8. STRENGTHENING THE FEDERAL WORKFORCE

When President Obama addressed the Senior Leadership corps on December 9, 2014, he described both the challenge and caliber of the Federal workforce:

> *"Many of you do what you do at extraordinary sacrifice. You could work at a lot of places. You made a decision at some point in your life to serve your country — your country is stronger because you made that decision. You keep America running — our airports, our embassies, our financial system. You take care of our troops and their families. You do it without fanfare — in fact, doing your job right often means nobody hears about you. They only report when something goes wrong, or when there's a shutdown and suddenly somebody notices — oh, we need that and nobody is doing it."*

Historically, this sentiment has had bipartisan support. President George H.W. Bush stated, "There is nothing more fulfilling than to serve your country and your fellow citizens and do it well. And that is what our system of self-government depends on." The Federal Government is America's largest employer, with more than 2.1 million civilian workers and 1.3 million active duty military who serve in all 50 States and around the world. About 85 percent of Federal employees work outside of the Washington, D.C. metropolitan area, and the majority of Federal employees directly serve the public. Federal employees are our neighbors, civic leaders, and taxpayers, too. The Federal Government is the Nation's largest employer of doctors, and employs individuals responsible for protecting our forests, waterways and parks, and providing grants for research, housing, and education. Every day, Federal employees actively collaborate with the private and nonprofit sectors to advance our national priorities. During five years of delayed budgets, sequestration, pay freezes and award caps, Federal employees have come in every day to serve their country. In 2014 alone, Federal employees addressed a wide range of national priorities – from responding to the Ebola outbreak to working to end veterans' homelessness to implementing the Affordable Care Act that helped millions obtain affordable health care. Thanks in part to the efforts of Federal employees, the economy is recovering. The annual unemployment rate in 2014 fell 1.2 percentage points from the previous year, the largest annual decline in the last 30 years.

This chapter discusses four broad areas related to the Federal workforce. First, it describes trends in Federal employment levels over the past several decades and includes estimates for the FY 2016 Budget. Second, it outlines the shifts in composition of the Federal workforce over the past decades. Third, the chapter lays out some of the challenges the Federal workforce has faced, such as recent pay freezes, sequester, furloughs, and government shutdown. Finally, it discusses the Administration's recent accomplishments and future plans to fully capitalize on the talents in the Federal workforce today, and recruit and develop the capabilities we need to serve the American people tomorrow.

The President is committed to supporting the development of the Federal workforce. One of the four pillars of the President's Management Agenda (PMA) is People & Culture, focused on unlocking the full potential of today's Federal workforce and building the workforce we need in the future. This Cross-Agency Priority (CAP) Goal will improve how we effectively hire, engage and lead our workforce. Focusing on removing frustrating barriers that can prevent Federal employees from accomplishing their mission will allow us to achieve the breakthroughs and daily operational success that the American public expects, and fixing broken administrative processes while focusing on mission outcome will allow agencies to properly allocate resources and concentrate on outcomes.

Trends in Federal Workforce Size

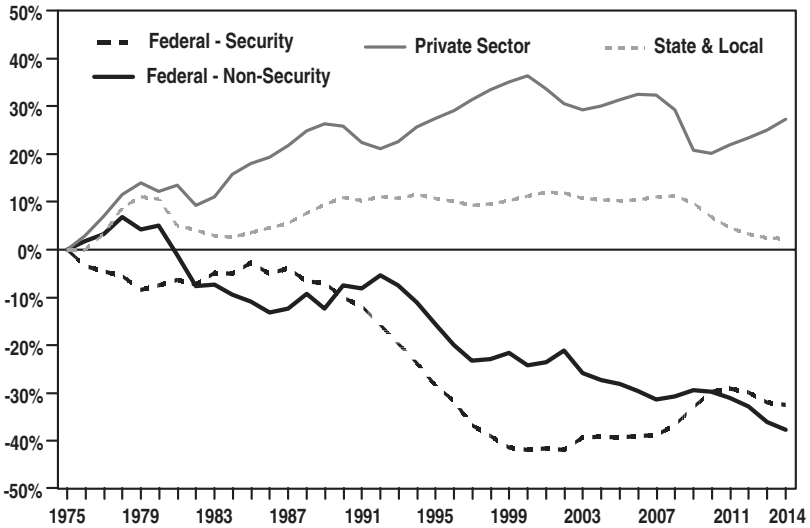
Long-Term Trends

The size of the Federal civilian workforce relative to the country's population has declined dramatically over the past several decades, with occasional upticks due, for example, to military conflicts and the administration of the Census. Since the 1960s, the U.S. population increased by 66 percent, the private sector workforce increased 131 percent, and State and local government workforces (excluding education workers) increased 127 percent, while the size of the Federal workforce rose just 9 percent.[1]

Chart 8-1 highlights the sharp drops, relative to population, in both the security and non-security parts of the Federal workforce since 1975 (the end of the Vietnam War), compared to increases in the private sector and State and local governments (excluding education). Since 1975, the security and non-security parts of the Federal workforce have declined 33 and 38 percent, respectively, relative to the population, but the patterns in the declines differ. As could perhaps be expected, the Federal security workforce (63 percent of the current Federal civilian workforce) has largely tracked the history of U.S. engagement in conflict overseas – it fell at the end of the Vietnam War, increased in the early 1980s, and dropped significantly compared to the civilian population as the Cold War ended. That decline reversed itself after 9/11 and with the onset of the

[1] Teachers, professors, and workers in schools, colleges, and universities make up almost half of the State and local workforce. To make the State and local workforce more comparable to the Federal workforce, those educational workers are excluded from these comparisons.

Chart 8-1. Changes Since 1975 in Employment/Population by Sector



Source: Office of Personnel Management and Bureau of Labor Statistics.

Notes: Federal excludes the military and Postal Service. Security agencies include the Department of Defense, the Department of Homeland Security, the Department of State, and the Department of Veterans Affairs. Non-security agencies include the remainder of the Executive Branch. State & Local excludes educational workers.

wars in Iraq and Afghanistan. After remaining mostly steady, the non-security workforced decreased drastically in the 1980s. While the 1990s reversed some of that decline, the non-security Federal workforce has declined by about 35 percentage points relative to the private sector since 1992.

The divergent trends in Chart 8-1 are striking. While the evolution of the Federal security workforce largely tracks major foreign policy developments, the reasons for the decline in the non-security Federal workforce are less clear, particularly given increasing responsibilities at many Federal agencies. The Government Accountability Office reports declines in the workforce between 2004 and 2012 in the Departments of Agriculture, Education, Housing and Urban Development, Interior, the Environmental Protection Agency, GSA, NASA, and the Social Security Administration. In the same period 94 percent of the Federal workforce growth occurred in the Departments of Defense, Veterans Affairs, and Homeland Security.[2]

Possible explanations for the relative decline of the non-security Federal workforce include: (1) relative increases in efficiency in the Federal sector; (2) an increase in the contract workforce (which likely also plays a role on the security side); and (3) shifting of some duties of the Federal government to State and local governments. Also noteworthy, both an increased reliance on a contract workforce and shifting responsibilities to State and local governments have required the Federal workforce to take on greater management roles over time. As discussed in greater detail below, this may help explain why the skill level of the Federal workforce (as measured by educational level attained) has increased faster than that of the private sector workforce. Still, it is unclear if these increases in education level have been fast enough to keep up with the increased demands on the Federal workforce.

Short-Term Trends

Table 8-1 shows actual Federal civilian full-time equivalent (FTE) levels in the Executive Branch by agency for fiscal years 2013 and 2014, with estimates for 2015 and 2016. Estimated employment levels for 2016 result in an estimated 1.6 percent increase compared to 2015, or approximately 34,000 Federal jobs. This increase is primarily driven by growth at the Department of Veterans Affairs to strengthen the timeliness and quality of services to veterans and to implement the Veterans Choice Act; and restoring cuts made to the Department of the Treasury's Internal Revenue Service (IRS) to improve customer service, program integrity efforts, and tax enforcement.

In recent years, the Executive Branch has had made considerable progress hiring veterans, and the Federal government continues to benefit from retaining the dedication, leadership, and skills these veterans have honed. In November 2009, President Obama signed Executive Order 13518, establishing the Veterans Employment Initiative and establishing the Council on Veterans Employment. In FY 2011, veterans made up 29 percent of the total new hires in the Federal Government. By the end of FY 2013, veterans made up approximately 31 percent of new hires government-wide, and 54 percent of new hires at DOD. The total number of veterans employed by the Government also increased. In FY 2011, there were 602,775 veterans in the Federal Government, or 29 percent of the workforce. By the end of FY 2013 (the most

[2] http://www.gao.gov/assets/670/660449.pdf.

Table 8–1. FEDERAL CIVILIAN EMPLOYMENT IN THE EXECUTIVE BRANCH

(Civilian employment as measured by full-time equivalents (FTE) in thousands, excluding the Postal Service)

Agency	Actual		Estimate		Change: 2015 to 2016	
	2013	2014	2015	2016	FTE	Percent
Cabinet agencies:						
Agriculture	88.0	86.1	91.1	91.8	0.7	0.8%
Commerce	39.9	39.5	43.6	45.1	1.5	3.4%
Defense	738.3	723.9	744.5	741.6	–2.9	–0.4%
Education	4.1	4.0	4.0	4.3	0.3	7.5%
Energy	15.3	15.0	16.1	16.2	0.1	0.6%
Health and Human Services	70.1	69.9	72.8	75.4	2.6	3.6%
Homeland Security	183.7	183.2	185.7	189.5	3.8	2.0%
Housing and Urban Development	8.7	8.4	8.6	8.9	0.3	3.5%
Interior	67.3	64.4	66.9	68.3	1.4	2.1%
Justice	114.8	112.4	117.4	119.3	1.9	1.6%
Labor	17.2	16.7	17.1	17.9	0.8	4.7%
State	33.2	33.1	33.3	33.3	0.0	0.0%
Transportation	55.9	54.1	56.2	57.1	0.9	1.6%
Treasury	102.3	99.2	97.9	107.3	9.4	9.6%
Veterans Affairs	312.8	323.0	342.3	353.9	11.6	3.4%
Other agencies—excluding Postal Service:						
Broadcasting Board of Governors	1.8	1.7	1.9	1.9	0.0	0.0%
Corps of Engineers—Civil Works	22.4	21.8	22.5	22.5	0.0	0.0%
Environmental Protection Agency	15.8	15.3	15.5	15.5	0.0	0.0%
Equal Employment Opportunity Commission	2.1	2.1	2.3	2.4	0.1	4.3%
Federal Deposit Insurance Corporation	7.7	7.3	7.3	7.1	–0.2	–2.7%
General Services Administration	11.9	11.5	12.0	11.8	–0.2	–1.7%
International Assistance Programs	5.4	5.5	5.6	5.6	0.0	0.0%
National Aeronautics and Space Administration	17.9	17.7	17.6	17.4	–0.2	–1.1%
National Archives and Records Administration	3.0	2.9	3.0	3.0	0.0	0.0%
National Labor Relations Board	1.6	1.5	1.6	1.6	0.0	0.0%
National Science Foundation	1.4	1.4	1.4	1.4	0.0	0.0%
Nuclear Regulatory Commission	3.7	3.8	3.8	3.8	0.0	0.0%
Office of Personnel Management	5.3	5.0	5.4	5.5	0.1	1.9%
Railroad Retirement Board	0.9	0.9	0.9	0.9	0.0	0.0%
Securities and Exchange Commission	4.0	4.2	4.4	4.9	0.5	11.4%
Small Business Administration	3.9	3.3	3.3	3.3	0.0	0.0%
Smithsonian Institution	5.1	4.9	5.3	5.5	0.2	3.8%
Social Security Administration	62.5	60.8	64.3	65.5	1.2	1.9%
Tennessee Valley Authority	12.6	11.3	11.7	11.6	–0.1	–0.9%
All other small agencies	17.4	17.6	18.5	19.2	0.7	3.8%
Total, Executive Branch civilian employment*	**2,058.0**	**2,033.4**	**2,105.8**	**2,140.3**	**34.5**	**1.6%**

* Totals may not add due to rounding.

recent available data), the number of veterans had grown to over 607,000, or 30 percent of the Federal workforce, and represented 47 percent of the workforce at DOD. By comparison, veterans comprise approximately 6 percent of the private sector non-agricultural workforce.

Attributes of the Federal Workforce

The previous section describes the long-term decline in the size of the Federal workforce relative to the U.S. population, the private sector workforce, and State and local government workforces. That relative reduction in size in the face of a Federal mission that has only grown more complex, along with an historical trend of greater reliance on contractors and State and local partners in many areas, results in Federal jobs that have become increasingly complex and require greater levels of skill. It is equally important to consider how the Federal workforce differs from the private sector and how it has changed over time. As discussed in more detail below, in comparison to private sector jobs, Federal jobs are concentrated in higher paying professions and are based in higher cost metropolitan areas. Also, Federal workers hold more high-level degrees, and the share possessing such degrees is growing.

Table 8–2. OCCUPATIONS OF FEDERAL AND PRIVATE SECTOR WORKFORCES
(Grouped by Average Private Sector Salary)

Occupational Groups	Percent	
	Federal Workers	Private Sector Workers
Highest Paid Occupations Ranked by Private Sector Salary		
Lawyers and judges	1.9%	0.6%
Engineers	4.0%	1.9%
Scientists and social scientists	4.9%	0.7%
Managers	11.7%	13.7%
Pilots, conductors, and related mechanics	2.0%	0.5%
Doctors, nurses, psychologists, etc.	8.0%	6.2%
Administrators, accountants, HR personnel	6.5%	2.7%
Miscellaneous professionals	15.2%	8.7%
Inspectors	1.4%	0.3%
Total Percentage	**55.6%**	**35.2%**
Medium Paid Occupations Ranked by Private Sector Salary		
Sales including real estate, insurance agents	1.1%	6.2%
Other miscellaneous occupations	3.2%	4.4%
Automobile and other mechanics	1.8%	3.0%
Law enforcement and related occupations	9.2%	0.8%
Office workers	2.5%	6.2%
Social workers	1.4%	0.6%
Drivers of trucks and taxis	0.7%	3.2%
Laborers and construction workers	4.0%	9.3%
Clerks and administrative assistants	13.5%	11.2%
Manufacturing	2.5%	7.5%
Total Percentage	**40.0%**	**52.3%**
Lowest Paid Occupations Ranked by Private Sector Salary		
Other miscellaneous service workers	2.2%	5.9%
Janitors and housekeepers	1.4%	2.4%
Cooks, bartenders, bakers, and wait staff	0.8%	4.1%
Total Percentage	**4.4%**	**12.4%**

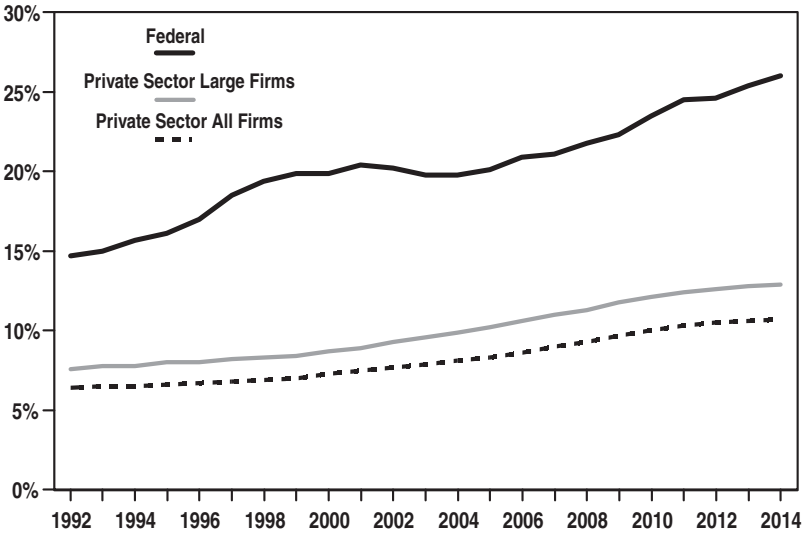
Source: 2010-2014 Current Population Survey, Integrated Public Use Microdata Series.

Notes: Federal workers exclude the military and Postal Service, but include all other Federal workers in the Executive, Legislative, and Judicial Branches. However, the vast majority of these employees are civil servants in the Executive Branch. Private sector workers exclude the self-employed. Neither category includes state and local government workers. This analysis is limited to full-time, full-year workers, i.e. those with at least 1,500 annual hours of work.

Type of occupation. The last half century has seen significant shifts in the composition of the Federal workforce. Fifty years ago, most white-collar Federal employees performed clerical tasks, such as filing or data entry. Today their jobs are vastly different, requiring advanced skills to serve a knowledge-based economy. For example, the IRS previously required thousands of employees in warehouses to print and sort hard-copy tax returns, while thousands more manually adjudicated the returns. With the majority of tax returns now electronically filed, the IRS today requires more forensic accountants and analysts rather than warehouse clerks. Federal employees must manage highly sensitive tasks that require great skill, experience, and judgment. Many need sophisticated management and negotiation skills to effect change, not just across the Federal Government, but also with other levels of government and the private sector.

Using data from the Bureau of Labor Statistics, of full-time, full-year workers, Table 8-2 breaks all Federal and private sector jobs into 22 occupation groups to demonstrate the differences in composition between the Federal and private workforces. Professionals such as doctors, engineers, scientists, statisticians, and lawyers now make up a large and growing portion of the Federal workforce. For example, the Federal STEM workforce has increased by 12 percent from FY 2008 to FY 2012. More than half (56 percent) of Federal workers are employed in the nine highest-paying private sector occupation groups, such as judges and lawyers, engineers, and scientists, compared to about a third (35 percent) of private sector workers. In contrast, 12 percent of private sector workers are employed in the three lowest-paying occupation groups, as cooks, janitors, service workers, etc. Only about 4 percent of Federal workers are employed in those three lowest-paying occupation groups.

Chart 8-2. Masters Degree or Above by Year for Federal and Private Sectors

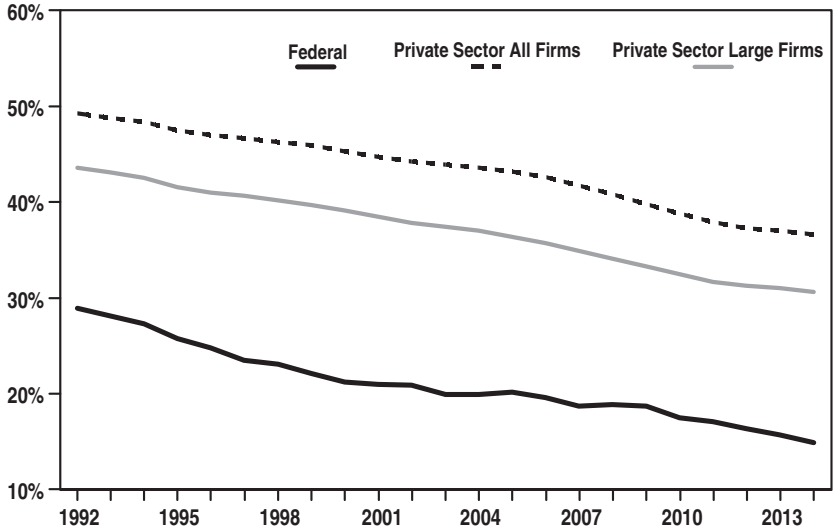


Source: 1992-2014 Current Population Survey, Integrated Public Use Microdata Series.

Notes: Federal excludes the military and Postal Service, but includes all other Federal workers. Private Sector excludes the self-employed. Neither category includes State and local government workers. Large firms have at least 1,000 workers. This analysis is limited to full-time, full-year workers, i.e. those with at least 1,500 annual hours of work and presents five-year averages.

Education level. The complexity of much Federal work – whether that work is analyzing security or financial risk, forecasting weather, planning bridges to withstand extreme events, conducting research to advance human health or energy efficiency, or pursuing scientific advancements in a laboratory – necessitates a highly educated workforce. Charts 8-2 and 8-3 present trends in educational levels for the Federal and private sector workforces over the past two decades. In 1992 there were only about half as many highly educated Federal workers (masters degrees or above) compared to less educated workers (high school degrees or less); in 2014 there were 74 percent more highly educated Federal workers than less educated workers.

Chart 8-3. High School Graduate or Less by Year for Federal and Private Sectors



Source: 1992-2014 Current Population Survey, Integrated Public Use Microdata Series.

Notes: Federal excludes the military and Postal Service, but includes all other Federal workers. Private Sector excludes the self-employed. Neither category includes State and local government workers. Large firms have at least 1,000 workers. This analysis is limited to full-time, full-year workers, i.e. those with at least 1,500 annual hours of work and presents five-year averages.

The private sector has also experienced increases in educational level, but the increases in highly educated workers have been slower than in the Federal sector. Even in large firms, the percentage of highly educated workers is less than half that of the Federal sector and the rate of growth over the last decade is only about half as fast.

Size of organization and responsibilities. Another important difference between Federal workers and private sector workers is the average size of the organization in which they work. Federal agencies are large and often face challenges of enormous scale – distributing benefit payments to over 66 million Social Security and Supplemental Security Income beneficiaries each year, providing medical care to 8.9 million veterans, or managing defense contracts costing billions of dollars. Data shows that workers from large firms (those with 1,000 or more employees) are paid about 15 percent more than workers from small firms (those with fewer than 100 employees), even after accounting for occupational type, level of education, and other characteristics. However, even large private sector firms may not be ideal comparisons to the Federal sector, because the Federal sector is larger and more highly educated (see Charts 8-2 and 8-3).

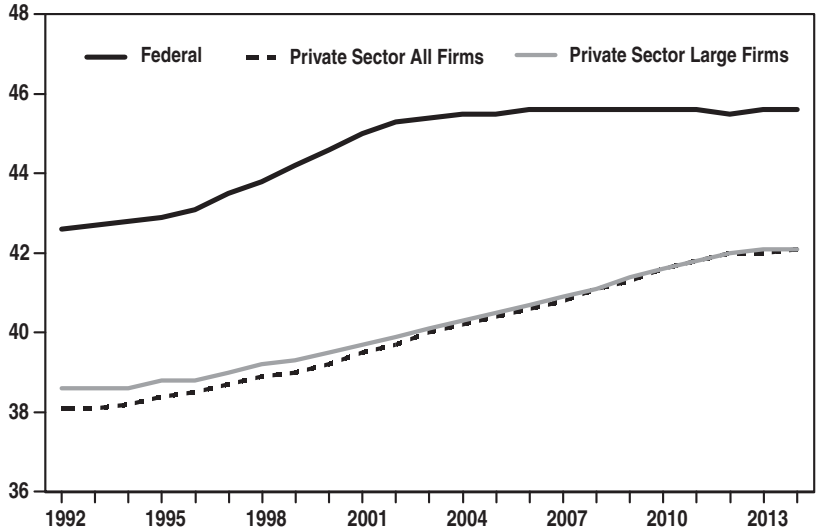
Demographic characteristics. Federal workers tend to have demographic characteristics associated with higher pay in the private sector. They are more experienced, older, and live in higher cost metropolitan areas. For example, Federal workers, on average, are 45.6 years old – up 2.8 years from 20 years ago and higher than the average age of 42.1 years old in the private sector (even in large firms). Chart 8-4 shows the trends in average age in both the Federal and private sectors over the past two decades.

Federal Compensation Trends

Chart 8-5 shows how increases in the Federal pay scale have compared to increases in private sector wages since 1978. After more than a decade when the percentage increases in annual Federal pay raises did not keep pace with the percentage increase in private sector pay raises, Congress passed the Federal Employees Pay Comparability Act of 1990 (FEPCA) pegging Federal pay raises, as a default, to changes in the Employment Cost Index (ECI). The law gives the President the authority to propose alternative pay adjustments for both base and locality pay. Presidents have regularly supported alternative pay plans.

While increases in Federal and private sector pay remained fairly even during the early 1990s, private sector pay incrementally rose in comparison to the public sector in the mid-1990s. That trend reversed itself in the 2000s when the Federal pay scale rose relative to private sector wages. Over the last few years, however, Federal sector wages have fallen consistently and significantly relative to the private sector. This primarily reflects the recent Federal pay freezes, discussed in further detail below. Furthermore, newly hired Federal employees have been required to pay additional contributions towards retirement, effectively a pay reduction relative to their longer-employed colleagues. In 2012, the Middle Class Tax Relief and Job Creation Act increased employee contributions to Federal defined benefit retirement plans, including the Federal Employees' Retirement System, by 2.3 percentage points, effective for individuals joining the Federal workforce after December 31, 2012 with less than

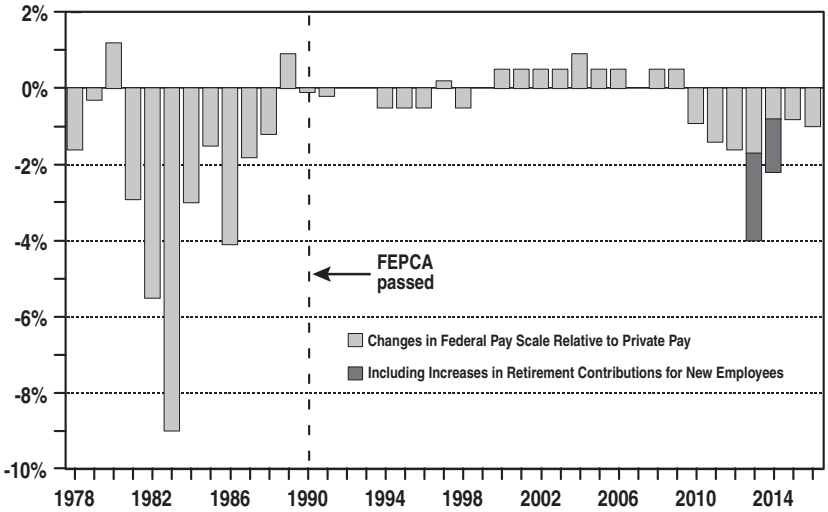
Chart 8-4. Average Age by Year for Federal and Private Sectors



Source: 1992-2014 Current Population Survey, Integrated Public Use Microdata Series.

Notes: Federal excludes the military and Postal Service, but includes all other Federal workers. Private Sector excludes the self-employed. Neither category includes State and local government workers. Large firms have at least 1,000 workers. This analysis is limited to full-time, full-year workers, i.e. those with at least 1,500 annual hours of work and presents five-year averages.

Chart 8-5. Pay Raises for Federal vs. Private Workforce, 1978-2016



Source: Public Laws, Executive Orders, and the Bureau of Labor Statistics.

Notes: Federal pay is for civilians and includes base and locality pay. Private pay is measured by the Employment Cost Index wages and salaries, private industry workers series, lagged 15 months.

five years of creditable civilian service. The Bipartisan Budget Act of 2013 increased employee contributions for those joining the Federal workforce after December 31, 2013 by an additional 1.3 percentage points. Taking into account both the recent pay freezes and the changes in retirement contributions, earnings for new Federal employees since these changes have fallen more than 10 percentage points relative to the private sector between 2009 and 2015.

The President ended the three-year pay freeze with a one percent pay increase for General Schedule employees in 2014 and 2015. The 2016 Budget assumes a 1.3 percent pay increase in 2016 to help the Federal Government remain competitive in attracting and retaining a high-caliber workforce.

Comparisons of Federal and Private Sector Compensation

Federal worker compensation receives a great deal of attention, particularly in comparison to that of private sector workers. Comparisons of the pay and benefits of Federal employees and private sector employees must account for factors affecting pay, such as differences in skill levels, complexity of work, scope of responsibility, size of the organization, location, experience level, and exposure to personal danger, and should account for all types of compensation, including pay and bonuses, health benefits, retirement benefits, flexibility of work schedules, job security, training opportunities, and profit sharing.

A series of reports released in January 2012 by the Congressional Budget Office (CBO) accounted for some, but not all, of the factors described above. CBO found that prior to the three-year Federal pay freeze, Federal pay, on average, was slightly higher (2.0 percent) than comparable private sector pay. CBO reported that overall Federal sector compensation (including benefits) was on average substantially higher, but noted that its findings about comparative benefits relied on far more assumptions and were less definitive than its pay findings. The CBO study also excluded forms of compensation, such as job security, that favor the Federal sector, and factors such as training opportunities and profit sharing that favor the private sector.

Perhaps more importantly, CBO emphasized that focusing on averages is misleading, because the Federal/private sector differentials vary dramatically by education and complexity of job. Compensation for highly educated Federal workers (or those in more complex jobs) is lower than for comparable workers in the private sector, whereas CBO found the opposite for less educated workers. These findings suggest that across-the-board compensation increases or cuts may not be the most efficient use of Federal resources.

The CBO reports focus on workers and ask what employees with the educational backgrounds and other characteristics of Federal workers earn in the private sector. An alternative approach, used by the Federal Salary Council, focuses on jobs and asks what the private sector would pay people with the same roles and responsibilities as Federal workers. Unlike CBO, which found that Federal pay is (on average) roughly in line with private sector pay, the Federal Salary Council found that in 2014 Federal jobs paid 35 percent less than comparable non-Federal jobs.

There are possible explanations for the discrepancy in the CBO versus the Federal Salary Council findings. First, methodological issues around the classification of Federal and private sector jobs introduce considerable

uncertainty into the Federal Salary Council approach. It is significantly easier to compare college graduates in Federal versus private sector jobs than it is to determine what private sector job is most comparable to a given Federal job. Second, the studies ask fundamentally different questions, so their different answers are not necessarily in conflict. It could be the case that Federal and private sector workers with similar characteristics are paid about the same, but that jobs in the Federal sector are underpaid relative to their private sector counterparts. That would imply that, at least in some jobs, the Federal government could have difficulty hiring and retaining workers with the same skills or managerial experience as their counterparts in equivalent private sector jobs This could be a reason for concern, given the decline in the size of the Federal workforce relative to the population and the increasingly supervisory role it plays (e.g., supervising contractors and State and local governments).

Workforce Challenges

The Federal Government faces unique human capital challenges, including a personnel system that requires further modernization, an aging and retiring workforce, and the need to engage a future generation of Federal workers. If the Government loses top talent, experience, and institutional memory through retirements, but cannot recruit, retain, and train highly qualified workers, performance suffers. While the current Federal age distribution and potential for a large number of retiring workers poses a challenge, it also creates an opportunity to reshape the workforce and to infuse it with new workers excited about government service and equipped with strong management skills, problem-solving ability, technology skills, and fresh perspectives. A national climate of criticism of service in the Federal bureaucracy makes it difficult to recruit the needed workforce and convince them to commit their talents and develop into future leaders. President Obama, when welcoming employees back from the 2013 shutdown, explicitly made his pitch:

> *"We have work to do, and the American people are counting on us to get it right. Those of us who have the privilege of serving this country may come from different parties, but we are Americans first. Each of us has specific responsibilities we are charged with carrying out on behalf of the American people, and we have an obligation to do it the best we can. I look forward to working with all of you to make sure we meet the high expectations of the citizens we serve."*

Outdated Personnel System

In the past sixty years, the private sector has developed innovative and more flexible personnel management systems, but the Federal personnel system has not kept up. While recent hiring reform efforts are showing some progress in simplifying hiring, additional reforms are needed to update the hiring, pay, classification, benefits systems, and the performance management process, including how to reward top performers and address low performers. The General Schedule (GS) pay system has been in effect since 1949. Enacted in 1951, aspects of the current benefit and leave laws are out of date and do not always provide adequate flexibility to reflect today's employee and family structures. The Administration is committed to developing an alternative, cost-effective system that will allow the Government to compete for and reward top talent, incentivize performance, and encourage adequate flexibility to family caregivers, among other requirements.

To that end, the Administration proposed to the Joint Select Committee on Deficit Reduction that the Congress establish a Commission on Federal Public Service Reform comprised of Members of Congress, representatives from the President's National Council on Federal Labor-Management Relations, members of the private sector, and academic experts. The purpose of a Congressionally-chartered Commission would be to develop recommendations on reforms to modernize Federal personnel policies and practices within fiscal constraints, including – but not limited to – compensation, staff development and mobility, and personnel performance and motivation.

One clear manifestation of the challenges of the GS system is the continued requests for additional flexibilities and authorities that the agencies need to effectively manage their workforce. The various pay authorities and flexibilities create differentiation among agencies, placing some at a competitive disadvantage to recruit similar talent. While a fragmented personnel system may indeed provide needed customization, today's personnel strategy and oversight are hampered by a legacy centralized rulemaking structure and is largely ineffective. Quite simply, a 21st Century Government cannot continue to operate using 20th Century processes.

Aging Workforce

The Federal workforce of 2014 is both older than Federal workforces of past decades and older than the private sector workforce. The number of Federal retirements has steadily increased, rising from 95,425 in 2009 to peak at 114,697 in 2013. The 101,568 Federal retirements in 2014 represent approximately five percent of the workforce, and increases in retirement are expected to continue. Twenty-five percent of respondents to the 2014 Employee Viewpoint Survey (EVS) expressed an intent to retire during the next five years, with four percent retiring in the next year alone. Given these demographics, the Federal Government faces a few immediate challenges: preparing for retirements by maximizing knowledge transfer from one generation to the next; succession planning to assure needed leadership; and hiring and developing the next generation of the Government workforce to accomplish the varied and challenging missions the Federal Government must deliver.

Developing and Engaging Personnel to Improve Performance

OPM administers the Government-wide Federal Employee Viewpoint Survey (EVS) to gather employee

perceptions about whether, and to what extent, conditions characterizing successful organizations are present in their agencies. The EVS measures employee engagement, defined as employees' sense of purpose, evident in their display of dedication, persistence, and effort in their work or overall attachment to their organization and its mission. The 2014 EVS results demonstrated that Federal employees continue to be engaged in their work, with just a one percent decrease reported in the year after a lapse in appropriations caused Federal offices to temporarily close. However, while levels of employee engagement have remained relatively steady, the continued declines across approximately one-third of the EVS questions serves as an important warning about the long-term consequences of the pay freezes, sequestration, and budget uncertainty that have driven the government-wide declines in satisfaction over the past three years.

One well-documented challenge in any organization is managing a workforce so it is engaged, innovative, and committed to continuous improvement. Federal employees are extremely positive about the importance of their work and repeatedly express a willingness to put in extra effort to accomplish the goals of their agencies. Results from the 2014 EVS indicate that nearly 96 percent of respondents answer positively to the statement "When needed I am willing to put in the extra effort to get the job done." However budgetary constraints have impacted a variety of issues that are important to Federal agencies and employees. For example, the number of employees reporting that their training needs were met dropped by five percentage points between 2012 and 2014, evidence of the impact that budget reductions have on workforce development. There are also cultural and management issues that must be addressed as evidenced by only 55 percent of employees government-wide "feel encouraged to come up with new and better ways of doing things.".

OPM has developed the EVS Employee Engagement Index, an important tool to measure the conditions likely to lead to employee engagement. The 2014 EVS results reflected a slight government-wide decline in two of the three subfactors (Leaders Lead, Supervisor/Employee Relationships, and Intrinsic Work Experiences) that comprise the index. While ratings of Leaders Lead and Intrinsic Work Experience had a slight decline, ratings for Supervisors rose to 71 percent. Engaging agency leaders and managers to make improvements in these areas is a top priority of the President's Management Agenda, as discussed below.

Budgetary Constraints

The last several years have been challenging for the Federal workforce. In late 2010, as one of several steps the Administration took to put the Nation on a sustainable fiscal path, the President proposed and Congress enacted a two-year freeze on across-the-board pay adjustments for civilian Federal employees, saving $60 billion over 10 years. The pay freeze was extended an additional year in 2013 by Congress. The President also issued a memorandum directing agencies to freeze pay schedules and forgo general pay increases for civilian Federal employees in administratively determined pay systems. Additionally, on his first day in office, the President froze salaries for all senior political appointees at the White House, and in 2010, the President eliminated bonuses for all political appointees across the Administration. The Office of Personnel Management (OPM) and the Office of Management and Budget (OMB) directed agencies to limit individual performance awards for almost all employees starting in fiscal years 2011 and 2012, and continuing. Looking forward, tight discretionary caps for 2016 and the possible resumption of sequester in 2016 will make it increasingly challenging for the Federal government to keep pace with the private sector, especially in hard to recruit fields, both in terms of pay and in areas such as training.

Addressing Federal Workforce Challenges

The Administration is committed to further accelerating its employee performance and human capital management. These initiatives are a core component of the President's Management Agenda, as discussed in the main Budget volume. Multiple efforts are underway, including: building a workforce with the skills necessary to meet agency missions, developing and using personnel analytics to drive decision making, new programs to infuse talent into agencies, heightened attention to a diverse and inclusive workforce, continued focus on the Senior Executive Service (SES) hiring and performance appraisal systems, and strengthened labor-management partnerships.

Mission Focused and Data Driven Personnel Management

The Administration is committed to strengthening Federal agencies' capacity to analyze human resources data to address workplace problems, improve productivity, and cut costs. OPM, in conjunction with OMB, is implementing several key initiatives that will lead to better evaluation and management of Federal employees. These efforts include using the EVS as a diagnostic tool to guide management of our Federal workers, expanding implementation of our successful data-driven Human Resources Statistics (HRStat) review sessions, greater alignment between human capital and mission performance, and quarterly updates of key HR performance indicators on Performance.gov.

As discussed earlier, OPM's EVS is a valuable management tool that helps agencies identify areas of strength and weakness and informs the implementation of targeted action plans to help improve employee engagement and agency performance. Notably, OPM has worked with agencies in recent years to increase the number of components within agencies for which office-specific results are available. Whereas only 1,687 components received results in 2011, more than 21,000 offices received results in 2014. The increased response and reporting granularity enables agencies to identify areas of strength, offering possible models for others, and areas of weakness needing attention. Agencies across Government are using EVS data to develop and implement targeted, mission-driven

action plans to address identified challenges. The 2014 release of UnlockTalent.Gov, a new OPM dashboard that provides engagement and satisfaction indices, allows managers across the agency to review their own data in comparison to the rest of government and their agency. The Budget continues its investment in OPM's data analytics to increase the number of data sets available to Federal managers.

Elevating employee engagement is a top priority for the Administration. In December 2014, the Director and Deputy Director of OMB, Director of OPM and Deputy Director of the White House Presidential Personnel Office co-signed a memorandum to the Heads of all Agencies that outlined the linkage between strengthening employee engagement and organizational performance. Building on strong evidence from the private sector and case studies within the Federal Government, Senior Leaders will be held accountable for ensuring that employee engagement is a priority and becomes an integral part of the performance-management system.

Since 2012, Chief Human Capital Officer (CHCO) level agencies have utilized HRstat reviews. These quarterly data-driven reviews, which are led by the agency CHCOs in collaboration with the designated agency Performance Improvement Officer (PIO), focus on agency-specific human capital performance and key human resources management metrics. Agencies have the flexibility to focus on areas critical to their mission and use metrics to understand issues such as performance management, succession planning, recruitment timeliness, and strategic workforce planning. The HRstat reviews are intended to enable quick course correction, if needed, to help ensure progress is being made on key human resources issues. For example, through HRstat, the Treasury Department matched up different bureaus as partners to collaborate on veterans hiring and in one year more than doubled the rate of new veteran hires. In 2014, the final eight CHCO agencies completed the HRstat pilot, so that now all CHCO agencies are implementing the quarterly data-driven reviews. To further assist agencies in implementing and sustaining HRStat, OPM developed an "HRStat maturity model" and stood up a Community of Practice to work collaboratively across government on standards, guidance, tools, training and best practices. These products will be developed and rolled out in 2015, to ensure all agencies continue to mature their HR capabilities.

Creating a Culture of Excellence and Engagement to Enable Higher Performance

Leadership, organizational culture, and employee engagement are critical factors in the success of private and public institutions. While employee engagement is linked to everything from higher earnings per share, to lower workplace accidents and turnover, and overall high performance in the private sector[3], the Administration's focus on employee engagement and mission performance are crucial ingredients to supporting a Culture of Excellence that can improve all Federal services, and is an important component of the Management Agenda. As the President said in his remarks to the SES on December 9, 2014: "One of the things that we know in the private sector about continuous improvement is you've got to have the folks right there on the front lines able to make suggestions and know that they're heard, and to not simply be rewarded for doing an outstanding job, but to see their ideas implemented in ways that really make a difference."

In 2014, OPM created an engagement dashboard based on EVS and other human resource data that serves as an accessible tool for Chief Operating Officers and supervisor alike. When coupled with agency mission performance data, this information provides actionable insights to target areas where improvement is needed the most. OPM will also support these areas of focus with increased cross-government attention on employee leadership and skill development. In 2014, OPM launched GovConnect, which consists of a set of tools being piloted by several agencies that allow managers to tap into skills from a wider range of people within and across agencies, and allow virtual teams to surge onto new projects, discrete initiatives, and crises.

There are also effective tools available for managers and supervisors to address employee performance challenges. OPM offers periodic classroom training sessions; on-line training on HR University; and an OPM desk guide for supervisors to assist them in addressing and resolving poor performance of employees they supervise. Consistent with recommendations from the President's Management Council, OPM will help agencies understand the authorities they have and how to use them effectively to spread best practices to deal with poor performers who fail to improve as needed or are ill suited to their current positions.

As capabilities are enhanced and credibility is built, these efforts will incorporate continuous improvement in learning and development opportunities and tools available to Federal managers and employees. As part of the Government Performance and Results Act implementation, agencies are aligning strategic human capital planning, with mission planning – specifically strategic and performance plans.

Building a World-Class Federal Management Team Starting with Enhancements to the Senior Executive Service

Drawing from leading practices, the Administration is committed to investing in our civil service leadership by expanding on the strong experience and skills base across the Federal Executive Corps. The SES hiring process relies extensively on lengthy written qualifications statements and a centralized qualifications certification process which can impact our ability to successfully attract a broad sector of top talent. In 2014, we examined the SES hiring process to identify efficiencies and to ensure we have effective processes for hiring the best executive talent. We are building a stronger SES onboarding program so our leaders can more effectively transition into

[3] Heskett, J. L., T. O. Jones, G. W.Loveman, W. Earl Sasser, and L. A. Schlesinger."Putting the Service-Profit Chain to Work." Harvard Business Review 72, no. 2 (March-April 1994): 164-174; Heskett, J., W. E. Sasser Jr., and L. Schlesinger. The Service Profit Chain. N.Y.: Free Press, 1997

organizations, hit the ground running, and understand the high standards that are expected of them from the beginning.

The Management Agenda continues the Administration's commitment to expanding management development opportunities for SES and SES candidates by linking and coordinating existing cross-agency and cross-sector leadership initiatives. In 2015, OPM will strengthen the SES-wide leadership and engagement training curriculum – including an emphasis on diversity and the changing needs of the 21st century workforce. A half dozen agencies volunteered to pilot possible solutions, including new recruitment, application, and onboarding processes changes. The Budget also provides OPM with funding to develop and pilot new assessments that could reduce the time to hire while improving the quality of the selection.

The Administration launched two new programs to focus on specific senior leadership changes. The White House Advisory Group on SES Reform will play a key role in providing input on the core components of the Administration's efforts to improve the SES corps. Recommended by their agency leadership, these individuals are highly effective SES, Senior Level, and Senior Technical professionals and aspiring SES who will provide a broad set of advice on the current and future state of the senior career leadership. The group will play a key role in improving the way we recruit, hire, develop, and retain top senior career leaders. The White House Leadership Development Program for Future Senior Career Executives will provide top civil servants and SES candidates with rotational assignments with leaders responsible for driving progress on Cross-Agency Priority Goals. The program is a step towards fulfilling the vision of the Senior Executive Service and developing a cadre of senior civil servants with critical skill sets such as leading change, building coalitions, working across government to solve problems, and performance management. The first cohort will start in 2015.

Enabling Agencies to Hire the Best Talent from All Segments of Society

The Administration is committed to working with labor groups, universities, nonprofits and the private sector to improve hiring outcomes by exploring flexible approaches to recruit and retain individuals with high-demand talents and skills. As part of the Management Agenda, the Administration will launch demonstration projects in 2015 to identify promising practices in recruiting, hiring, onboarding, and deploying talent across agencies. The goal of these projects will be reducing skills gaps, increasing diversity, and improving organizational outcomes. OPM is working individually with agencies Government-wide to "untie the knots" that previously hindered effective recruitment and hiring.

The Federal Government has also made progress towards pay equality. Based on recent studies, the gap between average male and female salaries in the Federal Government is about half the gap in the private sector.

Family Friendly Workplace Policies

A growing number of working Americans – both men and women – struggle to balance the needs of their families with the responsibilities of their jobs. Leading companies in the private sector are working to develop new tools to redesign their workplaces to provide greater flexibility to workers. While the Federal leave system has been enhanced over the years and is generally regarded as providing good benefits and flexibilities, there is room for further enhancements that would help the Federal Government in its efforts to recruit and retain a quality workforce.

On June 23, 2014, the President issued a broadly focused Presidential Memorandum (PM) on Enhancing Workplace Flexibilities and Work-Life Programs that directs agency heads to ensure that various workplace flexibilities are available 'to the maximum extent practicable,' including the advancement of leave for employee and family care situations. The June PM requires that agencies review and assess the efficacy of existing workplace flexibilities and work-life programs in meeting employee needs.

While Federal workers already have access to paid sick leave and vacation time, the government has fallen behind industry-leading companies and offers no paid time off specifically for family or parental leave. In order to recruit and retain the best possible workforce to provide outstanding service to American taxpayers, the President is proposing legislation that would provide federal employees with six weeks of paid administrative leave for the birth, adoption, or foster placement of a child. In addition, the proposal would allow parents to use sick days to care for a new child. In doing so, the proposals will strengthen Federal recruitment and retention, and make significant progress in bringing Federal parental leave policies in line with benefit programs already provided by many companies, while also encouraging wider adoption of such standards in the private sector. The costs of providing this benefit will be covered within agency budget requests for salaries and expenses.

The President also signed a Presidential Memorandum in January, 2015, directing agencies to allow for the advance of 30 days of paid sick leave for parents with a new child, employees caring for ill family members, and other sick leave-eligible uses. This will allow new mothers the opportunity to recuperate after child birth, even if they have not yet accrued enough sick leave. It will also allow spouses and partners to care for a new mother during her recuperation period and both parents to attend proceedings relating to the adoption of a new child. Finally, it directs agencies to consider a benefit some agencies already provide—help finding, and in some cases subsidizing, emergency backup child care (as well as backup care for seniors and adults with disabilities) that parents can use for a limited numbers of days per year when they need to go to work but their regular care is not available. Some agencies provide this benefit through their Employee Assistance Program and it can help parents with a temporary need for safe care for their children.

The Federal government should be a model employer and has already aggressively increased the use of telework and other policies to promote family-friendly policies. The 2014 EVS indicated that teleworkers are more likely to feel empowered (46 percent versus 40 percent), and more likely to be satisfied with their jobs (68 percent compared to 63 percent of non-teleworkers). Finally, employees who telework are more likely to want to stay with their agencies (67 percent compared to 63 percent of non-teleworkers) and to recommend their agencies to others (67 percent compared to 63 percent of non-teleworkers). As documented by OPM's 2013 report on the status of telework (the most recent available), the percentage of eligible Federal employees who participated in routine telework grew to 21 percent as of September 2012, compared to 10 percent during calendar year 2009. Equally important, the number of employees deemed eligible to telework increased by nearly 50 percent from 2011 to 2012. However, there is still more work to be done in breaking down barriers to the effective use of telework.

Closing Skills Gaps in the Workforce

The demands of the workplace necessitate new and agile skill sets in the Federal workforce. OPM's mission is to ensure that the Federal Government recruits, retains, and honors the talent agencies require to serve the American people. In 2011, OPM partnered with the Chief Human Capital Officers (CHCO) Council to take on the challenge of closing skills gaps across the Government. This initiative was launched in response to the President's 2012-2013 CAP Goal to close skills gaps, as well as GAO's designation of human capital as a Government-wide high risk area. The Department of Defense joined OPM in chairing an inter-agency workgroup that designed a sustainable strategic workforce planning method to identify and close skills gaps in mission-critical occupations. Based on rigorous data analysis, the workgroup identified the following mission-critical occupations: IT-Cybersecurity Specialists, Acquisition Specialists, Economists, Human Resources Specialists, and Auditors. In addition, the workgroup identified STEM (science, technology, engineering, and mathematics) as a sixth functional area covering multiple occupations which requires sustained strategic attention across Government. In 2015, the workgroup is expanding its work to more broadly involve subject matter experts and examine more series.

To close skills gaps in these areas, OPM designated sub-goal leaders from agencies whose missions critically depend on these occupations. Together with these sub-goal leaders, OPM is developing and executing strategies to close skills gaps in these occupations. The sub-goal leaders meet quarterly with the OPM Director to apprise her of their progress, by providing updated metrics that will be reported on Performance.gov.

OPM will continue to work with these occupations' leaders to close skill gaps. In Cybersecurity, OPM has completed a major initiative to populate the EHRI database with a Cybersecurity data code that designates which Federal positions work in the Cybersecurity function, and in which specialty area. In FY 2014, all agencies met their targets to add a Cybersecurity identifier to all relevant positions. In FY 2015, OPM is validating and analyzing the data to identify tools that can be applied to workforce planning for this occupation, which poses high risk to the Federal government if the positions are not filled. In the STEM functional area, a specific Pathways Program was developed for attracting STEM applicants for the Presidential Management Fellows opportunity. The PMF-STEM Pathways track was piloted during FY 2014. The Acquisition area has begun to increase efficiencies in training, development, and management of the workforce by requiring civilian agency use of an integrated acquisition career management system. Interagency workgroups are exploring possible pilots to test special hiring and compensation authorities for several occupations, including Economist, STEM, and Cybersecurity roles. OPM is assisting the Auditor occupational area in studying what changes are needed to the classification and qualification requirements to increase the talent brought into that workforce.

Individual agencies are also identifying and targeting critical skills gaps as a priority, and are piloting innovative approaches to competency gap closure. OPM is helping agencies share promising practices and lessons learned from these pilot projects, and will drive replication of best practices upon completion of the pilots.

Successful skills gap closure is particularly dependent on a strong HR workforce that can provide strategies, programs, and tools that help occupational leaders design and implement skills gaps closure efforts. For this reason, OPM has been focusing heavily on this workforce and designated HR Skills Gaps as an Agency Priority Goal. One of the ways OPM is addressing skills gaps among human resources professionals is through HR University. Developed in 2011 by the CHCO Council, HR University provides an excellent foundation for human resources professionals to receive training to help them become more effective. HR University is a source of centralized training that takes courses and resources Federal agencies have already developed and provides a platform for cross-agency sharing. HR University realizes savings through the sharing of resources (agencies no longer need to independently develop courses that already exist) and economies of scale. In addition, HR University ensures that courses meet OPM's high standards by vetting each course through a very rigorous quality review.

In partnership with the CHCO Council, OPM will continue to expand HR University's offerings. This effort may include more partnerships with colleges and universities, development of HR certifications, accreditation of courses, greater use of social media, website enhancements, and more courses on key topics that will close identified skill and competency gaps in the human resources field. OPM registered 77 percent of the human resources workforce onto HR University by September 30, 2014. In FY 2015, OPM will continue to engage with agencies to register additional HR specialists and to identify additional courses that can be added to the site.

Developing an Agile Workforce

To maximize effectiveness and potential, the Federal Government must continue to prepare its talent for challenges on the horizon. New cost-effective programs are being implemented to develop current employees, foster collaboration with innovators from the private sector, and enhance institutional knowledge transfer. For example, OPM has implemented a phased retirement program that provides employees who once had a financial incentive to retire fully, to work part time while mentoring and training new employees. Agencies are currently developing policies to fully implement Phased Retirement to maximize the benefits. These efforts are essential for developing a nimble, efficient 21st Century workforce that can help ensure agencies achieve their important missions under a tightening fiscal climate.

Informing Our Work with a Diversity of Experiences

A rich diversity of experiences and talents inform the abilities of federal applicants and everyday work of federal employees. Opportunities exist both in employee hiring and throughout employment experiences to leverage this diversity. In recent years, OPM has been focusing on improving the way agencies use federal applicant and applicant flow data to improve the hiring process. OPM continues to increase the accessibility and use of this data by hiring managers, so they can determine whether outreach, recruitment, and hiring strategies have been successful in attracting and retaining a workforce that reflects the diversity of our country and the many talents of its people.

Leveraging the diversity of our workforce also requires that we measure and improve the extent to which diversity and inclusion are supported in work units. To that end, and mirroring the aforementioned efforts to measure and target improvements in employee engagement, OPM developed a 20-question index of the EVS called the New Inclusion Quotient (New IQ) that represents each work unit's inclusive intelligence and is providing feedback to executive leadership, program managers, and supervisors on how well work units are leveraging the unique experiences, perspectives, and viewpoints of their employees to improve program delivery.

Importantly, the Budget recognizes that increased availability of this data is not sufficient. Fostering inclusive work environments and realizing the full potential of our workforce's diversity requires agencies to employ effective management practices. OPM's change management tools supplement the inclusion index. The index and tools, referred to jointly as the New Inclusion Quotient Plus, arm agencies with instruments and practices necessary to support diversity and inclusion more fully. In addition, OPM will continue to promote proven practices in using all workforce data to inform everyday support for diversity and inclusion in the workplace.

Strengthening Labor-Management Relations

In early FY 2015, OPM released a report on "Labor Management Relations in the Executive Branch," describing how labor-management relations are structured and how they operate in the Federal Government. This report detailed examples of the benefits that can result from strengthening labor-management relationships. Specifically, improving labor-management relations facilitates opportunities for agencies to improve their performance.

The Administration continues to fulfill the robust vision laid out in Executive Order 13522, Creating Labor-Management Forums to Improve Delivery of Government Services. Issued in 2009, this Executive Order created a National Council, which meets regularly to coordinate Government-wide efforts, and a multitude of labor-management forums around government where agency management and union representatives work collaboratively to improve service delivery to the public. In 2015, Labor-Management Forums will continue to use metrics to track progress.

At the Council's meetings, representatives from both management and labor regularly provide details about their efforts to improve performance and productivity at their agencies by working together. Recently, the Council heard from participants in the U.S. Department of Justice, Bureau of Prisons and the American Federation of Government Employees, Council of Prison Locals, C-33's labor-management forum. These presenters credited improvements in their labor-management relationship with the issuance of new policies developed in collaboration and which would enhance the safety of employees throughout the agency. The Council also heard from participants in the forum between the Department of Treasury, Bureau of Engraving and Printing, and its Joint Labor Council, which represents 15 different labor organizations. This group has engaged in pre-decisional involvement, consistent with Executive Order 13522, and has used it to foster employee engagement. As a result of these efforts, their agency's standing in the Partnership for Public Service's Best Places to Work in the Federal Government rankings improved from #219 in 2010 to #47 in 2013.

The Council will continue to seek ways to spread these and other labor-management successes to other agencies in 2015 and 2016. One method employed by the Council has been to develop training and guidance to assist forums with successfully engaging in pre-decisional involvement and with using metrics to track their activities. More work in these areas is anticipated for 2015 and 2016. The Council has also partnered with the Chief Human Capital Officers (CHCO) Council to explore the relationship between effective labor-management relations and employee engagement, and to assist agencies with enhancing both areas. The Council will continue working to ensure that additional labor-management forums transition into effective partnerships with a focus on improving the productivity and effectiveness of the Federal Government.

Honoring a World-Class Workforce

Federal Employees make a difference every single day in the lives of millions of people across the country and around the world. President Obama closed his December 2014 address to the Senior Leadership corps thanking them and stating:

> *"Knowing that when you wake up every day, you have the chance to maybe make sure that somebody who didn't have a job last week has a job; to make sure that somebody who is driving to work gets there safely because the road is safe; to make sure that somebody who didn't have health care now has it, and as a consequence, are able to catch that disease before it kills them; to make sure that some child somewhere that doesn't have much of a chance suddenly gets that chance, and their whole world, their whole life suddenly unfolds differently because of what you did. What an incredible privilege that is. What better way to spend your careers than what you do right now. I want you to wake up every day knowing that the President of the United States appreciates you for making that difference."*

Table 8–3. TOTAL FEDERAL EMPLOYMENT
(As measured by Full-Time Equivalents)

Description	2014 Actual	2015 Estimate	2016 Estimate	Change: 2015 to 2016 FTE	Change: 2015 to 2016 Percent
Executive Branch Civilian:					
All Agencies, Except Postal Service	2,033,394	2,105,847	2,140,290	34,443	1.6%
Postal Service [1]	569,513	569,201	559,740	–9,461	–1.7%
Subtotal, Executive Branch Civilian	2,602,907	2,675,048	2,700,030	24,982	0.9%
Executive Branch Uniformed Military:					
Department of Defense [2]	1,411,373	1,364,837	1,343,401	–21,436	–1.6%
Department of Homeland Security (USCG)	40,557	41,851	41,576	–275	–0.7%
Commissioned Corps (DOC, EPA, HHS)	7,128	7,236	7,231	–5	–0.1%
Subtotal, Uniformed Military	1,459,058	1,413,924	1,392,208	–21,716	–1.5%
Subtotal, Executive Branch	4,061,965	4,088,972	4,092,238	3,266	0.1%
Legislative Branch [3]	29,674	33,839	33,448	–391	–1.2%
Judicial Branch	32,072	33,158	33,313	155	0.5%
Grand total	**4,123,711**	**4,155,969**	**4,158,999**	**3,030**	**0.1%**

[1] Includes Postal Rate Commission.
[2] Includes activated Guard and Reserve members on active duty. Does not include Full-Time Support (Active Guard & Reserve (AGRs))
[3] FTE data not available for the Senate (positions filled were used).

Table 8–4. PERSONNEL COMPENSATION AND BENEFITS

(In millions of dollars)

Description	2014 Actual	2015 Estimate	2016 Estimate	Change: 2015 to 2016	
				Dollars	Percent
Civilian Personnel Costs:					
Executive Branch (excluding Postal Service):					
Direct compensation	177,668	185,155	191,641	6,486	3.5%
Personnel Benefits	75,355	81,318	84,350	3,032	3.7%
Subtotal	253,023	266,473	275,991	9,518	3.6%
Postal Service:					
Direct compensation	35,365	35,639	35,248	–391	–1.1%
Personnel benefits	19,147	19,527	20,142	615	3.1%
Subtotal	54,512	55,166	55,390	224	0.4%
Legislative Branch: [1]					
Direct compensation	2,004	2,089	2,147	58	2.8%
Personnel benefits	619	658	679	21	3.2%
Subtotal	2,623	2,747	2,826	79	2.9%
Judicial Branch:					
Direct compensation	3,012	3,382	3,510	128	3.8%
Personnel benefits	1,046	1,111	1,187	76	6.8%
Subtotal	4,058	4,493	4,697	204	4.5%
Total, Civilian Personnel Costs	314,216	328,879	338,904	10,025	3.0%
Military personnel costs:					
Department of Defense					
Direct compensation	98,517	96,593	97,349	756	0.8%
Personnel benefits	46,322	44,521	44,985	464	1.0%
Subtotal	144,839	141,114	142,334	1,220	0.9%
All other executive branch, uniformed personnel:					
Direct compensation	3,305	3,218	3,254	36	1.1%
Personnel benefits	717	676	671	–5	–0.7%
Subtotal	4,022	3,894	3,925	31	0.8%
Total, Military Personnel Costs [2]	148,861	145,008	146,259	1,251	0.9%
Grand total, personnel costs	**463,077**	**473,887**	**485,163**	**11,276**	**2.4%**
ADDENDUM					
Former Civilian Personnel:					
Retired pay for former personnel					
Government payment for Annuitants:	81,606	83,432	85,772	2,340	2.8%
Employee health benefits	11,359	11,958	12,659	701	5.9%
Employee life insurance	45	48	50	2	4.2%
Former Military personnel:					
Retired pay for former personnel	55,451	56,444	57,789	1,345	2.4%
Military annuitants health benefits	9,294	9,618	9,983	365	3.8%

[1] Excludes members and officers of the Senate.

[2] Amounts in this table for military compensation reflect direct pay and benefits for all service members, including active duty, guard, and reserve members.