
MANAGEMENT

5. STRENGTHENING THE FEDERAL WORKFORCE

The President's Management Agenda (PMA) identifies the Federal workforce, along with information technology (IT) and data, as one of the three key drivers of Government transformation. These three drivers should function as interlocking gears that together enable a Government that operates at the high level that its citizens expect and deserve. As the private sector demonstrates daily, modernized information technology systems that put the best available data in the hands of well-trained and well-managed employees can produce exponential increases in organizational productivity. With the mission as the priority and the feedback of the customer as guidance, the Federal enterprise must accelerate the pace of transformation toward a vision of the future where managers and employees work in new ways, supported by technology and data and rewarded for innovation and excellence.

The workforce is critical to the mission. The vast and varied work of the Federal Government is largely carried out by its 2.1 million member civilian workforce. Inevitably, the Government's effectiveness and efficiency hinges in no small part on their collective performance. As the President expressed in his recent holiday letter to Executive Branch employees, the vast majority of Federal workers, whether they are Veterans Affairs doctors or Border Patrol officers, are dedicated to the mission of public service.

Unfortunately, the personnel system these men and women work within is structured for stability not agility. The legislative framework for the civil service was crafted in another era, for a different workforce, doing a different type of work. Recent, rapid changes in the nature of work have prompted resilient private sector employers to respond with nimbleness and agility, overhauling hiring practices, job descriptions, compensation packages, and work arrangements to stay competitive. Federal personnel practices have remained comparatively static. The underlying framework of the General Schedule (the civil service personnel system in which most Federal workers are employed) has proven to be neither nimble nor agile. Its job classification system becomes more archaic with each passing year. Both hiring and dismissal processes are lengthy and byzantine. Stellar performance is inadequately recognized and poor performance insufficiently addressed. The lack of mobility frustrates managerial efforts to restructure and employee ambitions to excel. Considering these factors, it is remarkable that so many Federal workers continue to pursue and attain excellence.

While critical aspects of this workforce system are entrenched in law, the Administration has taken the initiative to use its available discretion to implement a series of changes designed to increase flexibility and inject accountability. The Administration has proposed statutory changes that would instigate more systemic change

toward agility in the workforce, operations, and service delivery of the Federal enterprise.

Federal Workforce Demographics

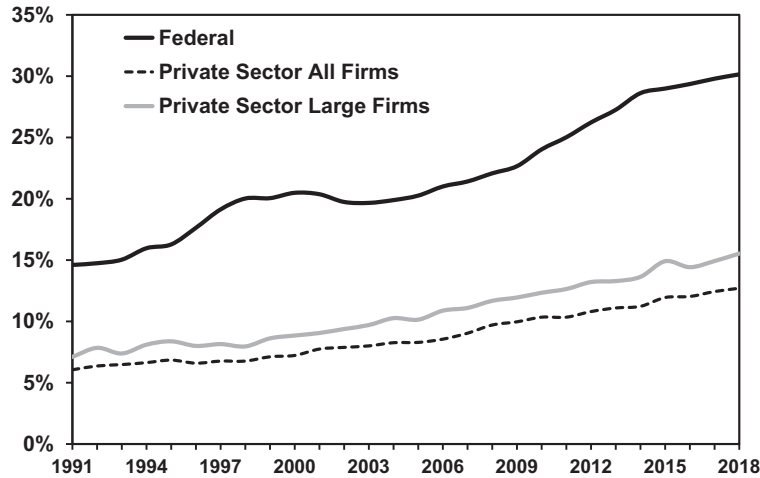
The Federal civilian workforce represents an annual taxpayer investment of approximately \$350 billion. The Administration continues its successful efforts to realign that investment in ways that maximize the ability of the workforce to support the American people. This commitment requires optimizing workforce skills, capabilities, and compensation based on mission needs and labor market dynamics, while leveraging leading market practices. To that end, the President signed into law a paid parental leave benefit for Federal civilian employees. Since the Federal Government employs more Americans than any other entity, this benefit may spur other employers in the public and private sectors to follow suit.

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 Nation and the world. The postal workforce includes an additional 580,000 employees. Approximately 85 percent of the non-postal civilian workforce, or 1.7 million people, live outside of the Washington, D.C., metropolitan area. About 36 percent of these employees live in rural communities outside of a 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 educational institutions, and nonprofit employees whose jobs are funded by Federal contracts, grants, or transfer payments.

As mission, service, and stewardship needs should drive the optimal size of the Federal workforce, the Administration does 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 protecting the Nation domestically and abroad. Table 5-1 shows actual Federal civilian FTE levels in the Executive Branch by agency for 2018 and 2019, and estimates for 2020 and 2021, Table 5-2 contains the total Federal employment, including the uniformed military, Postal Service, and Judicial and Legislative branches.

The total workforce size was 2,085,000 in 2019, and 2,061,000 in 2018, with increases in staffing that primarily occurred at the Departments of Defense (DOD), Homeland Security, and Veterans Affairs being partially offset by reductions in personnel at other civilian agencies. The size of the Federal civilian workforce grew from 2018 to 2019, with a coming one-year surge in 2020 to conduct the Census. Agencies focused on defense, home-

Chart 5-1. Masters Degree or Above by Year for Federal and Private Sectors



Source: 1992–2019 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.

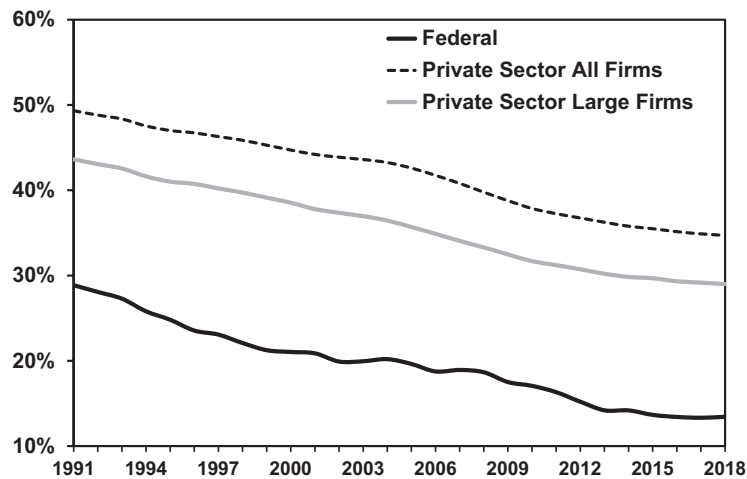
land security, and veterans’ affairs increased, and will continue to do so with the Budget.

Agencies continue to examine their workforces to determine the functions needed to accomplish their missions in light of technological changes that automate transactional processes, such as artificial intelligence to streamline compliance and regulatory processes, online and telephone chat-bots to improve customer service, and

other tools to reduce agency personnel needs. Several agencies are already using shared-service models for mission-support positions, which may also reduce the need for full-time employees. Changes in Federal procurement, real-estate utilization, and administrative processes may also reduce personnel needs.

According to February 2019 Office of Personnel Management (OPM) data (the most recent available), the

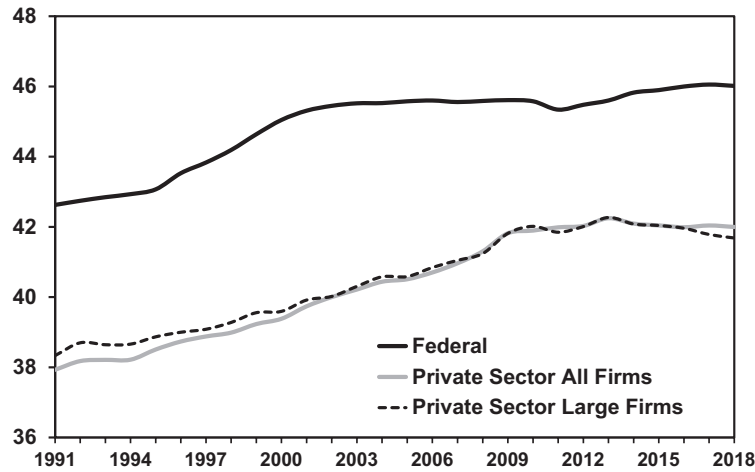
Chart 5-2. High School Graduate or Less by Year for Federal and Private Sectors



Source: 1992–2019 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.

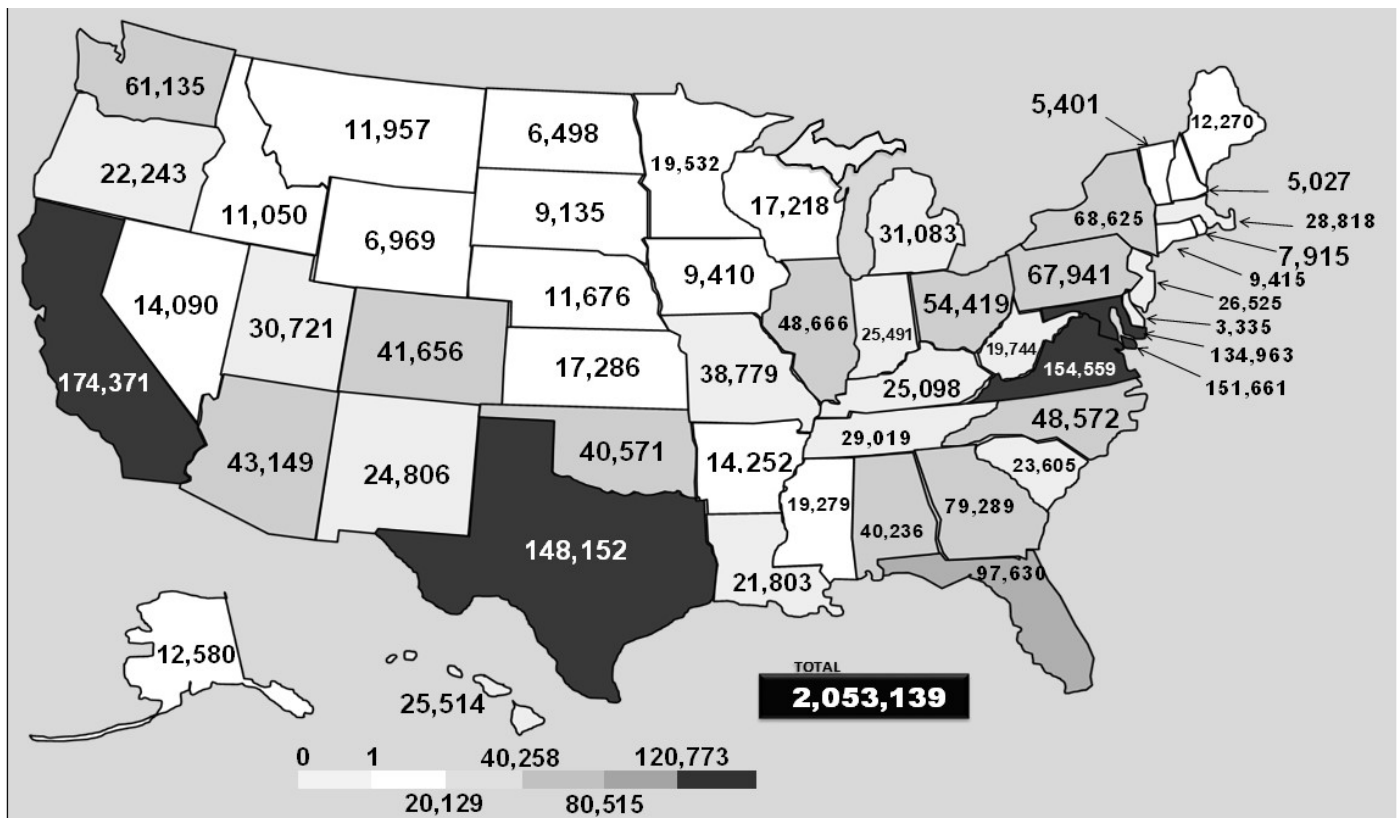
Chart 5-3. Average Age by Year for Federal and Private Sectors



Source: 1992–2019 Current Population Survey, Integrated Public Use Microdata Series.

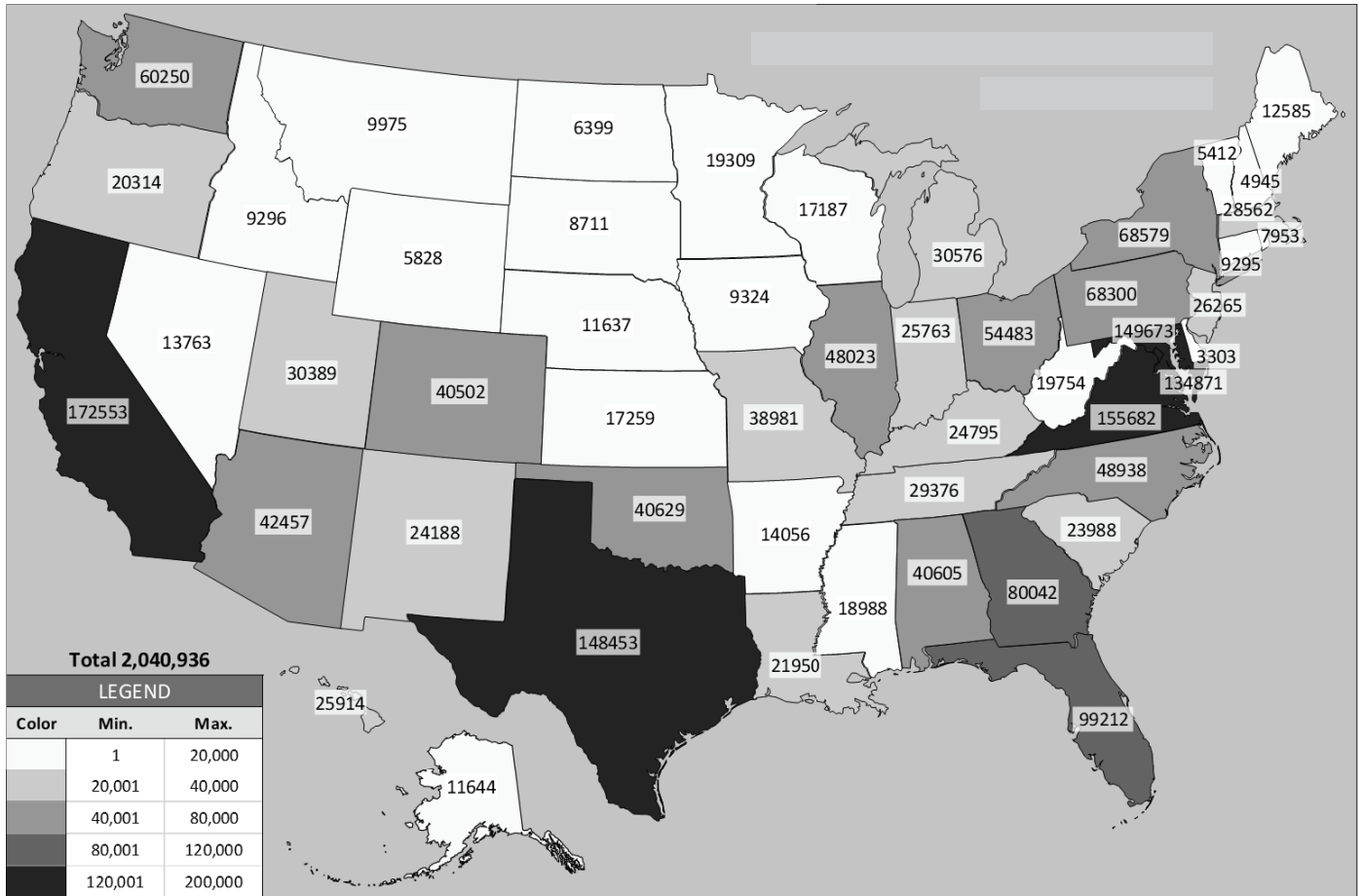
Notes: Federal excludes the military and Postal Service, but includes all other Federal workers. Private Sector excludes the self-employed. Neither category includes State and local government workers. Large firms have at least 1,000 workers. This analysis is limited to full-time, full-year workers, 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 5-4. GOVERNMENT-WIDE ON-BOARD U.S. DISTRIBUTION 10-1-1978



Source: Office of Personnel Management.

Chart 5-5. GOVERNMENT-WIDE ON-BOARD U.S. DISTRIBUTION 2-28-2019



Source: Office of Personnel Management.

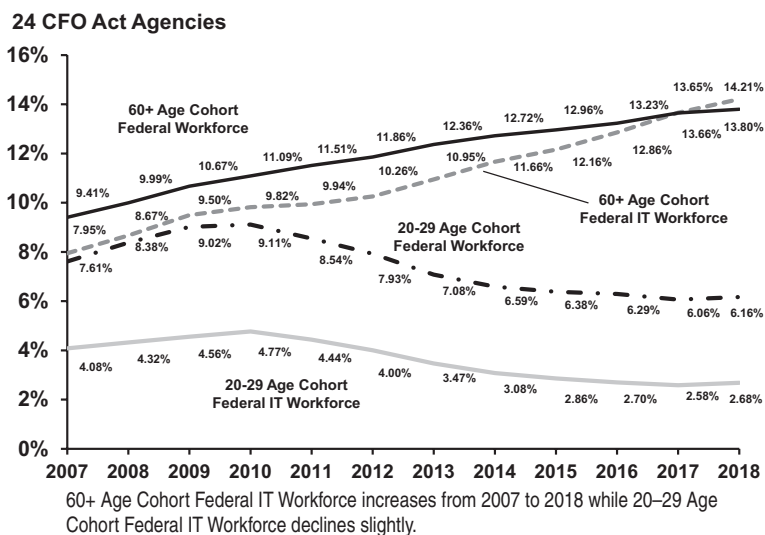
Federal civilian workforce self-identifies as 61.3 percent White, 18.1 percent Black, 9.1 percent Hispanic of all races, 6.5 percent Asian/Pacific Islander, 1.6 percent Native American/Alaska Native, and 1.8 percent more than one race. Men make up 56.1 percent of all permanent Federal employees and women are 43.8 percent. Veterans currently constitute 31.5 percent of the workforce, which represents a slight increase from a year ago. This includes the 11.7 percent of the workforce who are veterans receiving disability compensation as of August 2018. By comparison, veterans represent only 5.7 percent of the private sector non-agricultural workforce. About 9.2 percent of all Federal employees self-identify as having a disability, which includes the approximately 1 percent who have a “targeted disability” such as blindness and are hired through a streamlined hiring process.

The average age in the Federal workforce is older than the Nation’s broader working population. About 28.8 per-

cent (604,000) of Federal employees are older than 55. At the other end of the spectrum, only 7.3 percent (154,000) are younger than 30, compared to 23 percent of private sector workers.

Using data from the Bureau of Labor Statistics on full-time, full-year workers, Table 5-3 breaks out all Federal and private sector jobs into 22 occupational groups to demonstrate the differences in composition between the Federal and private workforces. Charts 5-1 and 5-2 present trends in educational levels for the Federal and private sector workforces over the past two decades. Chart 5-3 shows the trends in average age in both the Federal and private sectors. Chart 5-4 and Chart 5-5 show the location of Federal employees in 1978 and 2019. Chart 5-6 shows the growing age disparity in the information technology sector since 2010, when Federal internships and hiring programs for recent graduates became subject to new restrictions.

**Chart 5-6. Potential Retires to Younger than 30
Employees: Federal IT Workforce Vs. Federal Workforce**



Source: FedScope FY2007-FY2018, CFO Act Agencies Only.

Developing a Modern Civil Service System

The Administration is committed to the development of a civil service framework to enable Federal employees to carry out successfully the missions of Government. The PMA is pursuing structural alterations through both statutory changes and administrative actions. The Administration is working within existing statutes to become more agile while adhering to merit system principles, the foundation of our Federal civil service. Over the past 70 years, position classification and related staffing rules have become compliance focused rather than the means to ensure a competitive, effective workforce. The existing system places obstacles to many who would consider a career in public service. For instance, the Administration intends to eliminate degree requirements for Federal jobs when not inherently necessary to perform the duties of a position, and to identify other instances where degrees are used as a poor proxy for specific competencies sought in job candidates. Over-reliance on degrees can be a barrier to entry into Federal service, and it can also prevent current civil servants who possess relevant skills, training or experience from transitioning into emerging fields within the Federal sector.

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 human resources processes.

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 realized on the benefits side. CBO found that Federal employees receive, on average, 47 percent higher benefits levels and 3 percent higher wages than counterparts in the private sector. In CBO's analysis, these differences reflect higher Federal compensation paid to individuals with a bachelor's degree or less, with Federal employees with professional degrees undercompensated relative to private sector peers (Chart 5-7). Table 5-4 summarizes total Federal compensation.

The 2021 Budget re-proposes several reforms from the 2020 Budget that reflect difficult choices in light of fiscal realities including:

- Increasing employee payments to the Federal Employees 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 a 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

Table 5-1. 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: 2020 to 2021	
	2018	2019	2020	2021	FTE	Percent
Cabinet agencies						
Agriculture	84.1	81.4	85.1	84.3	-0.8	-1.0%
Commerce	40.2	45.0	96.3	42.9	-53.5	-55.5%
Defense--Military Programs	730.3	741.5	774.9	773.6	-1.3	-0.2%
Education	3.8	3.6	3.8	4.0	0.2	5.1%
Energy	14.2	14.0	15.3	15.4	0.1	0.6%
Health and Human Services	73.1	73.0	75.7	76.1	0.4	0.5%
Homeland Security	186.4	192.4	197.1	192.9	-4.3	-2.2%
Housing and Urban Development	7.6	7.4	7.7	7.8	0.1	1.5%
Interior	63.1	61.6	62.4	60.9	-1.5	-2.4%
Justice	113.0	111.9	116.1	117.7	1.6	1.4%
Labor	15.3	14.8	15.2	15.4	0.2	1.5%
State	26.3	25.3	25.7	25.7	*	*
Transportation	53.9	53.1	54.9	55.1	0.1	0.2%
Treasury	88.5	88.0	90.3	101.8	11.5	12.8%
Veterans Affairs	363.4	375.8	389.9	404.9	15.0	3.9%
Other agencies -- excluding Postal Service						
Bureau of Consumer Financial Protection	1.6	1.5	1.6	1.4	-0.2	-11.6%
Corps of Engineers--Civil Works	22.7	23.2	23.6	23.6	.....	.....
Environmental Protection Agency	14.2	13.6	14.0	12.8	-1.3	-9.1%
Equal Employment Opportunity Commission	2.0	2.1	1.9	1.7	-0.2	-9.7%
Federal Communications Commission	1.5	1.4	1.4	1.4	.....	.....
Federal Deposit Insurance Corporation	6.1	5.9	5.9	5.9	.....	.....
Federal Trade Commission	1.1	1.1	1.1	1.1	.....	.....
General Services Administration	11.1	11.0	11.5	14.0	2.5	21.4%
International Assistance Programs	5.3	5.3	5.5	5.4	-0.1	-1.4%
National Aeronautics and Space Administration	17.0	17.2	16.9	16.9	*	*
National Archives and Records Administration	2.8	2.6	2.7	2.6	-0.1	-2.1%
National Credit Union Administration	1.1	1.1	1.2	1.2	.....	.....
National Labor Relations Board	1.3	1.3	1.3	1.3	-*	-1.6%
National Science Foundation	1.4	1.4	1.4	1.4	-*	-0.1%
Nuclear Regulatory Commission	3.1	2.9	3.0	2.9	-0.1	-3.4%
Office of Personnel Management **	5.5	5.5	2.4	.....	-2.4	-100.0%
Securities and Exchange Commission	4.5	4.4	4.5	4.6	0.1	2.9%
Small Business Administration	5.6	4.2	3.3	3.3	*	0.3%
Smithsonian Institution	5.0	5.1	5.3	5.2	-0.1	-1.6%
Social Security Administration	60.9	61.2	61.7	61.4	-0.2	-0.4%
Tennessee Valley Authority	10.0	10.0	10.0	10.0	.....	.....
U.S. Agency for Global Media	1.6	1.6	1.6	1.5	-0.1	-7.3%
All other small agencies	13.1	13.0	13.7	14.2	0.6	4.2%
Total, Executive Branch civilian employment	2,061.2	2,085.5	2,206.1	2,172.4	-33.7	-1.5%

* 50 or less.

** Includes transfer of functions to the General Services Administration.

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

The members of the Federal workforce underserved 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 in specific areas of interest for a limited time (e.g., STEM fields; medicine, biological science,

Table 5-2. TOTAL FEDERAL EMPLOYMENT
(As measured by Full-Time Equivalents)

Description	2019 Actual	2020 Estimate	2021 Estimate	Change: 2020 to 2021	
				FTE	PERCENT
Executive Branch Civilian:					
All Agencies, Except Postal Service	2,085,496	2,206,137	2,172,433	-33,704	-1.6%
Postal Service ¹	583,573	585,682	578,984	-6,698	-1.2%
Subtotal, Executive Branch Civilian	2,669,069	2,791,819	2,751,417	-40,402	-1.5%
Executive Branch Uniformed Military:					
Department of Defense ²	1,363,348	1,350,264	1,356,861	6,597	0.5%
Department of Homeland Security (USCG)	42,588	50,230	50,511	281	0.6%
Commissioned Corps (DOC, EPA, HHS)	6,480	6,532	6,626	94	1.4%
Subtotal, Uniformed Military	1,412,416	1,407,026	1,413,998	6,972	0.5%
Subtotal, Executive Branch	4,081,485	4,198,845	4,165,415	-33,430	-0.8%
Legislative Branch ³	31,182	31,877	32,221	344	1.1%
Judicial Branch	32,973	33,716	34,143	427	1.3%
Grand Total	4,145,640	4,264,438	4,231,779	-32,659	-0.8%

¹ Includes the U.S. Postal Service Office of Inspector General and 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).

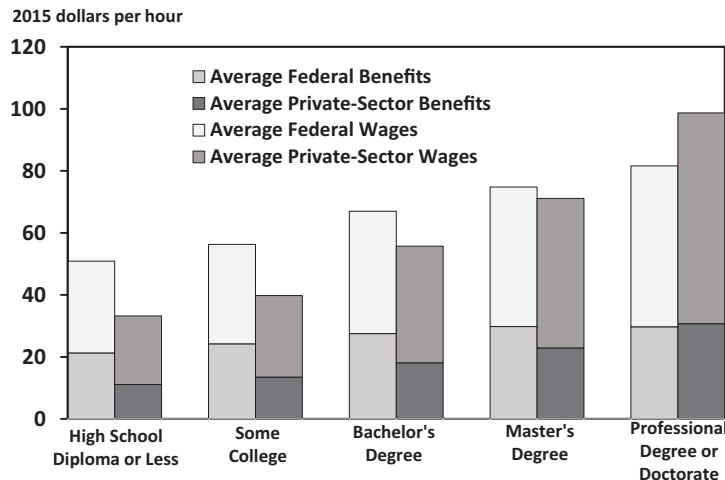
health science, and emergency management). To address the existing disincentive to term hires, the Budget includes a proposal under which term employees would receive an expanded defined contribution benefit through the TSP, in lieu of the defined benefit annuity that offers them little value.

Federal employee sick and annual leave benefits are also managed differently than in the private sector. All Federal employees receive 10 paid holidays and up to 13 sick days annually, as well as 13 to 26 vacation days, depending on tenure. The 2021 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. Beginning this October, many employees will also benefit from additional leave days due to a recently-enacted paid parental leave benefit for Federal employees.

The Administration proposes a one percent pay increase for Federal civilian employees for calendar year 2021, while also increasing funds available for on-the-spot and ratings-based performance awards. The Administration has attempted to make pay more flexible and performance-based, since across-the-board pay increases have long-term fixed costs and fail to address existing pay disparities or to target mission-critical recruitment and retention goals. A more targeted approach that rewards the top performers with the most critical skills is needed. The Administration believes in aligning pay with an employee's performance where possible. The existing Federal salary structure rewards longevity over

Chart 5-7. Average Compensation of Federal and Private-Sector Workers by Educational Attainment



Source: Congressional Budget Office.

Table 5–3. 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	12%	14%
Pilots, conductors, and related mechanics	3%	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	9%	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%	7%
Total Percentage	35%	51%
Lowest Paid Occupations Ranked by Private Sector Salary		
Other miscellaneous service workers	2%	6%
Janitors and housekeepers	2%	2%
Cooks, bartenders, bakers, and wait staff	1%	4%
Total Percentage	4.5%	12.0%

Source: 2015–2019 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.

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 (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 directs agencies to use their performance awards funding to finance more strategic and innovative approaches to meeting critical recruitment, retention, and reskilling needs across Government. Currently, agencies spend approximately one percent of their salary spending on awards. However, awards funding is often spent in a non-strategic manner. In recent Federal Employee Viewpoint Surveys (FEVS), both managers and nonsupervisory workers report that the awards structure does not adequately provide an incentive to perform or reward

the best employee. Office of Management and Budget guidance to agencies released in 2019 directed the use of awards funding to reward high-performing, critical employees. In addition to lifting the cap on the amount of salary devoted to awards, the 2021 Budget includes funding for agencies to spend an additional one percentage point of their salary budget on awards for their high performing employees and those with critical skillsets. This increase in awards spending will allow agencies to effect an awards and recognition program that drives positive behavior; provides opportunities for employees to develop, grow, and enhance their careers; and recognizes accomplishments in a timely way. The increase also ensures that agencies have sufficient funding to differentiate among levels of performance and maintain an appropriate distribution between performance awards and individual contribution awards.

To ensure the top performers are indeed rewarded, the performance management system must effectively measure performance. Instead, it is often a rote exercise with inconsistent definitions that do not differentiate levels of performance. In every FEVS, employees report that performance does not relate to compensation. To start the necessary culture change needed to support a meaningful appraisal system, the Administration released guidance in 2019 defining what each performance level must include for employees to attain specific rating levels. This practice will increase consistency and transparency.

President's Management Agenda 21st Century Workforce Goal

The PMA defines a framework for change that has the Federal workforce at its core, namely the Cross Agency Priority (CAP) Goal focused on “Developing the 21st Century Workforce.” This CAP Goal has three focus areas: (1) actively managing the workforce based on performance; (2) developing agile operations, to include efforts to reskill and redeploy current Federal employees toward higher value work; and (3) transforming processes to acquire top talent.

Actively Managing the Workforce Based on Performance

The Senior Executive Service (SES), comprising roughly 7,000 of the highest-ranking Federal managers, are the most critical career positions in the Government. SES members are disproportionately retirement-eligible. To mitigate the effects of the aging workforce, the Administration is continuing efforts to modernize policies and practices governing the SES, including creating a more robust and effective SES succession pipeline and more recruitment outreach to the private sector. As a complement to efforts to increase the external SES succession pipeline, OPM developed the Federal Supervisor Assessment, an online assessment of competencies critical for supervisors, which will increase the talent level of the internal SES succession pipeline by improving agencies' ability to select highly capable managers and supervisors. During the past year, OPM has modernized a range of SES processes, including performance appraisal programs, the Presidential Rank Awards program, SES allocations, and SES assessment and interview processes. In 2020, OPM will offer the new Executive Assessments to assist agencies in identifying the top applicants for SES positions using assessment tools comparable to those used in the private sector.

Employee engagement indicators continued to hold steady in the first survey after the lapse in appropriations, a testament to the resiliency of the workforce and vastly improved management communication practices. Almost all of the approximately 600,000 FEVS respondents reported willingness to put in extra effort to get the job done and seek ways to do their jobs better. However, fewer than 40 percent believe that pay raises depend on job performance, promotions are based on merit, and

managers recognize differences in performance and take steps to address poor performers.

Regarding the latter concern of Federal workers, the President responded in May 2018 by issuing Executive Order 13839, “Promoting Accountability and Streamlining Removal Procedures Consistent with Merit System Principles.” OPM will be issuing regulations to implement that Order this year. The President also instructed a new Interagency Labor Relations Working Group to address labor-management relations in the Executive Branch, and to recommend to him improvements in the organization, structure, and functioning of labor relations programs across agencies. In addition, OPM has developed a publicly available online database of collective bargaining agreements (CBAs) established between agencies and unions. Approximately 57 percent of the non-Postal Executive Branch workforce is covered by policies and procedures in CBAs. This work represents a significant step forward in making the arrangements under which Federal employees work transparent to the public they serve.

Preparing the Federal Workforce for the Future of Government

Emerging technologies are fundamentally changing both the nature of work and the delivery of Government services across the Nation. As a result, the Federal workforce must be positioned to meet the evolving needs of the citizens we serve and changing demands to promote improved mission outcomes and agency effectiveness. The 2021 Budget directs agencies to increase awards spending. Importantly, agencies have the flexibility to direct part of this spending toward strategic workforce development initiatives that close current or projected skills gaps in emerging areas such as data analytics, human centered design, and artificial intelligence. More broadly, the Administration intends to provide training opportunities for 400,000 Federal employees, in keeping with the Pledge to America's Workers sponsored by the President's National Council for the American Worker.

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 as fewer Federal forms are submitted in a paper format requiring manual processing. Employees responsible for processing paper forms can shift their attention to other responsibilities, including customer-facing roles. This shift is part of a broader trend in which existing employees will move from legacy positions to emerging fields where the Government faces staffing shortages, such as data analysis, cybersecurity, and other information technology disciplines. OPM is partnering with agencies to develop a Federal Robotic Process Automation (RPA) Reskilling Academy to train and mentor Federal employees whose jobs are being affected by RPA. These employees will learn how to conduct process mapping and develop and deploy “bots” without the need for extensive information technology training. The Administration is also putting

Table 5-4. PERSONNEL PAY AND BENEFITS
(In millions of dollars)

Description	2019 Actual	2020 Estimate	2021 Estimate	Change: 2020 to 2021	
				Dollars	Percent
Civilian Personnel Costs:					
Executive Branch (excluding Postal Service):					
Pay	204,045	212,087	216,857	4,770	2.2%
Benefits	89,217	93,281	95,959	2,678	2.9%
Subtotal	293,262	305,368	312,816	7,448	2.4%
Postal Service:					
Pay	38,874	39,662	39,873	211	0.5%
Benefits	15,724	15,383	15,590	207	1.3%
Subtotal	54,598	55,045	55,463	418	0.8%
Legislative Branch:					
Pay	2,295	2,464	2,670	206	8.4%
Benefits	769	831	931	100	12.0%
Subtotal	3,064	3,295	3,601	306	9.3%
Judicial Branch:					
Pay	3,368	3,538	3,676	138	3.9%
Benefits	1,129	1,186	1,213	27	2.3%
Subtotal	4,497	4,724	4,889	165	3.5%
Total, Civilian Personnel Costs	355,421	368,432	376,769	8,337	2.3%
Military Personnel Costs					
Department of Defense--Military Programs:					
Pay	103,608	107,349	111,364	4,015	3.7%
Benefits	48,645	51,489	58,053	6,564	12.7%
Subtotal	152,253	158,838	169,417	10,579	6.7%
All other Executive Branch uniform personnel:					
Pay	3,495	3,651	3,815	164	4.5%
Benefits	734	795	814	19	2.4%
Subtotal	4,229	4,446	4,629	183	4.1%
Total, Military Personnel Costs	156,482	163,284	174,046	10,762	6.6%
Grand total, personnel costs	511,903	531,716	550,815	19,099	3.6%
ADDENDUM					
Former Civilian Personnel:					
Pensions	90,457	93,571	96,957	3,386	3.6%
Health benefits	13,131	13,658	14,190	532	3.9%
Life insurance	42	43	44	1	2.3%
Subtotal	103,630	107,272	111,191	3,919	3.7%
Former Military Personnel:					
Pensions	63,166	65,412	67,227	1,815	2.8%
Health benefits	10,600	11,278	11,877	599	5.3%
Subtotal	73,766	76,690	79,104	2,414	3.1%
Total, Former Personnel	177,396	183,962	190,295	6,333	3.4%

this idea into practice. In 2021, the Administration will build on the success of efforts to grow the Federal cybersecurity workforce through reskilling. The 2021 Budget invests in training personnel with an aptitude for cybersecurity to fill these critically needed roles.

Transforming the Hiring Process

The Government must compete for talent in the labor markets. This effort requires effective hiring practices; however, the Federal hiring process is slow and awkward, typically requiring at least 14 steps. The process

frustrates hiring managers and potential employees and causes agencies to lose qualified candidates, who frequently abandon their pursuit of a Federal job during the course of the lengthy process. During OMB-led strategic review meetings last year, a majority of agencies identified hiring top talent as one of the most significant risks to achieving their mission and goals.

While the Administration will focus on using the statutory flexibilities the 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 new 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.

Throughout the past 20 years, applicant assessment has been regularly identified as the weakest link in the Federal hiring process by the Merit Systems Protection Board, the Partnership for Public Service, and others. To address this noted weakness and to reinforce the use of effective assessments, OPM issued a memorandum in 2019, “Improving Federal Hiring through the Use of Effective Assessment Strategies to Advance Mission Outcomes.” The memorandum provides guidance to enable simple and strategic hiring by: (1) analyzing and improving methods of assessing applicant quality; (2) involving subject matter experts in the assessment process; and (3) applying more rigor to determine minimum qualifications. The memo highlights a process that was successfully piloted by two agencies in 2019 and will be used by at least six agencies in 2020, including a multi-agency, Government-wide hiring effort. Rather than using self-assessment questionnaires, the pilots deployed subject matter experts to conduct structured interviews before determining an applicant qualified and applying preference. All 24 Chief Financial Officer (CFO) Act agencies have been briefed on the process, and additional guidance and templates will be issued in 2020 to support agency implementation Government-wide.

The Administration inherited an excessive background investigation inventory that led to challenges in quickly staffing critical mission areas, such as cybersecurity. Background investigations are necessary for onboarding the Federal workforce, including the granting of security clearances. The large volume of investigations slowed workforce onboarding by overwhelming existing resources and processes. Since reaching its peak of 725,000 in April 2018, the inventory has dropped substantially due to the Administration’s efforts. The Security Executive Agent (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) initiative to modernize and transform the personnel vetting framework. Reforms under TW 2.0 dramatically reduced the inventory to under 250,000 cases in December 2019, which reflects a progress rate of 91 percent toward the Administration’s goal of 200,000. The Administration achieved this success while simultaneously transferring OPM’s background investigation function from OPM’s National Background Investigations Bureau (NBIB) to DOD by establishing the Defense Counterintelligence and Security Agency (DCSA) within DOD. The DCSA creates economies of scale to perform investigations, simplifies leveraging of DOD’s existing enterprise IT capabilities, and provides an opportunity to incorporate truly transformational reform. The Security Clearance, Suitability, and Credentialing Performance Accountability Council, which includes OMB, ODNI, OPM, and DOD, continues to provide overall accountability in pursuing personnel vetting reform across the Executive Branch.

