

**STATEMENT OF RAFAEL DELEON
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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
BEFORE THE SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT
MANAGEMENT, THE FEDERAL WORKFORCE, AND THE DISTRICT OF
COLUMBIA, COMMITTEE ON HOMELAND SECURITY AND GOVERNMENT
AFFAIRS**

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Chairman Voinovich and Members of the Subcommittee, I appreciate the opportunity to appear before you today to discuss the Environmental Protection Agency's (EPA) efforts in utilizing the recently enacted flexibilities to address our human capital challenges. Let me preface my specific comments by saying that we at EPA are extremely proud of all of our human capital efforts, many of which were under way even before the current President's Management Agenda brought human capital to the fore. At EPA, we consider our employees our greatest resource and we value their dedication and commitment to the Agency's work. It is only through our people – and the skills and knowledge they possess – that EPA is able to achieve its critical mission of protecting human health and the environment.

EPA's senior leadership has a longstanding commitment to human resources and human capital initiatives. We also have a strong record of identifying , anticipating, and addressing workforce needs and challenges. To that end, EPA employees, managers, and supervisors have been asked to thoughtfully focus not only on what environmental results must be achieved, but also on how those results will be achieved through the talent we recruit, retain, and develop every day. At EPA, we spend a lot of time and money on our most critical resource – the people who

are directly or indirectly responsible for the success of the Agency's efforts. For example, in 1999, EPA conducted a Workforce Assessment Project which projected anticipated workforce needs to 2020. EPA developed our first comprehensive human capital strategy in 2000, entitled *Investing in Our People, EPA's Strategy for Human Capital, 2001-2003*. The 2003-2008 Agency Strategic Plan and EPA's Strategy for Human Capital II provide the basis for much of our human capital planning and decision-making.

The pieces of legislation that you authored have helped EPA address workforce needs and challenges in several ways. The Federal Workforce Improvement of Homeland Security Act of 2002, which provided for our current Voluntary Separation Incentive Program (Buy-Out) and Voluntary Early Retirement Authority (Early-Out) programs provided various EPA program offices and Regions the ability to reshape and restructure their workforce. In EPA, we have used these flexibilities in the following manner – in 2003 and 2004 we made Early-Out and Buy-Out (EO/BO) offers to senior managers and senior technical experts. The resultant EO/BO vacancies from the 2003 and 2004 programs have been utilized to restructure positions at lower grade levels. In 2005, we will base our decisions on whether to make additional EO/BO offers to employees on local-level workforce plans – plans developed and tailored to program and regional offices – as we consider this phased skill reshaping process. The Early-Out/Buy-Out program at EPA represents just one of several strategies and solutions we are employing to address talent gaps. Others include our Environmental Intern Program and our leadership development programs. The Early-Out/Buy-Out program has been a key tool of the flexibility provided under the 2002 Act.

The Senior Executive Service (SES) Reform Act of the Defense Authorization Act of 2004 strengthened the relationship between the performance and pay of senior employees of the Federal government. In July 2004, the Office of Personnel Management (OPM) issued regulations that established the conditions, criteria, and procedural requirements an agency's SES performance appraisal system must meet in order to be certified to use higher pay limits. In August 2004, the Agency requested provisional certification of our current SES appraisal system. I am pleased to report that EPA was among the first to submit such a request to OPM and was one of only a handful of Federal agencies to receive approval in October 2004.

We have submitted a request to OPM to renew provisional certification for the SES system for 2005 and are considering such a request for our senior level (SL) and scientific or professional (ST) employees who are transitioning from a two-level performance system to a five-level performance system. In order to establish an Agency-wide standard of performance, starting with the senior executive level and cascading throughout the leadership chain, our SL/ST performance plans will contain fixed critical elements and requirements similar to those for our senior executives. Meanwhile, with an eye toward full certification, we are making some revisions to strengthen the SES performance system and are evaluating the results of the FY 2004 appraisal and recognition process in an effort to refine or improve it. We are bench marking the pay plans implemented by other Federal agencies to find best practices to incorporate into our pay plan as appropriate. We view strengthening the linkage between performance and pay as an important retention tool for high performing senior employees.

The Federal Employee Student Loan Assistance Act allows agencies to repay certain

Federally insured student loans to recruit or retain highly qualified personnel. EPA's Pay Administration Manual, Chapter 16, "Student Loan Repayment Plan" contains guidance available for use by managers and employees. EPA has used this Act to attract and retain top employees. Of course, payments for this program come from EPA's Personnel Compensation and Benefits accounts, so Agency supervisors and managers must carefully balance their responsibility to manage basic salary and benefit requirements with the opportunities provided by this program. In fiscal year 2004, the Agency repaid \$51,000 in student loans for seven employees. The seven employees recruited included five program analysts, one information technology specialist, and one environmental protection specialist. In 2005, the Agency had eighteen student loan repayment agreements in place.

The Federal Workforce Flexibility Act of 2004 established numerous changes in pay and leave administration, as well as benefits policies. Members of the Senior Executive Service and employees in senior level and scientific or professional positions became eligible to immediately accrue annual leave at the rate of 8 hours for each full biweekly pay period effective October 30, 2004. This leave change is expected to enhance EPA's ability to attract and retain our senior level employees.

A new section (4121) has also been added to Title 5 requiring agencies to regularly evaluate their training programs in conjunction with their strategic approach to mission accomplishment. EPA has focused attention on results in this area. Each of our developmental programs is reviewed for effectiveness on an annual basis to assure the information shared is current and accurate. Full evaluations have been performed on the SES Candidate Development

Program's selection and placement process, the Mid-level Development and the EPA Intern programs. All programs are evaluated at "Level One" for immediate impact on the participants, "Level Two" on programs such as contracts and grants management, and other technical programs that allow for tests to be performed at the end for certification. We are currently setting up a process to track and automatically send out surveys for "Level Three and Four" evaluations to both participants and their supervisors to evaluate change in behavior and increased skill and effectiveness three to six months after engaging in the learning activity.

In conclusion, we at EPA are pleased with our record of success in the human capital area, and we are continually striving to improve on that record. The Flexibilities Act has proven quite useful to us in the implementation of our comprehensive Human Capital Strategy, "Investing in Our People II." Thank you for allowing me the time to address you today. I am happy to take your questions.