



**Statement of Alexander Alonso, Ph.D., SHRM-SCP,
Chief Knowledge Officer**

**On behalf of the
Society for Human Resource Management**

**Submitted to
U.S. House Select Committee on the Modernization of
Congress**

**Hearing on
“Cultivating Diversity and Improving Retention Among
Congressional Staff”**

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Introduction

Chairman Kilmer, Vice Chair Graves and distinguished members of the Committee, my name is Alex Alonso. I am the Chief Knowledge Officer at the Society for Human Resource Management (SHRM) in Alexandria, Va.

As Chief Knowledge Officer, I lead all thought-leadership activities including the execution of our policy and economic research functions, operations for SHRM's Certified Professional and Senior Certified Professional certifications, and efforts involving our charitable arm, the SHRM Foundation. Over my eight years at SHRM and fifteen years as an organizational psychologist, I have developed a keen understanding of the issues faced by employers and HR professionals on a daily basis with a special emphasis on diversity and inclusion trends.

During my career, I have worked with numerous subject matter experts worldwide with the aim of identifying performance standards, developing competency models, designing organizational assessments, and conducting job analyses. I was also responsible for working on federal contract task orders involving workforce development tools for assessing individual job knowledge and person-organization fit. As part of my career, I have had the good fortune to serve various federal agencies and private-sector organizations with the purpose of examining what makes a diverse and inclusive culture designed to attract and retain exceptional talent. Specifically, I have specialized in designing innovative engagement and incentive strategies for organizations dealing with unique challenges with highly skilled talent. Whether serving as a subject matter expert for the Army Medical Department, studying the retention habits of West Point graduates, or tracking employment trends among high-tech industry leaders, I have devoted my career to enhancing the employment experience for all.

I appreciate the invitation to appear before you today on behalf of SHRM.

About SHRM

SHRM, the Society for Human Resource Management, creates better workplaces where employers and employees thrive together. As the voice of all things work, workers and the workplace, SHRM is the foremost expert, convener and thought leader on issues impacting today's evolving workplaces. With 300,000+ HR and business executive members in 165 countries, SHRM impacts the lives of more than 115 million workers and families globally.

SHRM members implement and comply with critical workplace policies every day, including those for the design, management, and administration of benefits. Because human resource professionals sit at the intersection of work, workers, and the workplace, they have a unique perspective about the enhancement of employee benefits to recruit and retain top talent in a 21st century workforce.

Strategic Use of Benefits

HR departments and organizations invest significant resources into designing benefits packages that can be used both to recruit new employees and to retain the talent they already have. In a SHRM survey¹ on job satisfaction and engagement, the vast majority (92 percent) of employees indicated that benefits are important to their overall job satisfaction. Results also showed a relationship between benefits and retention, with 29 percent of employees citing their overall

¹ Society for Human Resource Management. 2017 Employee job satisfaction and engagement: The doors of opportunity are open

benefits package as a top reason to look for a position outside their current organization in the next 12 months; 32 percent of employees who were unlikely to look for an external position cited their overall benefits package as a top reason as well. This finding illustrates what HR professionals already know—benefits are powerful and can either cost or save an organization a substantial amount of money associated with employee turnover.

The unemployment rate is at a historic low, and this economic turn translates to a more difficult environment in which organizations must recruit and retain talent. In addition, for the first time in history, five generations are working side by side, each with different benefit needs. For HR, the challenges of blending a multigenerational workforce include keeping up with new workplace trends and regulations; designing benefits strategically to create a happier, more productive workforce; and understanding what motivates each generation. With employee benefits making up approximately one-third (31 percent) of total compensation costs², organizations must engage in strategic benefits planning to maximize their return on investment.

Congressional Employment and Benefits

Employment in Congress is a great opportunity that often involves dedication to public service, but it's not without its own challenges. Congressional employment challenges include long hours, a high-stress environment, lower pay than private-sector and executive-branch counterparts, and virtually no job security. Nonetheless, staff remain generally satisfied with, and are engaged in, their jobs, citing dedication to public service and the meaningfulness of their work. However, research raises questions as to whether these altruistic motives are enough to overcome the inherent challenges of working in Congress, especially in a competitive labor market.

According to a study by the Congressional Management Foundation (CMF) and SHRM³ regarding employee benefits, 66 percent of congressional staff members ranked health care/medical benefits as very important, followed by 61 percent noting retirement and savings plans as very important. A greater number of managers (73 percent) and Baby Boom generation employees (77 percent) cited these benefits as very important than did nonmanagers and younger employees.

The study also found that benefits are a main factor to congressional staff when it comes to retention. When congressional staff were asked why they stay in their jobs, 94 percent said because they believe what they're doing is meaningful; 72 percent reported that their benefits influence their decision to stay, but only 38 percent said compensation was a significant factor.

The number one reason congressional staff had for leaving their current job or current office was inadequate opportunities for professional development (48 percent). As for leaving Congress altogether, staffers cite the need for better balance between work and personal life (38 percent) as a top factor.

SHRM is dedicated to promoting effective management and leadership all over the globe. That's why we are a proud strategic partner of CMF. Through this partnership, we offer management advice and techniques to individual House and Senate offices by publishing several resources

² Bureau of Labor Statistics. (2019, March 19). Employer costs for employee compensation. Economic News Release. Retrieved from <https://www.bls.gov/news.release/ecec.nr0.htm>

³ The Congressional Management Foundation (CMF) and the Society for Human Resource Management (SHRM) (2013) "[Life in Congress](#)"

such as *Setting Course*, the *Life in Congress* research project, and a variety of professional development programs. SHRM is also the exclusive sponsor for *Keeping It Local: A Guide for Managing Congressional District and State Offices*.

In a labor market such as the current one, benefit offerings are what set organizations apart and can be vital in retaining and recruiting top talent. This is particularly true for congressional staff. Departures of congressional employees directly impede the productivity and effectiveness of the committees and personal offices for which staff work. Furthermore, staff departures strip individual offices as well as the institution of critical institutional memory and limit the potential leadership pipeline in Congress.

Standard congressional benefit offerings include health insurance, retirement savings accounts (Thrift Savings Plan) and transit. There is the potential to offer other benefits like student loan repayment, professional development and leave. Benefit offerings are important to congressional staff; however, they have not been updated in years and no longer keep pace with private-sector benefits or reflect the needs of a diverse and modern workforce.

Private-Sector Benefits in 2019

The changing economic landscape and a focus on workplace diversity are driving organizations to refine the benefit programs they offer to employees. Employers continue to seek flexibility in offering a variety of benefits, often opting for a cafeteria-style approach to benefits administration where employees are permitted to choose among a variety of offerings to create a benefits package that best meets their needs and those of their family. This approach is prevalent in core pillars such as health care and retirement benefits, which continue to be important to employees, as well as other offerings including professional development opportunities, flexible scheduling, financial management programs, and wellness services.

According to SHRM's 2019 Employee Benefits research report, the following are the latest trends across the top ten benefits sought by working Americans:

Health Care

In 2019, 20 percent of organizations offer one health care plan, while the majority (79 percent) offer two or more types of health care plans to employees. Preferred provider organization (PPO) plans continue to be the most popular health care insurance offering, with 85 percent of employers including a PPO option.

Many employers have opted to offer a high-deductible health plan (HDHP)—either linked or unlinked with a Health Savings Account or Health Reimbursement Account instead of a traditional health plan or as an additional choice. This is likely because of the anticipated “Cadillac tax” on high-value employer-sponsored plans, set to go into effect in January 2022. In the meantime, 83 percent of employers are sharing the cost of health insurance premiums with employees. If the Cadillac tax goes into effect, it will force many employers to restructure benefit offerings, which will result in increased costs for more than 181 million Americans who receive health care coverage through an employer.

Retirement Savings

The vast majority of employers believe that retirement savings are very important or extremely important to their workforce. Nearly all of the employers surveyed offer one or more retirement plans to employees to help them plan and save for their financial future. Defined contribution

plans remain the most common offering, with 93 percent offering a traditional 401(k) or similar plan and 59 percent offering a Roth 401(k) or similar plan. Employer matches for 401(k) plans hold steady with about 75 percent of employers offering a match over the last five years, while Roth 401(k) match contributions continue to rise over time as well (43 percent in 2019).

Professional Development

With the talent market remaining very tight, some organizations are looking to gain a competitive advantage through employee programs and services. Eighty-seven percent of employers report offering professional development (PD) opportunities, and 14 percent of organizations surveyed say that in the last 12 months they increased PD benefits offerings. Specifically, employers are emphasizing three types of training for employees—analytics-based education, apprenticeships for developing an additional skillset, and coding or programming learning. This is a significant shift as employers are seeing a rise in contingent work and gig- or assignment-based employment.

Workplace Flexibility and Leave

The majority—over 90 percent—of organizations offer paid leave of some type to their employees. In 2019, most organizations are doing this through a paid-time-off (PTO) bank that combines both vacation and sick time. In addition, employers continue to offer generous paid leave for new parents, with about a third (34 percent) of organizations offering paid leave to mothers and slightly fewer (30 percent) to fathers. One in five organizations reported offering family leave (paid or unpaid) beyond both federal and state Family and Medical Leave Act requirements. Organizations with workforces made up primarily of adults under 40, or those looking to recruit greater numbers of younger workers, will likely see even stronger pushes for paid parental and family leave. Older workers dealing with elder care responsibilities are likely to advocate for family leave that can be used to care for aging parents as well as dependent children. Paid leave is associated with increased productivity, increased engagement, better physical wellness, and positive employer brand.

In addition, remote work continues to rise in popularity as a benefit, and, as a result, telecommuting of all types is increasing. The largest increase in the past year has been in part-time telecommuting, which is now offered by over 40 percent of organizations, up 5 percent from 2018. The nature of congressional work often makes telecommuting difficult, but health care organizations faced with similar challenges have found success with alternate work locations. While not able to offer full teleworking options, health care organizations are able to offer alternate work locations depending on daily duties as a way of helping employees address work/life needs.

Other benefits promoting work/life fit, including compressed and four-day workweeks, also saw minor increases in 2019. Compressed workweeks are now offered by one-third of organizations, and four-day workweeks of 32 hours or less per week are offered by 15 percent. Many federal agencies offer alternative schedule options such as flexible work schedule and/or compressed work schedule programs for their employees. With heavy workloads, long and unpredictable work hours and limited time with family and friends, alternative schedules could be an attractive option for congressional staff.

Wellness

In general, 64 percent of organizations offer wellness resources, programs, and events to employees. The largest increase in any wellness benefit over the past five years has been the

standing desk. Only offered by one-quarter of employers five years ago, now 60 percent of organizations say that they provide or subsidize the cost of switching an employee's desk from a sitting desk to a standing desk.

In addition, fitness centers are a very popular benefit. Whether onsite or offsite, through a center, a class, a subsidy or reimbursement, around one-third of organizations are providing their employees benefits to help support their physical well-being, although offsite offerings remain slightly more common (32 percent) than onsite (29 percent). Rewards or bonuses for completing certain health and wellness programs were offered by 38 percent of organizations this year and has bounced around between 38 percent and 41 percent since 2015.

Student Loan Repayment

A small but growing number of U.S. employers has begun offering student loan repayment benefits to their employees. According to SHRM's 2019 Employee Benefits Survey, employer-provided student loan repayment as a benefit has doubled since 2018 from 4 percent to 8 percent.

Some congressional offices and most federal agencies have offered student loan repayment as a benefit to eligible staff members for more than a decade. Most recently through the student loan repayment program, 34 agencies assisted nearly 10,000 federal employees with more than \$72 million in student loan repayment benefits.⁴

As of December 2018, more than 44.7 million borrowers owed \$1.5 trillion in student loans—a sum that exceeds the gross domestic product of all but a dozen countries around the globe. In a competitive labor market, student loan repayments can be a valuable tool that can enable Congress to recruit highly qualified candidates and to keep talented employees in the federal workforce.

More employers could offer student loan repayment as a benefit, but current tax law discourages them from doing so. To address this issue, Representatives Rodney Davis (R-IL) and Scott Peters (D-CA) and Senators Mark Warner (D-VA) and John Thune (R-SD) have reintroduced H.R. 1043/S. 460, the Employer Participation in Repayment Act, which would allow employers to give tax-free student loan assistance of up to \$5,250 a year per employee. Currently, student loan repayments are considered taxable income for recipients and cannot be claimed as a deduction by organizations. The proposed legislation gives employer-provided student loan repayments the same tax advantages as tuition assistance.

Existing employer-provided education assistance (also known as “Section 127” of the Internal Revenue Code) has not been updated since it was enacted in 1978. In fact, the amount of \$5,250 has not been increased in 40 years, and Section 127 does not allow student loan repayment as a benefit.

SHRM strongly supports employer-provided education assistance, including legislative efforts to increase the monetary limits and scope of Section 127 to include student loan repayment. SHRM believes employers should have the flexibility to offer support throughout a variety of stages in the education lifecycle that gives employees choices when making education-related decisions. Additionally, providing tax-free education assistance is an important tool for furthering higher

⁴ U.S. Office of Personnel Management, Federal Student Loan Repayment Program (2016), February 2018. <https://www.opm.gov/policy-data-oversight/pay-leave/student-loan-repayment/>

education, allowing employers to attract the best employees, and building an educated and diverse workforce to continue to position the U.S. to compete globally.

Increased flexibility in the support of employee educational achievement has led to higher retention rates in industries such as health care and technology where the war for talent is acute and often exacerbated by extreme competition. Specifically, in health care, qualitative research by the Agency for Healthcare Research and Quality (AHRQ) on underserved rural areas has shown that the availability of student loan repayment benefits yielded better outcomes, helping those areas attract and retain top physicians.⁵

Inclusion and Diversity

While benefits offerings are critical to securing top talent, it is equally important that Congress address inclusion and diversity when discussing a modern workforce. More than one in five voting members (22 percent) of the U.S. House of Representatives and Senate are racial or ethnic minorities, making the 116th Congress the most racially and ethnically diverse in history. As a result, Capitol Hill staff should also reflect a diverse workforce and representation of constituents around the country.

As Congress takes actions to keep and advance high-performing employees and attract a diverse workforce, it should also consider modernizing its job application and posting process. The employment process for Capitol Hill is antiquated, not transparent, and vastly different from that of the private sector, which is an impediment to attracting high-quality diverse candidates. Specifically, Congress can explore the implementation of centralized talent management systems while also keeping an eye toward effective people management development for a safe and inclusive workplace culture.

SHRM members also face challenges in recruiting new talent. A people gap exists on top of a widening skills gap. According to our research⁶, 83 percent of SHRM respondents indicate trouble recruiting suitable job candidates; 75 percent believe their difficulty in recruiting is due to a skills gap among their applicants; and 52 percent believe that, in the last two years, the skills gap has worsened.

To address both the people and skills gaps, SHRM supports policy initiatives that promote hiring from under-utilized talent pools including older workers, people with disabilities, veterans, and applicants with criminal histories.

Conclusion

Mr. Chairman and Vice Chair Graves, thank you again for allowing me to share my experience and SHRM's views on the importance of benefits and inclusion and diversity in the workplace.

In closing, I would like to briefly reflect on a few main points.

I applaud this Committee for hosting today's discussion and for recognizing the importance of restructuring benefits to meet the needs of a diverse and modern workforce. Many employers around the country are having this very same conversation. SHRM, through our strategic

⁵ Agency for Healthcare Research and Quality (AHRQ). <https://www.ahrq.gov/news/newsroom/case-studies/cp31203.html>

⁶ Society for Human Resource Management. The Skills Gap 2019

partnership with the Congressional Management Foundation, would be honored to continue this dialogue and be a resource to the Committee as you put forth recommendations for modernizing Congress.

SHRM believes that a comprehensive and flexible benefits package is an essential tool in recruiting and retaining talented employees. Without congressional support for employer-provided benefits and employers' ability to customize offerings to their unique workforce there will be a negative impact on employee retention and employer recruitment efforts. Public-policy efforts at both the federal and state levels should enable employers the flexibility to continue to offer benefits to their employees, including but not limited to health care, retirement accounts, education assistance, wellness programs, and paid leave.

Congress enacts workplace laws every day impacting the private sector, including those involving benefit offerings. This is an opportunity to act and lead by example by: communicating the true value of benefits, emphasizing the importance of retaining and engaging a diverse workforce at every level, and exploring new ways to access untapped talent pools. What happens in Washington, D.C., will have an inevitable effect on our workplaces across the nation. And at SHRM, we believe better workplaces create a better world.

I welcome your questions.