

# A Congressional Perspective on the Need for Managerial Flexibility

OPM Strategic Compensation  
Conference

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# Human Capital Management and the American People

- The Social Security Administration
- The Veterans' Affairs Administration
- The Immigration and Naturalization Service

Not just an  
“Inside the Beltway”  
issue

# Civil Service Structure

- Classification Act of 1949
- 70 % of white-collar jobs are clerical in nature
- Internal equity

Today's workers are highly skilled, motivated, and professionally stimulated

# Pay and Performance

- Longevity
- No real performance accountability
- Inattention to labor market rates

# Goals for Pay and Performance

- Performance evaluation tied to pay
- Results:
  - ☐ A more tailored and dedicated workforce
  - ☐ Increased agency efficiency and effectiveness

# Availability of Tools

- Pay
- Awards
- Benefits
- Learning and development opportunities
- Work-life policies
- Positive work environment

# Hiring Process

- “The Rule of Three”
- Categorical Ranking

# The Internal Revenue Service

In response to a report by the National Commission on restructuring the IRS, Congress enacted legislation in 1998 that provided the agency with greater flexibility to hire qualified personnel needed to implement modernization.

# The Internal Revenue Service

- Performance appraisal systems linking pay to performance
- Category rating systems
- Recruitment, relocation, and retention incentives
- Critical pay authority
- Pay-banding
- Voluntary separation pay incentives

# Succession Planning

In the next five years, over half the federal workforce will be eligible for retirement.

# Where Do We Stand Now?

- Human capital legislation
- The Managerial Flexibility Act
  - ☐ Recruitment, relocation, and retention bonuses
  - ☐ Demonstration projects and alternative personnel systems
  - ☐ Workforce restructuring tools
  - ☐ Senior executives

# The Department of Homeland Security

- Senator Lieberman's bill
- Senator Thompson's concerns
- The right vehicle?

Let's keep the conversation  
going...