

7. STRENGTHENING THE FEDERAL WORKFORCE

The work of the Federal Government is carried out by civilian employees dedicated to mission, service, and stewardship. Federal personnel carry out critical tasks in areas ranging from national security to veterans services to cutting-edge scientific research that leads to life-saving cures. The workforce frequently delivers outstanding results, despite the constraints of an archaic civil service system. The last major reform of the system occurred 40 years ago, and many of its core elements date back to the early 20th Century. In the meantime, the nature of work has evolved markedly, due to technology and other factors, putting great strain on this outdated personnel system.

The mission demands of the 21st Century require a Federal personnel system that is flexible and resilient enough to support the changing nature of work. That system must have a performance orientation that enables civil servants to achieve agency missions in an effective and efficient manner while holding them accountable. Although many Federal workers pursue and attain excellence, they do so despite, and not because of, the incentives built into the current system.

The workforce also absorbed the recent ordeal of a protracted Government shutdown. During the recent 35-day partial lapse in Government funding, hundreds of thousands of Federal employees worked without pay, including border patrol agents who guarded entry-points; air traffic controllers who kept the skies safe; transportation security officers who protected passengers; Coast Guard officers who patrolled the waterways; and law enforcement officers at the Federal Bureau of Investigation, U.S. Marshals Service, Federal Bureau of Prisons, Bureau of Alcohol, Tobacco, Firearms and Explosives, and U.S. Secret Service who continued to serve and protect the country.

The Administration is committed to continuing to recognize the dedication of its workforce. For example, the Presidential Rank Awards honor outstanding Federal employees each year. Past honorees include Federal workers recognized for discovering cures for diseases, saving lives, and protecting American property and American values.

Federal Workforce Demographics

The Federal civilian workforce represents an annual taxpayer investment of approximately \$300 billion, and this Administration is committed to realigning that investment in ways that maximize the ability of the workforce to better support the American people. This commitment requires optimizing workforce skills, capabilities, and compensation based on mission needs and labor market dynamics, while leveraging leading market practices.

The Federal Government is the Nation's largest employer, and its footprint is global. The total workforce

comprises approximately 2.1 million non-postal civilian workers and 1.4 million active duty military, as well as approximately one million military reserve personnel serving throughout the country and the world. The postal workforce includes an additional 500,000 employees. Approximately 85 percent of the Federal workforce, or 1.7 million people, live outside of the Washington, D.C., metropolitan area. Notably, an even larger "indirect" workforce carries out much of the work paid for by Federal funds. This includes Federal contractors and State, local, and nonprofit employees whose jobs are funded by Federal contracts, grants and transfer payments.

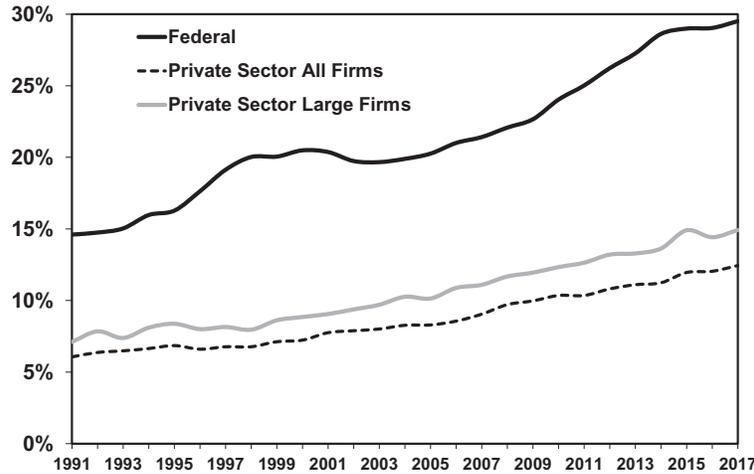
As mission, service, and stewardship needs should drive the optimal size of the Federal workforce, the Office of Management and Budget (OMB) did not set targets for full-time equivalent (FTE) levels for each agency. While some agencies may choose to reduce FTEs, in many areas, the Administration seeks to increase the workforce. Table 7-1 shows actual Federal civilian FTE levels in the Executive Branch by agency for 2017 and 2018, and estimates for 2019 and 2020, including the Uniformed Military, Postal Service, and Judicial and Legislative branches.

The size of the Federal civilian workforce decreased slightly from 2017 to 2018, with only the Departments of Defense (DOD), Homeland Security (DHS), and Veterans Affairs seeing increases in civilian FTEs. The 2020 Budget includes a short-term increase at the Department of Commerce, as it conducts the 2020 Census. This table also accounts for the transition of the Office of Personnel Management (OPM) staff to DOD and the General Services Administration.

Agencies will continue to examine their workforces to determine what jobs they need to accomplish their missions, in light of technological changes that automate transactional processes, artificial intelligence (AI) that can streamline compliance and regulatory processes, on-line and telephone chat-bots that can improve customer service, and other tools that may reduce agency personnel needs. Several agencies are already using shared-service models for mission-support positions, which may also reduce their need for full-time employees. Changes in Federal procurement, real-estate utilization, and administrative processes can also reduce personnel needs.

According to August 2018 OPM data, the Federal civilian workforce self-identifies as 62.7 percent White, 18.2 percent Black, 9.0 percent Hispanic of all races, 6.6 percent Asian/Pacific Islander, 1.7 percent Native American/Alaskan Native, and 1.7 percent more than one race. Men make up 56.5 percent of all permanent Federal employees and women are 43.5 percent. Veterans currently constitute 30.9 percent of the Federal workforce, which includes the 14.2 percent of the workforce who are veterans re-

Chart 7-1. Masters Degree or Above by Year for Federal and Private Sectors



Source: 1992-2018 Current Population Survey, Integrated Public Use Microdata Series.

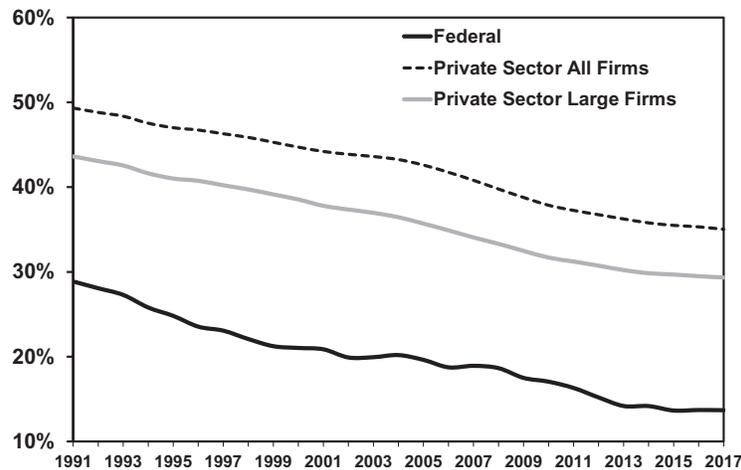
Notes: Federal excludes the military and Postal Service, but includes all other Federal workers. Private Sector excludes the self-employed. Neither category includes State and local government workers. Large firms have at least 1,000 workers. This analysis is limited to full-time, full-year workers,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

ceiving disability compensation. By comparison, veterans represent only 6 percent of the private sector non-agricultural workforce. The Federal workforce continues to become older on average. Almost one-third (606,000) of employees are older than 55, while only 8 percent

(173,000) of employees are younger than 30. By comparison, in the private sector, 23 percent of the workforce is younger than 30.

Using data from the Bureau of Labor Statistics on full-time, full-year workers, Table 7-3 breaks out all Federal

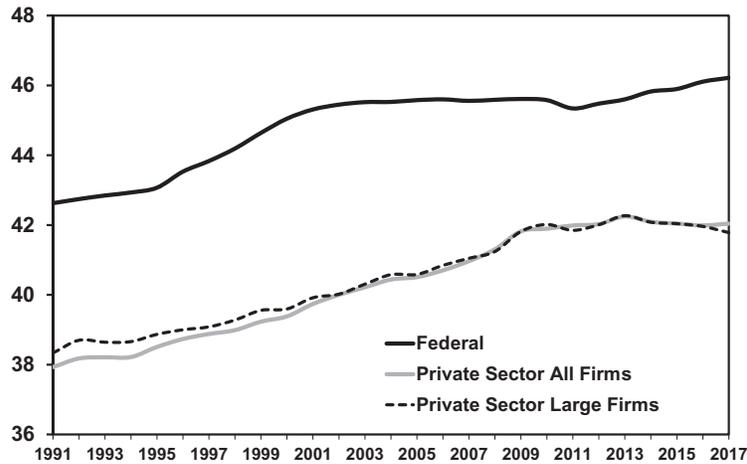
Chart 7-2. High School Graduate or Less by Year for Federal and Private Sectors



Source: 1992-2018 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. Industry is from the year preceding the year on the horizontal axis.

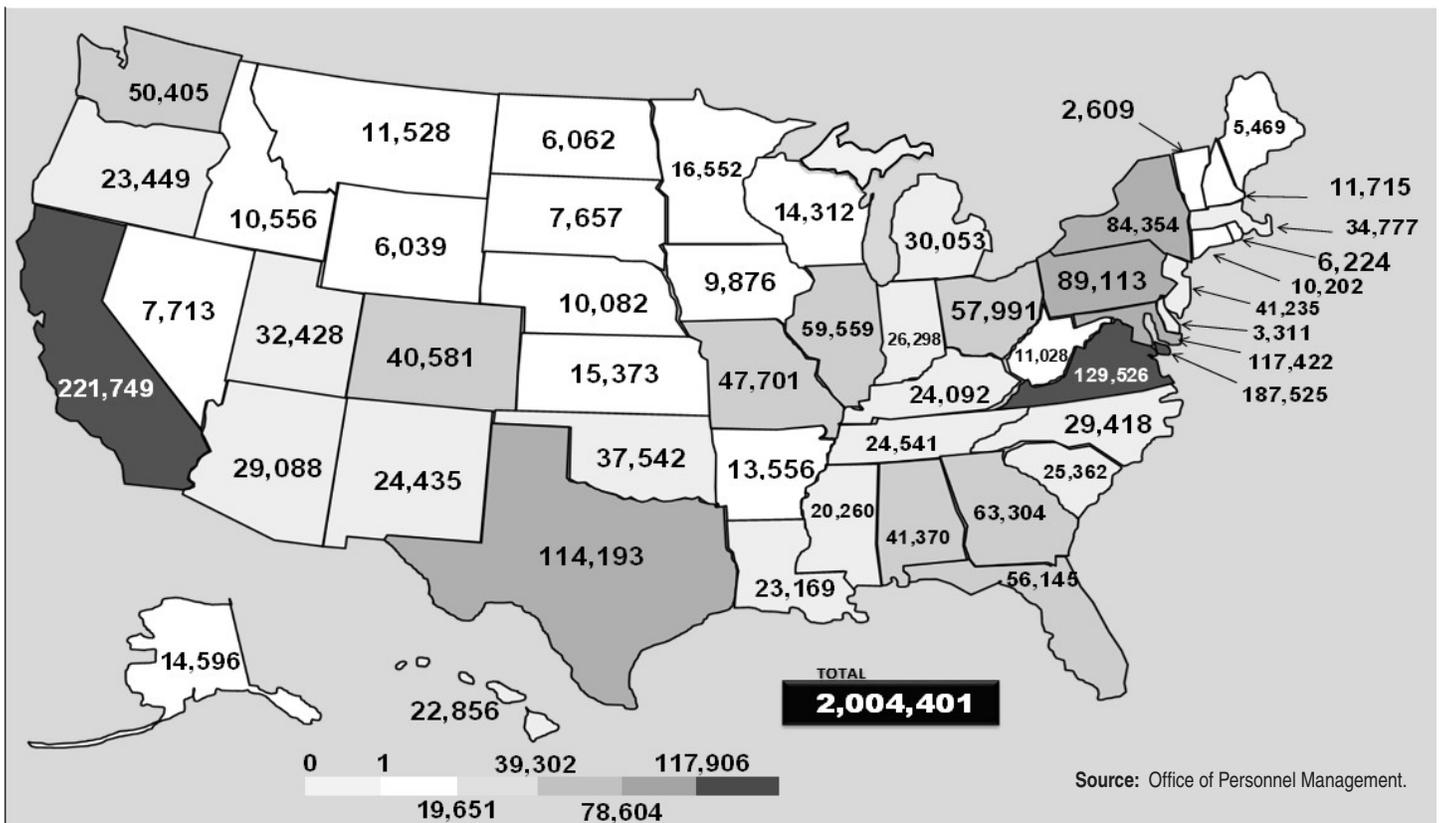
Chart 7-3. Average Age by Year for Federal and Private Sectors



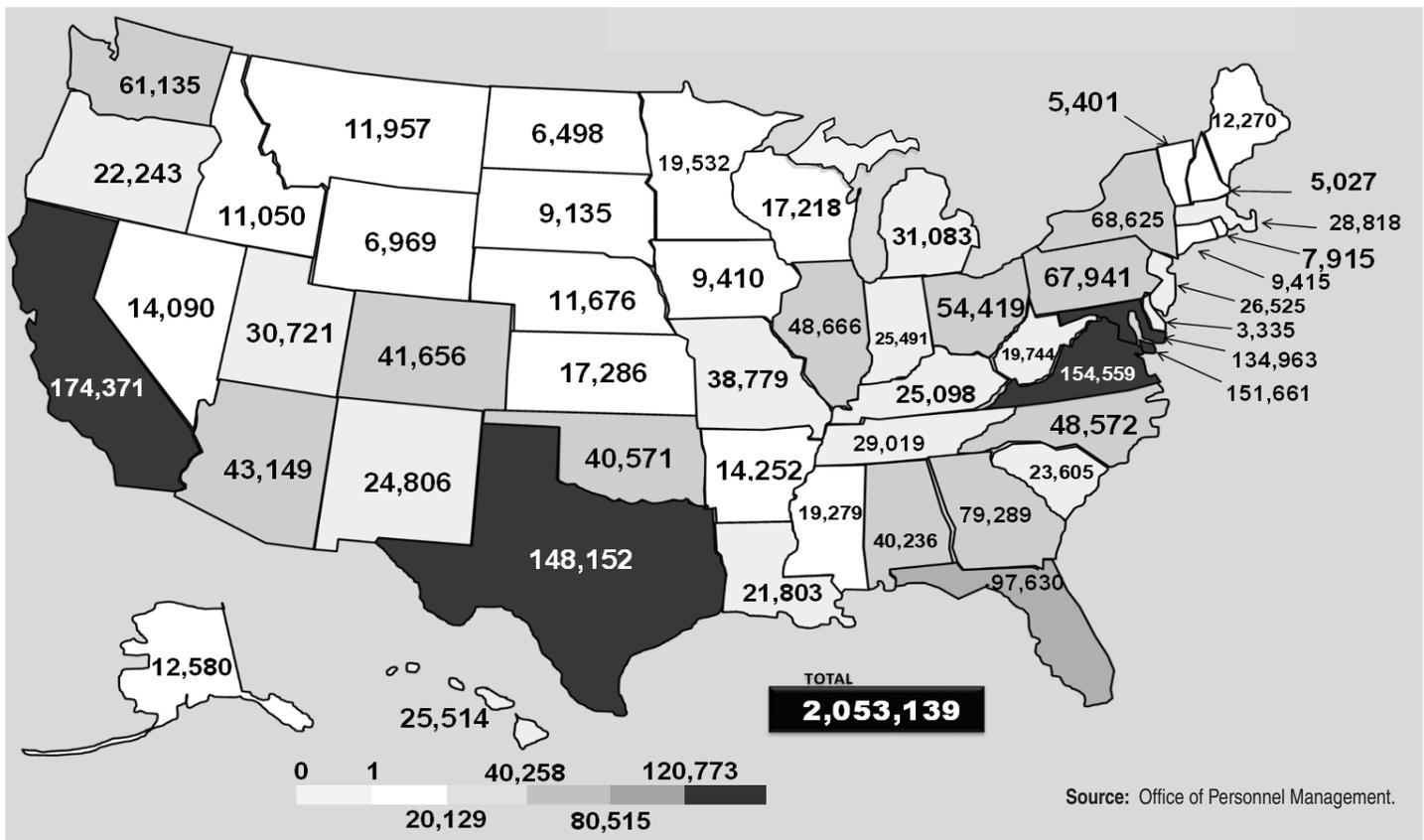
Source: 1992-2018 Current Population Survey, Integrated Public Use Microdata Series.

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. Industry is from the year preceding the year on the horizontal axis.

Chart 7-4. GOVERNMENT-WIDE ON-BOARD U.S. DISTRIBUTION 10-1-1978



Source: Office of Personnel Management.

Chart 7-5. GOVERNMENT-WIDE ON-BOARD U.S. DISTRIBUTION 06-30-2018

Source: Office of Personnel Management.

and private sector jobs into 22 occupational groups to demonstrate the differences in composition between the Federal and private workforces. Charts 7-1 and 7-2 present trends in educational levels for the Federal and private sector workforces over the past two decades. Chart 7-3 shows the trends in average age in both the Federal and private sectors. Chart 7-4 and Chart 7-5 track how many Federal employees are in each state for 1978 and 2018.

Developing a Modern Civil Service System

The Administration is committed to developing a civil service framework that enables agencies to accomplish their missions while balancing service and stewardship requirements. The Administration will pursue both structural alterations that require statutory changes, and administrative actions through its President's Management Agenda (PMA).

Streamlining and Eliminating Complex Rules

Reports from the National Academy of Public Administration, the Government Accountability Office, and other observers have concluded that the civil service system is increasingly weighed down by burdensome rules that incentivize rigid compliance instead of strategic workforce management. The Administration remains committed to streamlining bureaucratic hu-

man resources processes, and it will develop several high-impact projects aimed to empower the Federal workforce. In particular, the Administration proposes to partner with Congress to cull the approximately 5,000 statutory and regulatory rules that, over time, have created an incomprehensible, administratively burdensome, and unmanageable civil service system. Chart 7-6 is an OPM mapping of the current 15 functions and 54 sub-functions that compose the Federal human capital management system, which aim to provide more consistency in how agencies deliver human resources (HR) services to employees.

Pay and Compensation Reform

A modern civil service system requires flexible pay and compensation that is sensitive to labor market dynamics. A Congressional Budget Office (CBO) report issued in April 2017 found that, based on observable characteristics, Federal employees on average received a combined 17 percent higher wage and benefits package than the private sector average over the 2011-2015 period. The difference is overwhelmingly on the benefits side. CBO found that Federal employees receive on average 47 percent higher benefits and 3 percent higher wages than counterparts in the private sector. In CBO's analysis, these differences reflect higher Federal compensation paid to individuals

Chart 7-6

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The Human Capital Business Reference Model (HCBRM) functional framework defines Federal Human Capital Management. This map represents the 15 Functions and 54 Sub-functions in the HC lifecycle.

Government-Wide					Enabling		Federal Talent Management					Supporting		
F1 Federal Human Capital Leadership	F2 Federal Oversight and Evaluation	F3 Federal Vetting	F4 Federal Benefits	F5 Federal Retirement	A1 Agency Human Capital Strategy, Policies, and Operation	A10 Agency Human Capital Programmatic Evaluation	Employee Lifecycle					A7 Employee Relations and Continuous Vetting	A8 Labor Relations	A9 Workforce Analytics and Employee Records
F1.1 Federal Human Capital Regulation and Policy	F2.1 Human Capital Strategic and Operational Oversight	F3.1 Vetting Standards and Oversight	F4.1 Benefit Program Administration and Oversight	F5.1 Pre-Retirement Activities	A1.1 Workforce Planning	A10.1 Human Capital Programmatic Evaluation	A2 Talent Acquisition	A3 Talent Development	A4 Employee Performance Management	A5 Compensation and Benefits	A6 Separation and Retirement	A7.1 Employee Accountability for Conduct	A8.1 Labor Management Relations	A9.1 Employee Inquiry Processing
F1.2 Human Capital Service Delivery Model	F2.2 Human Capital Evaluation	F3.2 Suitability and Fitness	F4.2 Benefits Enrollment	F5.2 Retirement Case Planning	A1.2 Human Capital Strategy		A2.1 Talent Acquisition Management	A3.1 Talent Development Planning	A4.1 Employee Performance Management	A5.1 Compensation Management	A6.1 Separation Counseling	A7.2 Employee Accountability for Performance	A8.2 Negotiated Grievances and Third-Party Proceedings	A9.2 Employee Research
	F2.3 Human Capital Agency Guidance and Evaluation	F3.3 Credentialing	F4.3 Agency Benefits Counseling	F5.3 Post-Retirement Customer Service	A1.3 Position Classification and Position Management		A2.2 Candidate Sourcing and Recruitment	A3.2 Talent Development and Training	A4.2 Recognition Management	A5.2 Work Schedule and Leave Management	A6.2 Retirement Planning and Processing	A7.3 Administrative Grievances and Third-Party Proceedings	A8.3 Collective Bargaining	A9.3 Workforce and Performance Analytics
		F3.4 Background Investigation Operations	F4.4 Miscellaneous Benefits		A1.4 Diversity and Inclusion		A2.3 Candidate Assessment and Selection	A3.3 Learning Administration	A4.3 Performance Appraisal System Certification for SES and SL/ST	A5.3 Benefits Management		A7.4 Reasonable Accommodation		A9.4 Workforce and Performance Reporting
					A1.5 Employee Engagement		A2.4 Applicant Screening, Reciprocity, Investigation			A5.4 Work-Life Wellness / Employee Assistance Programming		A7.5 Continuous Vetting		A9.5 Employee Records Recordkeeping
							A2.5 Vetting Adjudication							A9.6 Employee Records Disclosure
							A2.6 New Hire In-Processing and Onboarding							

F: OPM-specific Functions
A: Agency-specific Functions

*Federal Talent Management is defined as the employee lifecycle

with a bachelor’s degree or less, with Federal employees with professional degrees undercompensated relative to private sector peers (Chart 7-7). Table 7-4 summarizes total Federal compensation.

In the coming year, the President’s Pay Agent (consisting of the Directors of OMB and OPM and the Secretary of Labor) intends to exercise its authority to establish special occupational pay systems for occupations where the General Schedule classification and pay system are not aligned to labor-market realities. After evaluating input from the employing agencies, labor organizations, and other interested parties, the Pay Agent will publish proposed and final plans in the Federal Register; hold one or more public hearings; and notify the Congress. In support of developing a workforce for the 21st Century under the PMA, the President’s Pay Agent will analyze use of this special authority to address challenges and develop new approaches for valuing and compensating work in high-risk, mission critical, and emerging occupations (e.g., economics, mathematics, information technology (IT), and other Science, Technology, Engineering, and Math (STEM) fields).

The FY 2020 Budget re-proposes several reforms from the FY 2019 Budget that reflect difficult choices in light of fiscal realities, including:

- Increasing employee payments to the Federal Employee Retirement System (FERS) defined benefit plan, so that employees and their employing agency pay an equal share of the employee’s annuity cost (phased in at one-percent increase each year); and reducing or eliminating cost of living adjustments for existing and future retirees.
- Basing annuity calculations on employees’ “High-5” salary years instead of “High-3” salary years (a common private sector practice), and the elimination of the FERS Special Retirement Supplement for those employees who retire before their Social Security eligibility age.
- Modifying the “G” fund, an investment vehicle available only through the Thrift Savings Plan (TSP), the defined contribution plan for Federal employees. G fund investors benefit from receiving a medium-term Treasury bond rate of return on what is essentially a

Table 7-1. 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: 2019 to 2020	
	2017	2018	2019	2020	FTE	Percent
Cabinet agencies						
Agriculture	87.3	84.1	85.8	83.7	-2.1	-2.4%
Commerce	40.9	40.2	51.7	112.0	60.3	116.6%
Defense--Military Programs	726.2	730.3	752.6	758.0	5.4	0.7%
Education	4.1	3.8	4.0	4.0	*	*
Energy	14.7	14.2	15.4	15.5	0.1	0.9%
Health and Human Services	74.1	73.1	75.2	76.5	1.3	1.7%
Homeland Security	182.4	186.4	188.9	201.7	12.8	6.8%
Housing and Urban Development	7.9	7.6	7.6	7.8	0.2	2.1%
Interior	64.9	63.1	63.2	61.8	-1.4	-2.2%
Justice	118.2	113.0	118.2	119.6	1.4	1.2%
Labor	16.2	15.3	15.4	15.6	0.1	0.7%
State	27.6	26.3	26.8	26.8	*	0.1%
Transportation	54.7	53.9	55.0	55.2	0.3	0.5%
Treasury	92.5	88.5	89.4	89.5	0.1	0.1%
Veterans Affairs	351.6	363.4	380.0	393.8	13.8	3.6%
Other agencies -- excluding Postal Service						
Consumer Financial Protection Bureau	1.7	1.6	1.5	1.2	-0.3	-20.5%
Corps of Engineers--Civil Works	21.7	22.7	23.1	23.1	.....	.....
Environmental Protection Agency	14.8	14.2	14.6	12.4	-2.1	-14.7%
Equal Employment Opportunity Commission	2.1	2.0	1.9	1.8	-0.1	-5.4%
Federal Communications Commission	1.5	1.5	1.4	1.4	.....	.....
Federal Deposit Insurance Corporation	6.1	6.1	6.4	6.4	-*	-0.5%
Federal Trade Commission	1.1	1.1	1.1	1.1	.....	.....
General Services Administration	11.5	11.1	11.8	14.2	2.5	20.8%
International Assistance Programs	5.6	5.3	5.3	5.3	-0.1	-1.6%
National Aeronautics and Space Administration	17.2	17.0	17.2	17.2	-*	-0.2%
National Archives and Records Administration	2.9	2.8	2.8	2.7	-0.1	-3.1%
National Credit Union Administration	1.2	1.1	1.2	1.2	.....	.....
National Labor Relations Board	1.5	1.3	1.3	1.3	-*	-3.0%
National Science Foundation	1.4	1.4	1.4	1.4	*	0.4%
Nuclear Regulatory Commission	3.2	3.1	3.1	3.1	-*	-1.2%
Office of Personnel Management **	5.5	5.5	5.8	.....	-5.8	-100.0%
Securities and Exchange Commission	4.6	4.5	4.4	4.5	0.1	2.0%
Small Business Administration	3.4	5.6	3.3	3.3	-*	-1.0%
Smithsonian Institution	5.0	5.0	5.3	5.2	-*	-0.7%
Social Security Administration	61.4	60.9	62.3	61.7	-0.6	-1.0%
Tennessee Valley Authority	10.1	10.0	10.0	10.0	.....	.....
U.S. Agency for Global Media	1.7	1.6	1.7	1.4	-0.3	-17.9%
All other small agencies	13.5	13.1	13.9	13.7	-0.2	-1.3%
Total, Executive Branch civilian employment	2,062.1	2,061.2	2,130.0	2,215.0	85.0	4.0%

* 50 or less.

** Includes transfer of functions to the General Services Administration and to other agencies.

short-term security. The Budget would instead base the G-fund yield on a short-term T-bill rate.

The portion of the Federal workforce least well-served by the existing hybrid retirement system are the roughly 70,000 term employees who are hired for an initial period of up to four years. The existing system discourages term hires, because their terms will fall short of the five years necessary to become vested in the defined benefit program. Term hiring is attractive to individuals who may

not want to make a career of Government service, but who still want to serve for a limited time (e.g., STEM fields; medicine, biological science, health science and emergency management). To redress the existing disincentive to term hires, the Budget includes a new proposal under which term employees receive an expanded defined contribution benefit through the TSP, in lieu of the defined benefit annuity that offers them little value.

Federal employee sick and annual leave benefits are also managed differently than in the private sector. All

Table 7-2. TOTAL FEDERAL EMPLOYMENT
(As measured by Full-Time Equivalents)

Description	2018 Actual	2019 Estimate	2020 Estimate	Change: 2019 to 2020	
				FTE	PERCENT
Executive Branch Civilian:					
All Agencies, Except Postal Service	2,061,248	2,129,983	2,215,006	85,023	3.8%
Postal Service ¹	585,530	584,914	585,687	773	0.1%
Subtotal, Executive Branch Civilian	2,646,778	2,714,897	2,800,693	85,796	3.1%
Executive Branch Uniformed Military:					
Department of Defense ²	1,352,971	1,367,840	1,384,111	16,271	1.2%
Department of Homeland Security (USCG)	42,077	41,527	41,766	239	0.6%
Commissioned Corps (DOC, EPA, HHS)	6,667	6,733	6,734	1	*
Subtotal, Uniformed Military	1,401,715	1,416,100	1,432,611	16,511	1.2%
Subtotal, Executive Branch	4,048,493	4,130,997	4,233,304	102,307	2.4%
Legislative Branch ³	30,103	41,342	41,586	244	0.6%
Judicial Branch	32,711	33,237	33,448	211	0.6%
Grand Total	4,111,307	4,205,576	4,308,338	102,762	2.4%

¹ Includes Postal Regulatory Commission.

² Includes activated Guard and Reserve members on active duty. Does not include Full-Time Support (Active Guard & Reserve (AGRSs)) paid from Reserve Component appropriations.

³ FTE data not available for the Senate (positions filled were used for actual year and extended at same level).

* Non-zero less than 0.1%

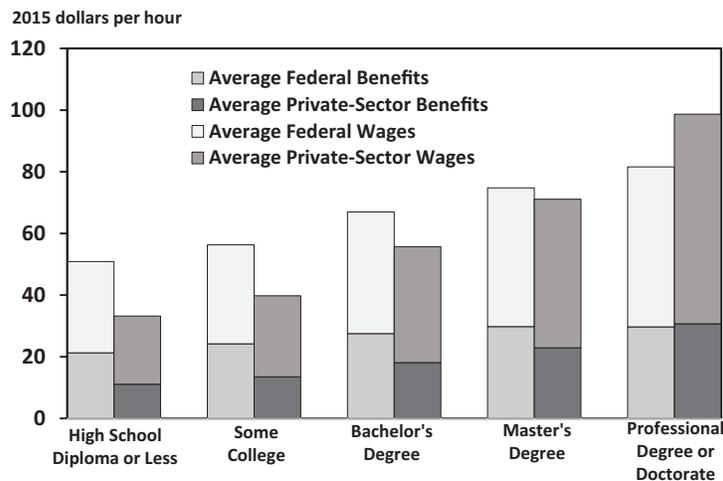
Federal employees receive 10 paid holidays and up to 13 sick days annually, as well as 13 to 26 vacation days, depending on tenure. This Budget proposes to transition the existing civilian leave system to a model used in the private sector to grant employees maximum flexibility by combining all leave into one paid time off category. While the total leave days would be reduced, the proposal adds a short term disability insurance policy to protect employees.

Across-the-board pay increases have long-term fixed costs, yet fail to address existing pay disparities or target mission critical recruitment and retention goals. The Administration therefore proposes a pay freeze for Federal civilian employees for calendar year 2020. The Administration believes in aligning pay with an employee's performance where possible. The existing Federal

salary structure rewards longevity over performance. This is most evident in the tenure-based "step-increase" promotions that most Federal employees receive on a fixed, periodic schedule without regard to whether they are performing at an exceptional or merely passable level. (They are granted 99.7 percent of the time.) The Budget proposes to slow the frequency of these step increases, while increasing performance-based pay for workers in mission-critical areas.

The Budget proposes that agencies use their performance awards accounts to finance more strategic workforce awards spending and innovative approaches to meeting critical recruitment, retention, and reskilling needs across Government. Currently, agencies spend approximately one percent of their payroll on awards. However, awards funding is often spent in a non-strategic

Chart 7-7. Average Compensation of Federal and Private-Sector Workers by Educational Attainment



Source: Congressional Budget Office.

Table 7-3. 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	3%	1%
Engineers	4%	2%
Scientists and social scientists	5%	1%
Managers	13%	14%
Pilots, conductors, and related mechanics	2%	0%
Doctors, nurses, psychologists, etc.	8%	6%
Miscellaneous professionals	17%	10%
Administrators, accountants, HR personnel	7%	3%
Inspectors	1%	0%
Total Percentage	60%	37%
Medium Paid Occupations Ranked by Private Sector Salary		
Sales including real estate, insurance agents	1%	6%
Other miscellaneous occupations	3%	5%
Automobile and other mechanics	2%	3%
Law enforcement and related occupations	8%	1%
Office workers	2%	5%
Social workers	2%	1%
Drivers of trucks and taxis	1%	3%
Laborers and construction workers	3%	10%
Clerks and administrative assistants	12%	10%
Manufacturing	2%	8%
Total Percentage	35%	51%
Lowest Paid Occupations Ranked by Private Sector Salary		
Other miscellaneous service workers	3%	6%
Janitors and housekeepers	2%	2%
Cooks, bartenders, bakers, and wait staff	1%	4%
Total Percentage	4.7%	12.0%

Source: 2014–2018 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.

manner that both management and employees report in the Federal Employee Viewpoint Survey (FEVS) does not adequately provide an incentive to perform or reward the best employee. OMB will issue guidance to ensure agencies use their awards funding to reward their most critical employees, with the best performance.

President’s Management Agenda 21st Century Workforce Goal

While the FY 2020 Budget proposes several structural reforms, the PMA also lays out a framework for change that has the Federal workforce at its core. The Cross Agency Priority Goal focused on “Developing the 21st Century Workforce” has three focus areas: (1) actively managing the workforce based on performance; (2) developing agile operations, which includes efforts to reskill and redeploy current Federal employees toward higher

value work; and (3) transforming processes to acquire top talent. Complementing the PMA, OPM published the first ever Federal Workforce Priorities Report, a quadrennial report that outlines evidence-based Federal strategic HR priorities.

Actively Managing the Workforce Based on Performance

The Senior Executive Service (SES), comprising roughly 7,000 of the highest ranking Federal managers, hold the most critical career positions in the Government. SES members are disproportionately retirement-eligible. Due to the aging of the workforce, the Administration is continuing efforts to modernize policies and practices governing the SES, including creating a more robust and effective SES succession pipeline, which could include more recruitment outreach into the private sector. During the past year, OPM has modernized its approach to a

Table 7-4. PERSONNEL PAY AND BENEFITS
(In millions of dollars)

Description	2018 Actual	2019 Estimate	2020 Estimate	Change: 2019 to 2020	
				Dollars	Percent
Civilian Personnel Costs:					
Executive Branch (excluding Postal Service):					
Pay	195,351	202,048	208,825	6,777	3.4%
Benefits	87,096	88,603	89,013	410	0.5%
Subtotal	282,447	290,651	297,838	7,187	2.5%
Postal Service:					
Pay	38,075	39,035	39,356	321	0.8%
Benefits	14,808	14,386	13,860	-526	-3.7%
Subtotal	52,883	53,421	53,216	-205	-0.4%
Legislative Branch:					
Pay	2,197	2,326	2,438	112	4.8%
Benefits	749	757	820	63	8.3%
Subtotal	2,946	3,083	3,258	175	5.7%
Judicial Branch:					
Pay	3,272	3,399	3,580	181	5.3%
Benefits	1,101	1,151	1,205	54	4.7%
Subtotal	4,373	4,550	4,785	235	5.2%
Total, Civilian Personnel Costs	342,649	351,705	359,097	7,392	2.1%
Military Personnel Costs					
Department of Defense--Military Programs:					
Pay	100,394	104,156	107,952	3,796	3.6%
Benefits	46,028	49,768	52,694	2,926	5.9%
Subtotal	146,422	153,924	160,646	6,722	4.4%
All other Executive Branch uniform personnel:					
Pay	3,552	3,575	3,718	143	4.0%
Benefits	756	811	837	26	3.2%
Subtotal	4,308	4,386	4,555	169	3.9%
Total, Military Personnel Costs	150,730	158,310	165,201	6,891	4.4%
Grand total, personnel costs	493,379	510,015	524,298	14,283	2.8%
ADDENDUM					
Former Civilian Personnel:					
Pensions	87,510	89,725	93,156	3,431	3.8%
Health benefits	12,904	13,264	14,136	872	6.6%
Life insurance	42	43	44	1	2.3%
Subtotal	100,456	103,032	107,336	4,304	4.2%
Former Military Personnel:					
Pensions	60,868	62,667	64,401	1,734	2.8%
Health benefits	10,453	11,086	11,544	458	4.1%
Veterans compensation and pensions	92,357	101,204	109,988	8,784	8.7%
Subtotal	163,678	174,957	185,933	10,976	6.3%
Total, Former Personnel	264,134	277,989	293,269	15,280	5.5%

range of SES processes, including performance appraisal programs, the Presidential Rank Awards program, SES allocations, and SES interviews.

Employee engagement indicators continued to improve, increasing one point from a year ago and five points since 2014. Almost all of the approximately 600,000 FEVS respondents reported that they are willing to put in extra effort to get the job done and are constantly looking for ways to do their jobs better. However, despite a system designed to protect the merit system, less than 40 percent

believe pay raises depend on job performance, that promotions are based on merit, or that managers recognize differences in performance and take steps to address poor performers. As part of the PMA, agencies are working to enhance employee engagement via new training programs and strategic employee award funding. Moreover, the Administration seeks other actions to address root cause challenges to employee engagement.

The President issued three Executive Orders (EOs) in May 2018 to rebalance the labor-management relation-

ship after years of management ceding its authority and increasing the costs of Government operations. Combined, (1) EO 13837 – Ensuring Transparency, Accountability, and Efficiency in Taxpayer-Funded Union Time Use; (2) EO 13836 – Developing Efficient, Effective, and Cost-Reducing Approaches to Federal Sector Collective Bargaining; and (3) EO 13839 – Promoting Accountability and Streamlining Removal Procedures Consistent with Merit System Principles, streamline dismissal procedures, minimize paid work time that Federal employees spend on union-related activities, and ensure that agencies emphasize Government efficiency as a goal of collective bargaining. OPM must publicly post online all union contracts and the amount of time employees spend on union operations. Agencies are to limit to a reasonable amount time spent in negotiation and the number of discretionary topics negotiated. A new Interagency Labor Relations Working Group has been stood up to assist the OPM Director on Executive Branch labor-management relations matters and to make recommendations to the President for improving the organization, structure, and functioning of labor relations programs across agencies. To better manage performance, legislation is required to further streamline procedures for addressing unacceptable behavior and adverse action procedures, including judicial review of certain arbitration awards.

Developing Agile Operations and Reskilling

As agencies implement new technology and processes, the Administration will invest in reskilling its workforce to meet current needs. Certain transactional work is going away; for example, there are fewer Federal forms such as tax returns that require manual processing. Those who perform such work can shift to other responsibilities, including customer-facing roles. Current employees can also shift from legacy positions to emerging fields in which the Government faces shortages, such as data analysis, cybersecurity, and other IT disciplines. Reskilling was one of the issues discussed at a September 2018 symposium on the Future of Work that OMB convened, which created a dialogue among more than 150 experts from Government, academia, and the private sector.

The Administration is also putting this idea into practice. For instance, Federal cybersecurity reskilling academies are being initiated under a joint venture being conducted by the Chief Information Officer (CIO) Council and the Department of Education, in partnership with a private educational partner. Under this intensive program, cohorts of Federal employees from both IT and non-IT occupations will be trained to move into critically needed cybersecurity work roles such as incident response analysts and cyber defense analysts.

Transforming the Hiring Process

The Administration seeks process improvements to core hiring, which currently includes at least 14 steps, is cumbersome and frustrating for Federal hiring managers and potential employees, and causes agencies to lose attractive candidates in the lengthy process.

While the Administration will focus on using the statutory flexibilities Congress has already provided, it will also seek further statutory flexibilities to improve hiring and performance management. Reflecting both the needs of Government and preferred career paths of top talent, these authorities would: (1) enable the temporary hire of highly qualified experts; (2) create an industry exchange similar to that which allows nonprofit employees and academics to serve temporarily on Government projects; (3) expand the limits of temporary and term hires; and (4) modernize qualification requirements.

The Administration is using tools at its disposal to create hiring and pay flexibilities in critical areas within the Federal workforce where mission-critical recruitment and retention needs are currently unmet. For example, in the fall of 2018, OPM announced special hiring authorities for qualified applicants to fill a variety of STEM occupations, expanding a list previously comprised predominantly of medical professions. The impacted occupations include economists, biological and physical scientists, engineers, statisticians, and cybersecurity and acquisition professionals. This hiring flexibility will enable agencies to be more nimble and hire more quickly in these areas. Separately, DHS is implementing a new personnel system for its cybersecurity staff. This new system, authorized by Congress, provides for new career paths, hiring methods, and compensation for these mission critical cyber positions.

One challenge to timely hiring is the existing background investigation inventory, which can delay hiring in critical need areas such as cybersecurity. The Administration inherited a significant and growing inventory of background investigations for Federal employment and security clearances, which reached its peak of 725,000 in April 2018. Since that time, the Security Executive Agent (the Office of the Director of National Intelligence (ODNI) and the Suitability and Credentialing Executive Agent (OPM)) chartered a new “Trusted Workforce 2.0” (TW 2.0) effort to transform and modernize background investigations. This work has dramatically reduced the inventory to approximately 550,000 cases, as of February 2019. In addition, the Administration is creating a new, modern Executive branch policy structure that supports the new vetting approach. The new policy will be established formally in 2019.

At the same time, a congressional mandate for the National Background Investigations Bureau (NBIB) at OPM to transfer DOD background investigations (constituting approximately 70 percent of NBIB’s transaction volume) to DOD raised concerns about the viability of the remaining OPM NBIB operation. Following an interagency review, the Administration decided to transfer the entire NBIB program (including mission, assets, and resources) from OPM to DOD. This averts potential problems with splitting the existing program. It will retain “economies of scale,” facilitate better leveraging of DOD’s existing enterprise capabilities, and provide the opportunity for truly transformational reform. The Security Clearance, Suitability, and Credentialing Performance

Accountability Council (PAC), which includes OMB, ODNI, OPM, and DOD, will oversee the transition and be accountable for ongoing reform of Executive Branch vetting, including background investigations.

Further improving the recruitment process, USAJOBS, the Government's job board, is being upgraded via integration with Login.gov, a user account and authentication shared service. USAJOBS converted more than 3.9 million user accounts with minimal disruption. Another enhancement is adding Open Opportunities, a Government-wide reskilling and employee development platform that facilitates micro-details. In FY 2018, USAJOBS posted 316,074 job announcements resulting in 17,727,616 applications submitted to agencies. To assist with development of employees, OPM's USA Learning delivered more than 18 million online training courses.

As a result of changes to student programs required to meet statutory requirements, options for internships and apprenticeships have dwindled. New hires of student interns fell from about 35,000 in 2010 to 4,000 in 2018. Additionally, third-party providers of interns can no longer non-competitively place students from special interest populations who otherwise may have been overlooked (i.e., those with disabilities). Increasing the number of interns and apprentices gaining work experience in the

Federal Government remains an Administration priority. Congress recently authorized agencies to hire 15 percent of their interns directly (Public Law 115-232, section 1108), a recognition that the Federal Government has a structural problem in hiring college students and recent graduates. The Administration welcomes this development, and further recommends that the 15-percent cap be removed.

Summary

The National Government should be a model employer, as former Civil Service Commissioner Theodore Roosevelt stated, "It should demand the highest quality of service from each of its employees and it should care for them all properly in return." It is encouraging that more than 90 percent of Federal employees believe the work they do is important and will devote more effort to get the job done. The Administration is committed to doing its part to facilitate a work culture and a personnel system that best enables and inspires Federal civil servants to serve the public to the fullest extent of their commitment and their abilities. The Administration looks forward to working with the Congress and other stakeholders in developing a civil service system that meets the expectations of the citizens it serves.

