

Statement of

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Before the

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Workforce and the District of Columbia
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Good Morning Chairman Voinovich and members of the Subcommittee. On behalf of Secretary Michael Leavitt, I appreciate the opportunity to appear before you to discuss the Department of Health and Human Services' (HHS) accomplishments in the area of Human Capital Management and how the legislative flexibilities provided by the Congress have been incorporated into our Human Capital strategy.

I want to thank Chairman Voinovich and this entire committee for your leadership and foresight in sheparding the various legislative initiatives that have led to increased efficiencies and strategic management of the Department's human resources. As you know, HHS's mission is to protect the health of all Americans and provide essential human services, especially for those who are least able to help themselves. It is critical to achieve this mission that HHS make sound investments in human capital and recruit, develop and retain a highly skilled, high performing diverse workforce.

Much has happened at HHS since we were here last to discuss human capital issues. As we reported out last year, the Department was aggressively pursuing a strategy to achieve "Green" status in the President's Management Agenda for Strategic Management of Human Capital. I am please to announce that HHS was one of the first Federal agencies to achieve "Green" status and has remained "Green" through the latest reporting period. The Department's ability to achieve and remain "Green" is due to dedicated leadership committed to a strong and vibrant workforce throughout the Department.

In 2004, HHS submitted for certification to the Office of Personnel Management (OPM) and the Office of Management and Budget (OMB) a new Senior Executive Service performance-based management system. HHS was one of the first Federal agencies to submit its SES performance system and receive approval. A centerpiece of our new SES performance system is the linkage between organizational achievement (through a formal annual assessment) and the individual accomplishments of our SES members. Recently, the OPM cited our approach as a “best-practice”; and, our SES performance management system has been recertified for calendar year 2005. From our first year’s experience, we anticipate the decision process that links organizational and individual performance with pay and bonus decisions will be more succinct in 2005 and serve as an effective strategic management tool in helping the Secretary meet and exceed organizational performance expectations.

Through the process of establishing a new SES performance management system, HHS recognized the value of closely linking individual performance to that of the organization toward meeting the goals and mission of the Department. In 2005, the Department will be implementing a new Departmental performance management system for all non-SES and non-bargaining employees moving from its “pass/fail” system. The new Departmental performance management system will add greater granularity in evaluating performance; better align performance with organizational achievements; and, establish cleaner linkages with the SES performance management system. This new system will position the Department for future linkages between performance and individual pay decisions.

Further, the Department continues to work on improving the identification and acquisition of new talent. In 2005, each Operating Division and Staff Division throughout the Department developed and submitted leadership succession and overall workforce plans. Each identified human capital needs as well as any gaps between current employment and future needs in mission critical positions. These plans provide a map for the Department’s future human capital needs tied to the strategic mission and direction of the Department. To meet our human capital needs, we continue to use and expand the use of flexible employment authorities. Our highly successful Emerging Leaders Program, which brings the best and brightest recent graduates to work for HHS, has entered its fourth year. Over the past four years, 276 individuals have been hired into the Emerging Leaders Program; the program has graduated its first class of 58 leaders in 2004; and, has retained 55 of these employees in positions throughout HHS. Our SES Candidate Development Program has selected 51 employees for participation in the program; graduated its first class (23); has placed nearly 40% of the first graduating class in SES positions; and, has begun recruiting for our third class of candidates.

Beyond the identification and acquisition of new talent, our workforce and succession plans have demonstrated the need to reshape our workforce. Toward this end, to achieve the reshaping of our workforce with highly specialized skills and competencies, HHS is using authority approved in the Federal Workforce Improvement Act of 2002 authorizing (with OPM and OMB approval) Voluntary Separation Incentive Payments and the Voluntary Early Retirement Authority. These have resulted in 716 Voluntary Separation Incentive Payments and 198 voluntary early retirements in FY2004.

Using the Federal Employee Student Loan Assistance Act and separate authority granted to the National Institutes of Health, the Department has made extensive use of the student loan repayment program with over 1500 employees having been approved. The Department has crafted additional implementing guidance to expand employee coverage and use by the various HHS organizations. Implementation of this policy across HHS is expected in FY2005.

In addition, the Department has piloted the use of the “category rating” method for selecting new employees as provided for in the Chief Human Capital Officers Act of 2002. I can report that our pilot has been successful in demonstrating its use in expanding the pool of candidates for selection and the Department will issue implementing guidance for use of this approach throughout the Department by the end of this fiscal year. To improve human capital acquisition, we have to work better and smarter to meet the immediate needs of the American people. As an example with the passing of the Medicare Modernization Act, the Center for Medicare and Medicaid Services (CMS) was faced with the task of standing up a new initiative that required hiring 500 new employees. Working with the Partnership for Public Service, the hiring process underwent an “extreme makeover” that helped streamline the hiring process and attract high caliber candidates with over 400 of the 500 employees hired to date. This achievement was attained after a modern state-of-the-art announcement and evaluation process was developed coupled with the direct hire flexibility attained from OPM to staff this new initiative. Working with strategic partners, other Federal agencies and the Congress, we continue to meet HHS’s critical employment needs in an efficient and effective manner.

The future for HHS’s human capital program is bright, and HHS will continue to be a leader in the Federal workplace. In 2004, the Department was selected by OMB as one of five candidates to be a Human Resources Line-of-Business service provider. The Department will offer to other agencies across the government an end-to-end solution that takes advantage of state-of-the-art information technology applications. Our Line-of-Business certification is currently moving through the OPM functional certification process. Additionally, as of April 17, 2005, HHS will be one of the first Departments to migrate to a consolidated payroll provider (Defense Finance and Accounting Service) with a fully integrate electronic time and attendance and self-service benefits platform. HHS will also be the first Federal Department to implement a fully electronic

Official Personnel Folder (eOPF) integrated with our enterprise human resources system which will allow employees access to their personnel folders anywhere, anyplace and anytime. Also, the Department is implementing a learning management system that provides a set of electronic tools to manage and support employee training and development activities. We continue to develop further eGovernment initiatives focused on accountability and the delivery of real-time services in an efficient and effective means.

As for recently enacted Human Resources flexibilities in the Federal Workforce Flexibility Act of 2004, HHS continues to adopt these flexibilities as guidance is issued by OPM. The Department has thoughtfully and strategically implemented these flexibilities; has developed the appropriate internal implementing guidance. We look forward to receiving OPM's guidance on Recruitment, Relocation and Retention Bonuses as well as the guidance on the Annual Leave Enhancement provisions of the Act. These additional flexibilities will allow the Department to attract and retain individuals in key and/or critical occupations with specialized skills.

Like most Departments, the myriad of appointment authorities, their restrictions and implementing procedures creates confusion with the managers, supervisors and the public. It would assist Federal agencies if the various appointing authorities were simplified. A system comprised of only permanent and temporary appointment authorities regardless of whether in the Excepted or Competitive Service or provided under different Titles should be considered. In addition, "entry-level" hiring is another area that warrants attention. Agencies are experiencing difficulties in effectively attracting students from our colleges and universities at the GS-5 and GS-7 levels due to cumbersome and outdated employment requirements and processes.

In closing, the Department of Health and Human Services workforce of over 65,000 employees is spread around the United States and abroad. We employ a diverse workforce made up of physicians, nurses and other health professionals as researchers, clinicians and administrators; statisticians and actuaries; specialists in financial and grants management and information systems; legal and regulatory experts; experts in public health, social sciences and many other fields. We appreciate the flexibilities that Congress has provided as they have enabled the Department to improve our effectiveness in managing our human capital initiatives across the broad spectrum of these occupations. Nothing is more important than to assure that we have the right people in the right place at the right time to meet the health and human service needs of all Americans.

