

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE COMMITTEE ON GOVERNMENTAL AFFAIRS

SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT MANAGEMENT

UNITED STATES SENATE

SUBJECT: "An Overlooked Asset: The Defense Civilian Workforce"

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Mr. Chairman and distinguished guests, thank you for the opportunity to address issues regarding the Wright-Patterson Air Force Base (WPAFB) civilian workforce.

Background

WPAFB presently employs over 10,000 government civilian employees serviced by our Civilian Personnel Office (CPO). Of course, there are additional civilians on base (Non-Appropriated Fund (NAF) employees, other government employees, contractors, bank employees, etc.) that the CPO does not service. Additionally, there are over 5,000 military members. The Aeronautical Systems Center (ASC) is the host organization and has 4,501 government civilian employees and 2,960 military assigned to WPAFB. In addition, some of the other major tenant organizations located at WPAFB are the Air Force Research Laboratory (AFRL) with 1,749 government civilian employees, Headquarters Air Force Materiel Command with 1,069 government civilian employees, the National Air Intelligence Center (NAIC) with 981 government civilian employees, the Materiel Systems Group (MSG) with 458 government civilian employees, the 445th Airlift Wing with 377 government civilian employees, the Air Force Security Assistance Center (AFSAC) with 321 government civilian employees, and the Air Force Institute of Technology (AFIT) with 236 government civilian employees. Our workforce at WPAFB is highly educated with over three-fourths of our civilian employees having attended college and over 50 percent having at least a bachelor's degree. Looking at ASC's acquisition workforce, over 90 percent have attended college, with 80 percent having at least a bachelor's degree and almost 45 percent having advanced degrees.

It's a well-known fact that human capital management is now a concern for most government agencies. This includes WPAFB. In September 1989, the WPAFB civilian workforce totaled 17,138, compared to 10,136 today, over a forty percent reduction in civilian strength. In 1989, prior to the drawdown of the nineties, our age and years of service demographics at WPAFB were relatively evenly distributed. Normal attrition generated 30 percent turnover of the workforce every five years. This offered ample opportunity to refresh the workforce with fully trained employees possessing updated technological skills. The 1990s were a period of significant human resource challenges to WPAFB and ASC. Our ability to hire was severely restricted due to the decade of downsizing, which resulted in significant skewing of our age and service demographics. In order to minimize involuntary separations, vacancies were cancelled or used to place employees being adversely impacted by reductions-in-force (RIF) and, as such, restricted the number of new employees entering into the WPAFB and ASC workforce. This led to a significant drop in the number of employees under thirty years of age at WPAFB and increased the number of employees over forty years of age.

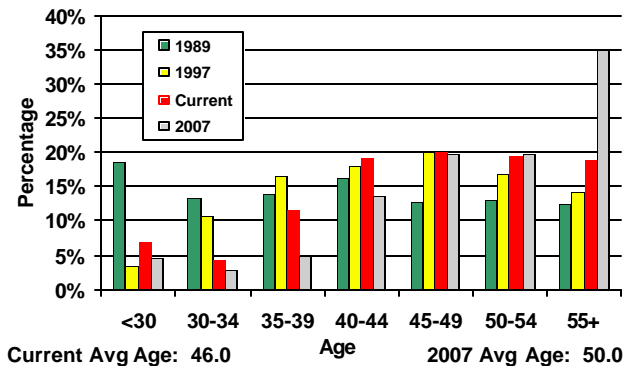
OVERALL STATUS OF THE CIVILIAN WORKFORCE AT WPAFB

For the most part, the state of our Wright Patterson AFB workforce is very similar to that of the other Product and Test Centers within Air Force Materiel Command, the Air Force, and most of the Federal Government. In 1997, we started actively publicizing our demographic problem and the need for assistance in workforce shaping efforts, and we participated in our Command's work force shaping study, which was published in April 2000. As you can see in the charts below, our current and projected demographics continue to skew to the right with a slight increase in the number of employees in the under-30 age bracket. Based on the data below, the average age of our civilian employees at WPAFB is presently 46 and is expected to grow to 50 in 2007, while the years of service for these same employees presently average 18.6 and will grow to 22.6 in 2007. Presently, 35 percent of the WPAFB workforce is eligible to retire today (over 38 percent of our acquisition workforce); and, without effective workforce shaping, this will increase to over 55 percent of the WPAFB workforce (over 58% of the acquisition workforce) by 2007. This, alone, will have serious mission impact. Moreover, retirement of our trained employees without workforce revitalization will erode our corporate knowledge base and threatens our ability to effectively accomplish our missions.



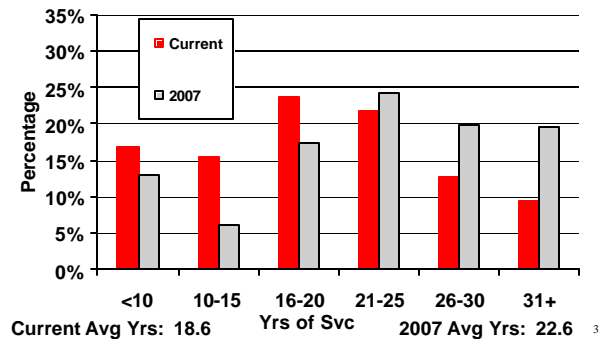
WPAFB AGE DEMOGRAPHICS

Rapidly delivering war-winning capability



WPAFB YEARS OF SERVICE DEMOGRAPHICS

Rapidly delivering war-winning capability



PROGRESS IN USING RECENT WORKFORCE SHAPING AUTHORITIES

Congress, particularly the Ohio delegation, has recognized the importance of workforce shaping and worked hard to provide legislation to that effect. The Wright-Pat community certainly appreciates the strong support of Senator Voinovich and his staff in supporting workforce shaping legislation, as well as other personnel flexibilities, in the past few years.

The chart below shows the total number of workforce shaping incentives that activities serviced by the CPO at WPAFB have been able to approve in FY01, FY02, and FY03 under the workforce shaping provisions in the defense authorization bills. This total includes the civilian employees duty located at Newark, Ohio. In addition, the chart shows the number of civilian employees that ASC was able to approve using this authority. (Note, since the CPO services AFRL employees located at WPAFB and non-AFMC activities, the totals reflected here will not match the AFMC WPAFB totals).



WORKFORCE SHAPING APPROVALS

Rapidly delivering war-winning capability

	WPAFB	ASC
FY01	43	14
FY02	198	76
FY03	124	11

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When workforce shaping was initiated in FY01, it was limited to employees eligible for optional retirement. In FY02 and FY03, the incentives could be offered to employees eligible for early

retirement as well as optional retirement. In addition, in FY02 we were authorized to use daisy chain. This accounts for the larger number of incentives approved in FY02.

The following are some examples of how major organizations at WPAFB used workforce shaping legislation to revitalize their workforce and adjust skills mix in a variety of occupations: a psychologist position reshaped to an engineering position, a mathematician position reshaped to an electronics engineer, a physicist position reshaped to a materials engineer, journey level financial and contracting positions reshaped to trainee positions, and journey level information technology positions reshaped to entry level positions to bring in trainees with the most current educational background and up-to-date skills.

As you know, Senator, we strongly supported your efforts for workforce shaping legislation and we look forward to being able to take full advantage of the law in the future. In addition, we have taken the following initiatives to complement your legislative efforts and help alleviate some of our demographic imbalance.

We are visiting at least 40 colleges and universities per year targeting scientist, engineering, business, and medical fields. We recruit nationally, including the Historically Black Colleges and Universities (HBCUs) and the University of Puerto Rico, to attract and retain a diverse pool of applicants. Since 1999, we have reinvigorated our Co-Op Program and tripled the number of students employed; over 150 co-op students are now employed.

We are actively leveraging existing authorities by extensive use of recruitment/retention bonuses and payment of relocation expenses in our recruiting programs. At the journey level, the ability to adjust the salary to a higher step using the Superior Qualification appointment authority has helped us compete with private industry.

In anticipation of increased hiring, ASC established a Retention Center to address retention issues of our employees. Initiatives included distribution of new employee brochures, creation of a web site for new employees, and provision of information on retention for supervisors. In addition, we facilitate quarterly informational seminars for our junior workforce concerning career programs and training and education programs that provide networking opportunities to build relationships with each other. Our goal is to assure we retain those that we hire.

We have also designed and implemented diversity training for all WPAFB employees, which will ensure we have a work environment where awareness, acceptance, and effective inclusion of human differences will enhance accomplishment of the mission.

In addition to our robust participation in AFIT's programs, leadership training is provided to supervisors highlighting the six characteristics of an effective leader: challenge the process, inspire a shared vision, enable others to act, model the way, encourage the heart, and have fun.

We have also established two on-base masters programs, one leading to an MBA through the University of Cincinnati and the other to an advanced engineering degree through the University of Dayton.

We are also taking advantage of using AF centrally funded trainees in engineering and business career fields. Upon completion of their training, we plan to put them on our vacant positions. Because of the emphasis on workforce shaping by you, Mr. Chairman, and senior WPAFB managers, we are finding that when organizations have headroom they are focusing on hiring trainees/journey level to meet future human capital needs.

IMPACT OF PROPOSED REDUCTIONS ON CIVILIAN WORKFORCE AND RATIONALE BEHIND SUCH REDUCTIONS

We will do what we have done in previous years: use vacancies, attrition, and the RIF avoidance incentive to mitigate adverse impacts of the reductions. These tools have worked for us in the past and we are confident they will help us lessen any adverse impact on employees that may otherwise occur as a result of future reductions. However, my previous charts on demographics showed the impact of the use of these tools. We anticipate some reduction in civilian employee strength at WPAFB, with the largest number of reductions in ASC. At the same time, we project ASC will continue to see an increase in the dollar volume of work sent our way. The only WPAFB organization that we see with significant growth of civilian employees is AFIT.

As we become more efficient through transforming our processes and ways of doing business, our Command as a whole is attempting to develop an attrition strategy that balances the need to realign/reduce the workforce with the need to ensure adequate headroom exists to continue our replenishment efforts and not “undo” the progress we have made to date. Further reductions could limit additional progress and possibly reverse what we have already accomplished. In the worst case scenario, we may end up separating the trainees and junior journey level employees

we've hired in recent years – the very people currently being trained to carry on the complex and important work accomplished at WPAFB. Realizing they may be the first to leave, our junior employees are concerned about reduction “talk” and are already thinking about career options outside the government. In addition to impacting our ability to retain good employees, the reductions hamper our ability to recruit the best and brightest into our workforce. Potential employees are starting to question why they should seek employment with an organization that is seemingly headed back toward the downsizing path. In fact, several employment offers were declined because of reduction publicity. At the same time, it is imperative that we manage the exodus of retirement eligible employees so we can hire new employees while experienced people are still here to train them. However, further reductions will reduce the flexibility we have to pursue meaningful workforce shaping initiatives.

The reasons for future reductions at WPAFB vary. Some of our activities have programmatic reductions already on their manpower books that have been planned for a long period of time. For example, in the FY01 APOM, ASC projected reengineering savings in its acquisition workforce to provide funding for technology enhancements that would allow the Center to perform its primary mission more efficiently. The recent Air Force reductions are the result of complex, multiple factors that, when coupled together, required the Air Force to “balance the books” to bring its manpower levels into alignment with its funding. Also, the events of 9-11 created world changes that generated additional manpower requirements for high priority missions. The Air Force must now realign resources from lower priority to higher priority missions, e.g., special operations and force protection.

These reasons are based on information we have right now. However, future WPAFB manning levels may fluctuate based on the re-competing of our existing Most Efficient Organizations (MEOs), changes to mission requirements that require skills balancing, or other unknown circumstances.

CHANGES IN POLICY OR LAW THAT WOULD ENHANCE OUR ABILITY TO MANAGE
OUR CIVILIAN WORKFORCE

Although the passage of the Homeland Security Act has provided some legislative relief, additional legislative and policy changes are needed to better enable us to manage our civilian workforce.

The legislation that you recently introduced, the Federal Workforce Flexibility Act of 2003, includes many of these provisions, such as the flexibilities that your bill provides regarding the use of recruitment, retention, and relocation bonuses. The ability to structure recruitment bonuses so that they can be paid in installments or at the end of a service agreement, the opportunity to offer larger bonuses, and the ability to offer retention allowances to employees to prevent them from accepting other federal employment will, I believe, be helpful to the WPAFB community. We also support the provision in your legislation that seeks to rectify an anomaly that prevents employees retiring from a part-time position from receiving appropriate credit for full time service prior to April 7, 1986. The current situation is unfair to employees who worked full time for the majority of their career, i.e., their full time service is credited using an average salary in the annuity computation that is adversely affected by the part-time service.

We are also supportive of a totally new personnel system. Agencies need to have pay banding, hiring flexibility, and a performance/contribution-based compensation system that will reward our best workers. Although the implementation details of the National Security Personnel System (NSPS) outlined in the Defense Transformation for the 21st Century Act have not be finalized, we hope this legislation will provide many of the changes we need for a more effective personnel system. I want to stress that the individual services should be provided the maximum flexibility within any DoD-wide personnel system to ensure that service or activity-specific needs are accommodated. For your information, we did request authority to implement the Acquisition Demonstration Project for our non-bargaining unit employees in most AFMC organizations located at WPAFB. Although our request was forwarded from Air Force to DoD, it is our understanding that approval is held up pending legislation.

One of my biggest concerns is that the current hiring authority is cumbersome, slow, and difficult for candidates to understand. Speed is very critical to the hiring process. In addition, in order to ensure we receive a return on our investment in recruiting efforts, we need a process that ensures that the highly capable individuals we identify during recruiting are reachable for employment. A categorical ranking system to replace the “rule of three” should help accomplish these objectives.

Mr. Chairman, I hope you share with me the tremendous pride of accomplishment of all the employees at WPAFB. Everyday, we strive to make our best contribution to the Air Force. We are “powered by” our vision of maintaining a “warrior’s spirit” to help defend our great country.

In summary, Mr. Chairman, I would like to thank you for the opportunity to share my views with you. I assure you that we are doing all we can to address civilian workforce issues at WPAFB. With your continued support, I am confident we will continue to progress in this area. I will be very pleased to respond to any questions you may have.