

They've always been the third of the force with the lowest profile. That may change, though, as it becomes more difficult to recruit and retain them.

The Quiet Crisis in Civilian Personnel

A STAFF REPORT

WASHINGTON'S public preoccupation with the threat of pilot shortages masks mounting concern about the state of another class of highly skilled but little-noticed Air Force professionals.

The health of USAF's 260,000-strong force of civilian employees—fully one-third of total force structure—is no longer viewed as secure. All signs indicate that the beleaguered group of managers and technicians, who work side by side with blue-suit counterparts at every installation, in every career field, and at every level of command, is faltering badly.

In fact, say experts, the quality, quantity, and effectiveness of the force are in doubt. One recent analysis goes so far as to warn that the service, and the government generally, now faces a "quiet crisis." The problem stems from two factors.

One is an unprecedented exodus of high-caliber workers from federal service. The US is experiencing difficulties retaining civilians in the face of fierce competition for talent. A study issued in March by the National Commission on the Public Service notes that increasing numbers of top workers are fleeing gov-

ernment service for lucrative private-sector jobs.

The second factor is government recruiting failure. In a stark reversal of historic norms, US agencies now find themselves unable to attract, or even interest, the most talented workers in the country. Of all honor graduates from top universities, a mere three percent seek federal employment, a commission survey reveals.

Taken together, experts assert, the government's twin difficulties in holding or even attracting bright civilian workers have left it with little option but to embrace lower standards in hiring new personnel and to accept the inevitable attendant erosion in worker competence.

Alarming Trend for USAF

For the Air Force, such trends are alarming. "Palace Agenda," a civilian personnel management plan prepared by the Air Force Civilian Personnel Directorate, is blunt: "With the Air Force becoming increasingly dependent on technology as a force multiplier . . . our human resources will have to be competitive if we expect to maintain our edge. . . . Technical skills will underlie almost all Air Force civil-

At right, Air Force civilian employees ready an F-4 for storage at USAF's Aerospace Maintenance and Regeneration Center at Davis-Monthan AFB, Ariz., which is staffed almost entirely by civilian personnel. The depth of experience that each person brings to the job is vital to AMARC's mission. The Air Force is finding qualified civilians increasingly hard to attract and retain.



ian jobs, as the civilian force will be called upon to support Air Force missions that depend on sophisticated technology."

Air Force vacancy statistics indicate that some fifteen percent of civilian authorizations go unfilled at any time. By itself, this is not alarming, particularly in light of the fact that budget reductions in FY '88 have forced a number of Air Force commands to limit civilian hiring to ninety percent of authorized strength. "The problem," says Tony Kausal, chairman of the Air Force Association's newly formed Civilian Personnel Council, "resides in our [lack of] ability to retain experienced, quality people and to recruit new, highly qualified people in some parts of the country and in some career areas."

Geographically, retention difficulties are most severe on the country's east and west coasts—especially in such high-priced locations as Boston, Los Angeles, Washington, D. C., and New York. While the problem is less serious in other regions, it is still significant, particularly in engineering, acquisition, and other technical areas.

In Los Angeles, the Air Force is experiencing a very high turnover for engineers. At the GS-12 level, about one-half of all the engineering positions are vacated each year. In some acquisition jobs, turnover approaches forty percent annually. Recruiting difficulties leave positions vacant for an average of seven months. Even longer vacancies are not uncommon, with some positions reportedly going unfilled for more than eighteen months.

Experience on the east coast is much the same. The exodus of engineers and other professionals on the eastern seaboard has led some to quip that Hanscom AFB, Mass., home of USAF's Electronic Systems Division, has become a training ground for the high-tech industries of Boston.

No matter what the geographic area, retaining technical, engineering, and managerial workers has become a problem of massive proportions.

Senior managers are leaving the government in droves. A 1987 General Accounting Office survey of Senior Executive Service employees found that almost one-quarter of

those surveyed planned to find private-sector employment within a year. Another survey found that more than half would leave government for a suitable private-sector job.

Although the retention problem is most noticeable among technical specialists, engineers, those in acquisition-related fields, and senior executives, it reaches deeper into the ranks. In high-cost cities, retaining administrative and clerical employees has become a significant problem.

Employees in the lower pay grades—GS-6 and below, grades commonly held by secretaries and other clerical workers—are far more likely to quit government jobs than are others in the federal work force. Typically, they move within a few years into higher-paying jobs in other government agencies and then into far more remunerative positions in the commercial sector.

In Los Angeles, this problem has grown to critical proportions. GS-5 secretary positions, for example, are experiencing an annual turnover of almost 100 percent because of promotions and lucrative private industry jobs. In some cases, new hires leave in less than one month.

Growing Gap in Experience

Compounding the Air Force's retention woes is a lack of success in recruiting qualified younger workers who can be trained to replace those who leave.

Each year, Air Force personnel officers make more than 1,000 job offers in both the spring and fall to college graduates. Recent years have found that half of those receiving job offers refuse, which is about twice the turndown rate experienced in private industry. Even more worrisome is the fact that the percentage of those declining job offers appears to be rising.

The result is a growing gap in experience. The federal government's annual hiring is concentrated on entry-level and other low GS ratings. The Office of Personnel Management reports that only 3,000 people were hired at or above the GS-13 level in 1987. Senior personnel cannot be replaced by "first-termers." The concern is put this way by Kausal: "It is essential to have experienced people to negoti-

ate with a contractor. We don't want a brand-new negotiator sitting across from an industry negotiator with thirty years' experience."

Those who do sign up for government work seem to be of lower quality than in years past. The Commission on the Public Service found indications that the quality of new workers is eroding steadily. On a standard test for newly hired government employees, the average score during the 1980s falls ten percentage points below that of the previous decade.

The recruiting problem stems, in part, from a tight labor market that has resulted from adverse demographic trends. As growth in the labor market slowed from about 2.9 percent per year in the 1970s to about one percent in the 1980s, the government has increasingly been forced to compete with private industry for the most talented new workers. Evidence is that the government has been losing this race. Some conclude that the government, in the future, may be forced to hire "the best of the desperate."

For senior federal civilian workers and potential recruits alike, the main problem with government service can be summarized in one short phrase: inadequate compensation.

One official survey reports that utter frustration with their low compensation levels was a significant factor for almost forty percent of the federal senior executives who left government service in 1985, and the situation has not improved since then.

Air Force employees can be divided into three principal categories: blue-collar workers, who are paid the prevailing local hourly wage and constitute the Wage Grade force; white-collar workers, who receive salaries based on a nationwide standard for similar jobs; and Senior Executive Service (SES) members, who also receive salaries based on a national standard.

For Wage Grade employees, the federal system works well, paying skilled craftsmen and others a competitive local wage. However, for GS and SES employees, variations among local labor markets are great, and a single, uniform pay nationwide is not workable. Surveys show that, from one geographic area to another, adequate salaries

for the same work can vary by as much as thirty percent.

The problem is self-evident. "We can't pay thirty or forty percent less than what industry is going to pay and expect to keep people who can't afford to buy houses near where they work," warns Kausal. "As a GS-14 [in Los Angeles], I couldn't afford a house within forty-five minutes of work."

The Federal Salaries Problem

Apart from regional variations, white-collar workers are suffering from an absolute decline in compensation relative to the rest of the economy. The Commission on Public Service, for example, reports that average starting salaries in private sector consulting and research firms rose fifteen percent in the past decade, while banking and finance salaries rose eighteen percent. "At the same time," it points out, "average starting pay for careers in federal government has fallen twenty percent . . . [and] now trails the private sector on average by almost \$6,000."

The lack of comparability extends to annual pay increases. The Congressional Budget Office (CBO) points out that, during the past ten years, the rise in private-sector salaries and wages exceeded that of federal salaries by about twenty percent. Thus, says CBO, federal pay adjustments have been insufficient to achieve comparability since October 1977.

Also great is a loss of purchasing power to inflation, a problem most pronounced at the level of senior managers. Between 1969 and the end of 1988, the Commission on the Public Service estimates, senior government executives lost thirty-five percent of the value of their salaries in this way.

Potential federal workers, no less than those already in place, are turned off by the pay situation. Low starting salaries combined with limited flexibility in benefits packages are seen as a major constraint on federal recruiting efforts. Industry recruiters offer the most qualified candidates such incentives as bonuses, advance pay, liberal moving allowances, and flexible benefits packages—as well as higher starting salaries. Federal recruiters can't begin to match these packages.

Compensation is not the only factor causing problems, however. The public image of the federal "bureaucrat," sullied in recent years by partisan political attacks and criticism, is also a factor. A number of credible surveys conducted in recent years all have made the point that today's college students and others entering the job market for the first time hold public service in exceedingly low esteem. In their view, government work cannot offer a rewarding career, a significant challenge, or an opportunity to affect major public policy decisions.

It is against this backdrop of competitive labor markets, inequitable compensation structures, and declining public image that the Air Force must plan for the future. How does the service propose to overcome these obstacles to acquire the type of high-quality civilian force that it needs?

Looking Toward the Future

Palace Agenda, USAF's civilian personnel roadmap, summarizes several Air Force initiatives to build and maintain the civilian personnel force in the future. One major change in the plan calls for more flexible management of civilians. Congress has relaxed the requirement for arbitrary end-strength ceilings, allowing service managers to deploy civilian forces according to their budgets. Now, Air Force managers can be flexible in determining how many employees to hire and how to mix part-time with full-time and permanent with temporary employees to meet mission needs in the most economical manner.

The result of this change, according to Palace Agenda: "During FYs '85 and '86, overall civilian employment costs were more than \$50 million under budget, yet we were able to exceed programmed employment levels by almost 10,000 employees."

To accommodate regional pay differences and compete with private industry, the Air Force has received permission from the Office of Personnel Management (OPM) to designate "shortage career fields." This narrows the advantage of industry recruiters by allowing Air Force recruiters to make "on-the-spot" job offers, hire some employees at higher grades, and provide some moving/relocation incentives.

Under a three-year test program called Palace Compete at Edwards AFB, Calif., managers will be permitted to adjust position and grade structures within broad legal limits, so long as their overall civilian payroll costs remain within budget. Managers can reward performers, offer more competitive salaries, and increase retention.

Other initiatives to enhance retention include accelerated career promotions based on individual achievement, using authority delegated by OPM to waive such requirements as time in grade for those who excel.

Efforts are under way to expand the Civilian Career Management Program, launched in 1976, which currently covers only seventeen career areas comprising a total of about 42,000 employees. Civilian workers now are permitted to compete for time in Professional Military Education schools. The Air Force has reserved forty-eight slots at Squadron Officers School for those at or above the GS-9 level, sixteen slots at Air Command and Staff College for those at or above the GS-11 level, and six at the Air War College for those at or above the GS-14 level.

Another initiative called Palace Acquire focuses on recruiting. Under Palace Acquire, the Air Force offers two- and three-year internships leading to full-time employment in specific career fields. Managers recruit interns directly from college campuses and other locations. Interns enter as GS-5s or GS-7s and progress to GS-9, GS-11, or GS-12, depending on the length of their program. They are then placed into a vacancy within their career field.

Also being investigated is an array of other possible initiatives, from market-sensitive pay systems and financing of new education programs to payment of regional differentials for civilian workers.

The success of these efforts has yet to be determined. What is already clear, however, is that the Air Force stake in the outcome is high. "Spurred by [USAF] force structure changes," concludes the Palace Agenda report, "these [civilian] managers and professionals will be called upon to assume an increased role in the Air Force worldwide." ■