

# AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

*Affiliated with AFL-CIO*

80 F Street, NW | Washington, DC 20001

July 27, 2020

Mr. Steve Goodrich  
President  
Center for Organizational  
Excellence  
c/o Shaw Bransford & Roth  
1100 Connecticut Ave., NW  
Washington, DC 20036

Mr. Robert Corsi  
Interim President  
Senior Executives Association  
c/o Shaw Bransford & Roth  
1100 Connecticut Ave  
Washington, DC 20036

Mr. Jason Briefel  
Director of Policy & Outreach,  
Senior Executives Association  
Partner, Shaw Bransford & Roth  
1100 Connecticut Ave.  
Washington, DC 20036

Dear Messrs. Goodrich, Corsi, and Briefel:

I write concerning the report you released on July 16, 2020, entitled “Recommendations to Congress and the Administration, Transforming the Governance of Federal Human Capital Management, Creating Capacity to Enable Effective Change” (Summer 2020). Specifically, I write to register my strong objection to having my name, and by association my employer, the American Federation of Government Employees, AFL-CIO (AFGE), listed as a “Contributor” to the report (page v). In addition, I will outline the strong objections to many of the recommendations contained in the report.

Simply put, I was not a “Contributor” to the report in any meaningful sense, and neither were several others who are listed as “Contributors” but who are equally dismayed by the mischaracterization of an alleged connection to the recommendations the report promotes.

It is indisputable that none of the report’s specific recommendations was discussed or shared during the one-day brainstorming session which is apparently your basis for pretending the individuals and the organizations they represent had any “contributory” role. As such, listing my name and the name of AFGE is inappropriate.

I did represent AFGE at a January 22, 2020 all-day discussion on the topic of “Federal HR Governance” held at the IBM Center for the Business of Government. On that day, I asked what organization was paying for what was obviously going to be an involved effort. I was told that the meeting was simply an effort by people interested in good government to get ideas on improving HR management.

In February we learned via an e-mail from Mr. Goodrich that a “smaller group” “... will be getting together to formulate a case for change statement and preliminary set of recommendations. We are also continuing our research and meetings with key stakeholders. Once we have drafts created we will reach out for further input from many of you.” But the representative of the largest union representing federal employees, the people who would be

most affected by the report's implementation, was not among the "many" whose input was solicited.

On May 10, 2020, the original January 2020 group received another e-mail letting us know, without providing any substantive details, that "In the coming weeks we will be scheduling a virtual session for all those who wish to attend to present the report and obtain your input." The virtual session was held over two month later on July 13<sup>th</sup>. During an approximately one hour meeting, the report was still not released to the "Contributors" (it was not actually released until July 16<sup>th</sup>) and questions were reserved for the last five minutes. No input from AFGE was solicited.

It was only at this virtual meeting, and only after I specifically asked yet again "Who are the sponsors of this report?" that we learned that the report was sponsored by the Senior Executives Association (SEA). Subsequently, I learned that in addition to SEA, several commercial interests were the actual moving forces behind this effort, and they drafted the bulk of the report apparently to influence, on behalf of these same ventures, the outcome of a National Academy of Public Administration (NAPA) Report on a proposed merger of the Office of Personnel Management (OPM) with the General Services Administration (GSA). (See Section 1112(b) of the Fiscal Year 2020 National Defense Authorization Act.) This opaque attempt to influence the NAPA report is bolstered by the fact that at least two NAPA affiliated individuals are listed as "Contributors," including one of the NAPA study Fellows, as well as the President of NAPA.

The lack of transparency associated with this report is truly astounding. I know I am not alone in feeling duped by this effort, especially as there was no communications between the report's authors and at least some of the putative "Contributors" at any time following our initial January meeting and the report's release.

Moving from the procedural outrages underlying the development of this SEA/privatization advocates' lobbying report, I will address some of the document's substantive recommendations that AFGE opposes.

Overall, this report is nothing but an attempt to "do over" the Administration's disastrous presentation on May 21, 2019 before the House Committee on Oversight and Reform explaining the justification for abolishing OPM and moving most of its functions to GSA (in order to facilitate drastic contracting out), and some to OMB (in order to facilitate politicization of the civil service). While the new report does not explicitly recommend abolishing OPM, the net effect of its recommendations would require the government to dismantle OPM, function by function.

The report takes extreme liberties, bordering on distortion, when it states on page xv, that "All have agreed that civil service modernization is necessary but is (*sic*) has not been accomplished due to a lack of capacity." This is simply false.

The lack of resources at OPM argument is identical to the position taken by the Administration's representative at the May 2019 House Committee hearing. It is a lot like arguing that your car doesn't work anymore when you haven't changed the oil in 100,000 miles. That is the essential thesis set forth by the Administration and now this report. Rather than seeking adequate resources for OPM, the principal civil service agency, the report's self-serving commercial interests propose breaking it up and outsourcing it out, piece by piece.

Among the most objectionable major recommendations of the report, many are buried as subactions. These recommendations have nothing to do with “good government.” They do nothing to advance, improve or promote the concept of a merit-based civil service.

**Recommendation 1:** “Develop a new framework for the Legislative and Executive Branches to work together on critical mission and mission support requirements.”

The Action and subaction items under this heading are a sneaky way of suggesting that much of civil service policy be moved from OPM to OMB, which was central to the Administration’s proposal, and which your report appears to endorse. The net effect would be White House control over the civil service, something AFGE strongly opposes and which should concern all citizens, especially given recent events.

**Recommendation 2:** “Reform the U.S. Office of Personnel Management (OPM) into an efficient, effective, strategic, and credible governor of government-wide human capital that supports both mission-delivery and meeting the future needs of government.”

As with recommendation number 1, and like most of the discussion at our January 2020 brainstorming session, there is little to take issue with on the surface of Recommendation 2.

But the specific Action and subaction items under this recommendation show that it is in fact an insidious proposal.

For example under Action Item 2.2 it states, “Change the OPM Director position to a term appointment and provide effective oversight.” Specifically the subaction item states: “Change [the OPM Director’s appointment] to 5-8 year Presidentially nominated Senate confirmed term position.” The OPM Director’s position is *already* a four-year term appointment requiring Presidential nomination and Senate confirmation. *See* 5 U.S.C. § 1102(a). What possible advantage is gained from increasing the term of the appointment, other than to embed someone who may not reflect an Administration’s policies? Given the tenure of office of recent appointees to this position, increasing the term of office seems quite irrelevant.

Another subaction item under this Recommendation states: “Review the OMB Deputy Director for Management (DDM) position to ensure it is properly resourced and has the appropriate authorities and accountabilities.” Exactly what does this have to do with OPM and its status as an independent civil service agency? The obvious answer, as the Administration has already made known, is to make OPM a mere vassal of OMB with regard to civil service policies, vesting real authority in OMB, an arm of the White House. This is merely another strike against the career civil service.

Action item 2.3 states, “Rename OPM and modify its mission.” A related subaction states, “Create a new name to signal a shift in mission and services.” This is yet another version of the proposal to dismantle OPM, the primary civil service agency.

Action item 2.4 states, “Streamline and simplify the personnel regulations.” A related subaction is “Complete an end-to-end review to modernize all regulations.” While we all may wish to see modern effective and equitable regulations, the Report’s authors are endorsing a complete reopening of civil service rules. This appears to be some sort of deregulation effort the specifics of which are conveniently omitted. Like the rest of the report, it appears to be another attempt to upend a system designed to prevent politicization of the civil service.

Action item 2.7, “Reengineer, Eliminate, or Move Existing Functions” is where the report gets down to business. It essentially restates the Administration’s proposal to abolish OPM in the language of “consultanese.”

Here are some examples of subaction items included under this Action :

1. Sunset Human Resources Solutions services and move the technology functions. English translation: Contract it all out.
2. Transform retirement services, automate and determine if it should remain in OPM or be moved. English translation: Contract it all out.
3. Reengineer Healthcare and Insurance if needed and determine if it should remain in OPM or be moved. English translation: Contract it all out.
4. Move facilities management and procurement to GSA. English translation: Contract it all out.

Much of this has already been tried in recent years. Have you forgotten that after spending in excess of \$30 million with numerous information technology and consulting firms to automate retirement services, OPM received virtually nothing in return? Perhaps more important, if and when retirement services become more automated, there is absolutely nothing to justify moving it out of OPM. Had you ever considered the views of AFGE or other federal employee organizations, or if your “paycheck” didn’t depend on contracting out federal functions, you would learn that federal annuitants express great satisfaction with OPM’s retirement function, and the delays in processing retirement applications are usually due to employing agency issues (incomplete files, etc.), not to OPM’s extremely dedicated and high-quality in-house retirement services staff.

The same is true for OPM’s Healthcare and Insurance Services. The Healthcare and Insurance team does a good job negotiating prices and coverage under the Federal Employees Health Benefits Program, which is considered by many to be a model of quality healthcare coverage. Other than the high costs of premiums, which is based on a statutory formula, it completely defies logic why this outstanding service offered by OPM should be “reengineered” and possibly moved, except perhaps to line the pockets of privateers.

Using figures contained in your own report, the four subactions contained under Action item 2.7 would reduce OPM by over 1700 positions, meaning the agency would be at least 61% smaller than it is today, which is already at a historic low. It is completely inaccurate and dishonest to describe these damaging recommendations as an attempt to strengthen human capital practices. They are a wholesale slaughter of the remaining vital functions performed by OPM. Federal employees and the public would be harmed, while contractors enrich themselves at their expense.

**Recommendation 3:** Become an inspirational employer and invest in people.

This is an insulting lie if the “people” you are referring to are federal employees. It may be true if “people” are contractors intent on profiting at public expense.

Action item 3.3, “Modernize the civil service,” is nothing but a rehash of bad ideas that will politicize and corrupt federal hiring, firing, and compensation.

“Replace the GS and other pay systems with occupation and market-based pay-banding” is an old saw. The GS system doesn’t allow discrimination on the basis of race, sex or age, and ensures fair pay based on job requirements. Its only flaw is that Congress and successive administrations have refused to fund it. The National Security Personnel System, in effect from 2006 through 2011, showed what happens with a pay system this Report advocates: Pay increases were awarded based on bias and outright favoritism. Shame on you for advocating a return to an approach that has been completely discredited not only in the federal government, but in successful large private firms as well.

Another subaction is entitled “Expand direct hiring authority.” Why not be honest and call it “Eliminate veterans preference” since that is what direct hiring is all about? This is a typical sleight of hand used throughout the report.

Yet another subaction is entitled, “Create employee portability across agencies and within and outside of government.” English translation: Abolish the Federal Employees Retirement System defined-benefit, probably one of the biggest recruitment tool federal agencies use to hire high quality talent.

Another atrocious subaction “Review and update Merit System Principles.” English translation: Make federal employment a form of political patronage, effectively abolishing the apolitical, professional civil service.

Finally, you recommend: “Scrub all regulations for a modern civil service (see recommendation 2.4)” English translation: A tired replay from the “abolish the merit-based civil service” gang.

The items I cite in this letter are not the only items in the report. They are merely a sample to illustrate how noxious and disingenuous the document really is.

You may think that your audience, “Congress and the administration” will see your report as a thoughtful and considered review of federal human capital practices with genuine input and recommendations from a variety of sources, but no one will be fooled. It is nothing but a dishonest attempt to promote the Administration’s effort to abolish OPM and politicize the career civil service, and simultaneously destroy the pay and benefits programs that protect the civil service from the corruption of politics and discrimination.

You and your contractor patrons are certainly entitled to publish your views regarding the federal civil service. But this report has been falsely advertised as reflecting the views of a broad range of individuals and organizations who do not support its recommendations. Spending one day with 20 people talking about the future of the civil service and then using that day as a pretext for writing a report to justify dismantlement of the basic structures of the civil service is dishonest. Make clear who paid for the report. Make clear who supports the report’s recommendations. And AFGC will make clear its own views on these issues, unmediated by those who are working to dismantle OPM and destroy the civil service for the profit of contractors and their lobbyists.

Please remove my name and the name of the American Federation of Government Employees, AFL-CIO from your report.

Sincerely,

A handwritten signature in blue ink that reads "Richard C. Loeb". The signature is written in a cursive style with a large, sweeping initial "R".

Richard C. Loeb  
Senior Policy Counselor