement to FedCDP, we are developing an Executive Readiness Program designed to prepare high-potential GS-13s and 14s to eventually enter an SES candidate development program... or in some cases, the SES itself. It is modeled after similar efforts in “best practice” agencies like the Internal Revenue Service, the Department of Health and Human Services (with its Emerging Leaders Program), and the Department of Labor, which has implemented a strategy designed to recruit new MBAs directly into mid-level leadership and management positions, so far with excellent success. These are examples of the kind of attention and investment required to meet the leadership succession challenge and at the same time, improve the diversity of the SES development pipeline.

Madam Chair, I know you know this...you held a hearing on this very subject just two weeks ago, so I need not belabor the point; however, the reality is that it will take some time -- even though I also know you (and my boss and hers) are anxious for results. For example, if you consider the Federal Government’s current population of GS-14s and 15s as the most likely “feeder” group for most SES positions, its diversity is only slightly better than the SES corps. Currently, 20 percent of the Federal Government’s GS-14 population are minorities, up from 16 percent in 1998, and nearly a third are women, up from 25 percent in 1998. 18 percent of all GS-15s are minorities, up from 16 percent in 1998, with women accounting for 27 percent of that population, up from 22 percent in 1998. However, let me put these figures into perspective: while only 20 percent of all GS-14s and 15s are minorities, this still translates to over 32,000 potential minority SES

candidates, compared to a current career SES corps that totals about 7,000 individuals. So the numbers are there, and we are convinced that the talent is as well. It just needs to be discovered and developed...and as quickly and effectively as we can

A Focus on Here and Now

Thus, there is cause for optimism over the long term. The President's Management Agenda is providing the impetus for progress, and agencies are beginning to pay attention. We have the tools and the commitment to achieve our goal...over time. But what can we do right now? What are we doing today to get better? As I have noted, OPM's FedCDP represents one of our most important initiatives in this regard. Designed to complement the executive development strategies of individual agencies (including those that already have their own CDPs), as well as OPM's own government-wide efforts, it incorporates the very best practices in leadership development...lessons drawn from organizations, both public and private, that have set the standard for executive excellence *and* diversity.

In developing our Program, we took into account the Constitutional limits upon efforts at affirmative outreach toward traditionally underrepresented communities. OPM's CDP is designed to operate within those limits. It is a racially neutral program. Race plays no role in the candidate selection process. OPM's challenge is to create a diverse pool of applicants by ensuring that those qualified members of traditionally underrepresented communities know about the program and are encouraged to apply. We can do this through Constitutionally acceptable methods of aggressive recruiting and outreach.

Thus, while the Program is not (and cannot be) reserved for the exclusive development of leaders from traditionally underrepresented groups, we believe that it includes a number of innovative features that will help us accelerate the accomplishment of that goal.

Commitment from the Top. First and foremost, FedCDP enjoys the strong commitment of this Administration's most senior leaders, including the members of the new Chief

Human Capital Officers (CHCO) Council. I will discuss that Council's role in this endeavor in more detail below; however, suffice it to say that all of its members are keenly aware of the executive succession challenge that we all face, and as our Program's ultimate "board of directors," they are sensitive to diversity issues even as they work to ensure continuity of leadership excellence in their respective agencies. It takes this sort of top-down drive to achieve real success...it is the secret ingredient of any effective leadership development strategy, and in this case, we have it, plainly manifested in and by the number of agencies that have signed up to participate.

In this regard, FedCDP is uniquely demand-driven, designed to meet an agency's specific SES development and succession needs...as expressed by that agency's senior leaders. Agencies that participate in FedCDP will actually identify their projected SES losses, focusing on those that do not have an adequate successor pool, and those expected vacancies will be described (along with any essential technical qualifications) in the announcement soliciting applicants for the Program. This will increase the chances of finding and preparing the right candidates for the right jobs. This is in contrast to many agency CDPs, which focus instead on the supply side of the succession equation. They are not based on projected losses and/or succession requirements, instead attracting, developing, and graduating many talented candidates who never reach the SES...largely because they do not match up with the specific requirements of specific executive vacancies. Government-wide, CDP placement rates are barely above 50 percent, frustrating graduates and agencies alike. By starting with specific succession requirements, identified by senior agency leaders themselves, FedCDP should achieve a much better placement rate...and a much better return on the government's investment.

Aggressive, "All Source" Recruiting. We obviously cannot guarantee the diversity of FedCDP candidates, or for that matter, their ultimate goal: the SES itself. However, we can increase the odds of both by actively and aggressively reaching out for the most diverse pool of potential executive talent that we can. While most agencies take a very passive approach to recruiting for their CDPs, especially with respect to external applicants (typically construed as anyone not already employed by the agency), we will

do just the opposite. We have already engaged the various organizations that represent the interests of female and minority Federal employees, including Blacks in Government, the National Association of Hispanic Federal Executives, the Asian American Government Executive Network, and Federally Employed Women, in the design of our program; they are also helping to encourage top-notch candidates from all backgrounds, including those from traditionally underrepresented groups, to apply...and to persuade agencies to participate.

In this regard, we believe that FedCDP will also offer an opportunity for talented, high-potential internal candidates (including those from traditionally underrepresented groups) to progress where their development and/or career progression in a particular agency may have been stymied...perhaps because there simply may not have been any opportunities available for either where they are. We know that there is plenty of talent out there, uncut diamonds, people with untapped potential eager to be discovered and developed. And while many of these talented individuals have applied for CDP and/or SES positions in agencies other than their own, they typically compete against that agency's own employees, insiders who have the "home field" advantage of being far better known to their senior leaders. In FedCDP, there are no insiders and no "home field" advantage.

We also intend to open our Program to an external applicant pool that is substantially broader, and hence substantially more diverse, than the typical SES "feeder" group of current GS-14s and 15s. Most agencies permit only current or former Federal employees to apply for their CDPs and/or their SES vacancies, thus limiting themselves to an applicant pool that we know is not much more diverse than today's SES. In contrast, our program will be open to *any* U.S. citizen inside or outside government who has the ability and commitment, regardless of their background. And we also intend to conduct targeted print, electronic, and direct marketing to and through groups not exclusively Federal in orientation that are potential conduits to talent, such as the Hispanic and African American MBA Associations. In so doing, we believe that we will attract a large applicant pool that is both exceptional *and* diverse.

Merit-Based Assessment. As envisioned, the Program will bring together over a dozen agencies that, by definition and admission, do not have a ready pool of candidates for their projected SES vacancies. All of them will be searching for talent at the same time, and OPM has designed a candidate assessment and selection process for them that is fair and bias-free. Our job is to preserve and protect the merit system, and in the case of FedCDP, we will be “at the table” with participating agencies as they evaluate FedCDP applicants. In this regard, we have developed an intensive screening and assessment process (based on SES merit staffing regulations and procedures) to identify those uncut diamonds we talked about, a process that will be overseen and managed by OPM. It will include a joint agency/OPM review of written applications against the general leadership and *essential* technical requirements for each position, as well as rigorous, structured interviews conducted by panels of experienced executives...drawn from participating agencies, trained in structured interviewing techniques, and assisted by our staff and program experts. Those interviews will identify the most outstanding applicants, those that have demonstrated the high potential necessary to aspire to the Senior Executive Service, and OPM will certify them as “finalists” as such. Participating agencies will then have the opportunity to select and sponsor one or more FedCDP candidate(s) from this pool of finalists, appointing them to a full-time developmental position at the GS-14 or 15 level, depending on their qualifications.

Those so appointed will comprise the inaugural “class” of FedCDP. Can we absolutely guarantee that this first or subsequent FedCDP classes will be appropriately diverse? No, we cannot, for in addressing the challenge of improving diversity, in the SES and otherwise, we are bound by the Merit Principles set forth in the law...and rightly so. These Principles, OPM’s very *raison d’etre*, require absolute neutrality with regard to the race, national origin, gender, physical ability, or age of an SES candidate; just as they forbid any sort of discrimination on such grounds, so too do they prohibit any sort of preference. Thus, we must and will ensure that the development and selection of SES members are based solely on ability, and trust the tested rigors of the merit process to produce the right result: the best person for the job.

Exceptional Developmental Experiences. Once selected, the entire “class” of candidates will begin a series of intensive leadership development activities designed to prepare them for the SES. We will begin the Program with an individualized assessment of each candidate’s current strengths and weaknesses as a leader, and for each, the preparation (with agency participation) of an Individual Development Plan designed to produce an SES-ready graduate. The centerpiece of the Program will be “hands on” and experiential, with each individual having the opportunity to actually practice leadership in one or more executive-level developmental assignments in the candidate’s sponsoring agency, all the while receiving continuous coaching and feedback from an experienced executive mentor (to support these assignments, OPM will provide each participating agency with a temporary SES allocation).

The entire class will also receive at least three weeks of formal interagency training provided by the Federal Executive Institute (FEI), one of the country’s most highly regarded providers of leadership and management education; the curriculum will include an advanced, accelerated version of FEI’s flagship *Leadership for a Democratic Society*, designed exclusively for FedCDP participants, as well as coursework, seminars, simulations, and other exercises specifically tailored to our Program. These activities will occur over a period of 12-15 months and will be complemented by continuous candidate assessment and feedback, by agency and/or OPM executive coaches, instructors, and developmental supervisors...to ensure that only those candidates that live up to their potential are retained in the Program.

Upon successful completion, graduates will be “nominated” by their sponsoring agency for SES certification by an OPM SES Qualifications Review Board (QRB). Those who pass this final test will become *eligible* for non-competitive promotion to the SES.

In this regard, note that there is no guarantee that all candidates will satisfactorily complete the Program and/or be promoted to the SES; however, with Merit Principles in mind, here is our pledge to you. We can (and will) aggressively promote our CDP to the widest audience possible, within the Federal Government and without, so as to ensure

that its applicant pool truly reflects America's diversity. We can (and will) provide an applicant assessment process that is absolutely free from any improper bias, illegal and otherwise, that in any way diminishes equal opportunity. We can (and will) involve the most senior leaders from participating agencies in the final selection of FedCDP candidates, leaders who understand the importance of, and are committed to, leadership excellence, continuity, and diversity. And we can (and will) hold agencies accountable for their efforts in this regard. With that pledge, we anticipate a very high "success" rate.

Accountability and Oversight. No effort as important as this would be complete without some means of assuring accountability for its accomplishment, a mechanism that sets high expectations, measures progress against them, and holds senior agency officials accountable for results...or lack thereof. We now have in place just such a mechanism, and perhaps more than anything else, it will help us achieve our goal.

First, as part of the President's Management Agenda (PMA), OPM has established a Human Capital Assessment and Accountability Framework as a means of evaluating how well agencies are managing their human capital. That Accountability Framework, in accordance with the Chief Human Capital Officers Act of 2002, describes six key Standards of Success, human capital benchmarks that form the basis for agency PMA scores – the now-well known "Red, Yellow, Green" scoring scheme that has proven so effective. Those Standards include one mandating a diverse workforce, particularly in mission-critical and leadership positions, as well as a requirement that agencies have effective leadership development and succession plans in place and underway. Agencies that do not meet these standards will not receive high marks, and inasmuch as they are reported to the President, I can assure you that those marks matter...proving once again the old adage that "what gets measured gets done." Two years ago, agencies were almost all in the Red, in terms of both status and progress against the Standards of Success, including those that assessed the efficacy of their leadership succession and diversity efforts; now most are Yellow and many are Green, at least with respect to their progress.

That progress is in part attributable to another component of the Chief Human Capital Officers Act. The Act also requires that each Cabinet department and major executive agency designate a Chief Human Capital Officer (CHCO) to serve as the senior agency official who is ultimately held accountable for the strategic management of the agency's workforce. The CHCO is vested with "stewardship" responsibility for its human resources, much as an agency's Chief Information Officer and Chief Financial Officer are with respect to its fiscal and information resources, and, according to the law, that stewardship includes responsibility for ensuring diversity and leadership continuity in the agency. Thus, the Act establishes a single point of accountability for an agency's people, and when you couple that with the mandate of the President's Management Agenda, as described in OPM's Accountability Framework, progress is inevitable.

OPM Leads the Way

Madam Chair, we can improve the diversity of the SES. We know it can be done. As in so many things, it is just a matter of commitment, and OPM is leading the way. As you may know, Director James has just completed the most sweeping restructuring in the agency's history, and in the process, she has filled over 20 SES positions over the last twelve months, bringing a new team of executive leaders that is both exceptional (even if I do say so myself) and diverse. Under our new structure, fully 10 percent of OPM's SES cadre is African American, with 10 percent Hispanic and 2 percent Asian/Pacific Islander; women constitute 37 percent of that cadre. In this regard, OPM has one of the most diverse SES corps in the Federal Government, far above the average. And Director James has not ignored the leadership development pipeline either...for the first time in several years, OPM has brought in Presidential Management Interns to the agency, over 20 of them, and they too are as diverse as they are outstanding: there are 6 African Americans, 12 women, and 4 Hispanics among them. In addition, she has also established a new mid-career development program for high-potential OPM staff, to prepare them for higher grade, supervisory and eventually, executive responsibilities. Director James practices what she preaches.

The No FEAR Act

Before I conclude, I want to turn very briefly to another topic of interest to this committee, the No FEAR Act. This summer the President delegated to OPM the responsibility to promulgate regulations implementing the Act. Toward that end, we have been working with the Justice Department, the Treasury Department, Office of Special Counsel and the EEOC. We have also had discussions with external stakeholders, including the No FEAR Coalition. Regulations implementing the Judgment Fund reimbursement provisions of the Act have been drafted and are currently being reviewed by OMB. Further, we are drafting regulations that will implement the additional sections of the Act.

In Conclusion

Madam Chair, while the challenge is great, so is the commitment. In his landmark Management Agenda, the President has recognized that the Federal Government's workforce is one of its most valuable assets, that our employees are a national resource, and that the American people expect them to be managed effectively and efficiently on their behalf. They also expect them to reflect their own diversity, from the front line to the executive suite. The President and Director James, as well as the Council of agency Chief Human Capital Officers, are unequivocally committed to that goal. Our new FedCDP represents the extent of that commitment, and we believe that coupled with the other key elements and strategies I have described today, it will help achieve the President's goal of ensuring a ready reservoir of exceptional SES candidates...and eventually, an SES corps...that reflects the diversity of America.