

**STATEMENT OF THE HONORABLE DAN G. BLAIR
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before the

**SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT
MANAGEMENT, THE FEDERAL WORKFORCE AND
THE DISTRICT OF COLUMBIA
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
UNITED STATES SENATE**

on

**ENHANCING EMPLOYEE PERFORMANCE
A HEARING ON PENDING LEGISLATION**

JUNE 29, 2006

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting the Office of Personnel Management (OPM) to testify about the proposed Federal Workforce Performance Appraisal and Management Improvement Act and the proposed Federal Supervisor Training Act. I am pleased to testify on behalf of OPM and our Director Linda Springer.

OPM is pleased to endorse and support S. 3492. We see this legislation as a significant step with respect to Governmentwide human capital reforms – one that will help to ensure that we are able to have a 21st century compensation system for Federal employees. I would be remiss, Mr. Chairman, if I failed to acknowledge your steadfast commitment to improving Federal management policies and practices. Throughout President Bush's Administration, your

support has been essential to the significant changes we have already achieved in the areas of hiring, workforce shaping and restructuring, and pay and leave administration.

As we look to the future and further human capital reforms, we view S. 3492 as laying essential building blocks entirely consistent with the direction future personnel reforms must take. Our mutual attention has turned to Governmentwide improvements in performance management and aligning employee performance with the pay increases they receive. As you know, years of experience with effective pay-for-performance with nearly 100,000 employees has made clear that further experimentation is not needed. What is needed, however, is firm commitment to sound infrastructure and careful implementation that gives appropriate emphasis to improving performance management systems, holding managers accountable for effective performance appraisal, and training them appropriately.

We firmly believe having Congress spell out these requirements by way of statute sends a powerful message to employees and managers and the American public. It also would prevent any future backtracking to less robust performance management systems.

S. 3492 would develop a solid infrastructure by improving Federal performance management in at least three ways. First, the 1978 law that laid out requirements for agencies to appraise employee performance against standards set in advance was enacted in the era that predated the Government Performance and Results Act. That era still focused on positions and processes and paid scant attention to strategic contributions and expected results. It is time to

make the change you propose so that each employee's performance expectations are clearly aligned with relevant agency strategic goals and mission objectives.

Second, both S. 3492 and S. 3584, Senator Akaka's proposed legislation, make clear that effective performance management is first and foremost the responsibility of supervisors and managers. For too long, the burden has rested with the personnel shop to "make it work." It is past time to recognize that performance management is not a personnel function; it is a core function for every supervisor and manager. Your proposals provide for clear accountability by requiring that managers themselves must be appraised on how well they perform their performance management roles.

The third area where both of your proposals focus on improving performance management is in ensuring supervisors and managers are properly trained to carry out that role. If supervisors are going to be held accountable for communicating clear expectations, providing ongoing feedback and coaching employees, and making fair and credible performance assessments, we must provide them appropriate training and development experiences. I recognize that Senator Akaka has had a very strong interest in this specific area as well which is why we are pleased to also be reviewing his proposal to enhance training of supervisors and managers. I would point out that the Administration strongly shares this commitment to training as evidenced in the President's 2007 budget proposal which includes funding to support such training.

OPM is fully committed to ensuring effective training is available. We are prepared to set standards for effective training and to offer such training as part of our comprehensive leadership development programs. That has been the approach OPM has been using as part of the Human Capital Initiative under the President's Management Agenda (PMA).

Through the PMA, agencies have already been redesigning and strengthening their performance management systems to ensure employee performance plans align with organizational goals and focus employees on achieving results. OPM has provided extensive guidance and expects agencies to make distinctions and provide consequences based on performance when evaluating employees, as well as hold managers accountable for appropriately managing the performance appraisal process. Agencies have identified "Beta" or test sites to implement and assess their revised systems, and will complete their performance appraisal cycle at their beta site by September 30, 2006. OPM is monitoring and providing feedback to the agencies on the implementation of their beta sites.

Also noteworthy is the fact that most agencies have already or are in the process of moving away from pass/fail appraisal programs and are implementing new, multi-level programs. Here again, however, adding a clear legislative ban on pass/fail appraisal as your proposal does, would be very valuable.

We are also pleased that S. 3492 sets the direction to move further toward pay-for-performance. We understand concerns among the general workforce about increasing the

linkage between performance ratings and pay adjustments. Mr. Chairman, your strategy to improve the appraisal systems first is key to addressing these concerns.

With respect to the specific pay-for-performance proposals as contained in S. 3492, we agree strongly that creating a basic performance contingency for getting any pay increase is a very reasonable first step. The idea that less than fully successful performers should get pay increases is indefensible. Right now, only the within-grade step increases for General Schedule employees are subject to such a test. The automatic, performance-insensitive January Federal pay increases date back to the days of manual payroll systems when clerks would look up pay rates from published tables. Those days are long gone. We can and do pay people at other than a fixed step rate.

Mr. Chairman, making any pay increase contingent on a fully successful performance rating is just common sense. We owe it to the vast majority of good performers to acknowledge their positive contributions and not treat their underperforming counterparts in identical fashion.

Mr. Chairman, I want to note clearly that your bill includes appropriate and significant safeguards and due process requirements to reassure employees they will be treated fairly. We agree this is an essential element for any pay-for-performance feature.

Mr. Chairman and Senator Akaka, I appreciate this opportunity to speak to your proposals and I am available to answer your questions.