



## Testimony

Before the Subcommittee on Regulatory  
Affairs and Federal Management,  
Committee on Homeland Security and  
Governmental Affairs, U.S. Senate

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# HUMAN CAPITAL

## Update on Strategic Management Challenges for the 21st Century

Statement of Yvonne D. Jones, Director, Strategic Issues

Accessible Version

# GAO Highlights

Highlights of [GAO-15-619T](#), a testimony before the Subcommittee on Regulatory Affairs and Federal Management, Committee on Homeland Security and Governmental Affairs, U.S. Senate

## Why GAO Did This Study

Strategic human capital management plays a critical role in maximizing the government's performance and assuring its accountability to Congress and to the nation as a whole.

GAO designated strategic human capital management as a government-wide, high-risk area in 2001. Since then, important progress has been made. However, retirements and the potential loss of leadership and institutional knowledge, coupled with fiscal pressures, underscore the importance of a strategic and efficient approach to acquiring and retaining individuals with needed critical skills. As a result, strategic human capital management remains a high-risk area.

This testimony is based on a large body of GAO work issued from January 2014 through February 2015; and ongoing work related to employee engagement. This testimony, among other things, focuses on key human capital areas where some actions have been taken but attention is still needed by OPM and federal agencies on issues such as: (1) the GS classification system; (2) mission-critical skills gaps; (3) performance management; and (4) employee engagement.

## What GAO Recommends

Over the years, GAO has made numerous recommendations to agencies and OPM to improve their strategic human capital management efforts. While OPM and the agencies have implemented some of GAO's recommendations, actions are still needed on others to continue to make progress in these areas in the future.

View [GAO-15-619T](#). For more information, contact Yvonne D. Jones at (202) 512-2717 or [jonesy@gao.gov](mailto:jonesy@gao.gov).

May 20, 2015

## HUMAN CAPITAL

### Update on Strategic Management Challenges for the 21<sup>st</sup> Century

## What GAO Found

Serious human capital shortfalls can erode the capacity of federal agencies and threaten their ability to cost-effectively carry out their missions. GAO's prior work has shown that continued attention is needed to ensure agencies have the human resources to drive performance and achieve the results the nation demands. Key areas where the federal government has taken some actions but additional attention is still needed include the following:

**General Schedule (GS) Classification System:** In 2014, GAO identified eight key attributes of a modern, effective classification system, such as, flexibility, transparency, and simplicity. The GS system's design reflects some of these eight attributes, but when the Office of Personnel Management (OPM) implemented the system, the attributes of transparency, internal equity, simplicity, flexibility, and adaptability were reduced. This occurred, in part, because some attributes are at odds with others so fully achieving one comes at the expense of another. GAO recommended and OPM partially concurred with the need to examine ways to make the GS system consistent with the eight attributes of an effective classification system.

**Mission-Critical Skills Gaps:** The challenges that agencies face were not fully captured by the Chief Human Capital Officers Council Working Group's efforts that identified skills gaps in six government-wide, mission-critical occupations. In 2015, GAO identified skills gaps in nearly two dozen occupations with significant program implementation impacts. As a result, GAO recommended OPM take a number of steps to address this issue. OPM concurred and in response has established an interagency working group, which is expected to identify a new set of government-wide skills gaps by June 2015.

**Improving Performance Management:** OPM makes a range of tools and guidance available to help agencies address poor performance. In 2015, GAO concluded that improved supervision and better use of probationary periods are needed to address substandard employee performance. In response, OPM agreed to consult with stakeholders regarding the need for longer probationary periods for some complex positions. In 2015, GAO also found that OPM needed to do more to ensure meaningful distinctions are made in senior executive ratings and performance awards. OPM disagreed with the recommendation. GAO maintains that additional action should be considered to ensure equity in ratings and performance awards across departments.

**Strengthening Employee Engagement:** GAO's ongoing work indicates that the recent government-wide decline in engagement, as measured by OPM's Employee Engagement Index, masks the fact that the majority of agencies either have sustained or increased their employee engagement levels. Government-wide, engagement has declined 4 percentage points from an estimated 67 percent in 2011 to an estimated 63 percent in 2014. However, this decline is primarily attributable to 13 agencies where employee engagement declined from 2013 to 2014. In contrast, 31 of 47 agencies have sustained and 3 agencies have increased their employee engagement levels from 2013 to 2014.

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Chairman Lankford, Ranking Member Heitkamp, and Members of the Subcommittee:

Thank you for the opportunity to be here today to discuss the state of the 21st century federal civil service, and what can be done going forward to ensure a top-notch federal workforce, the importance of which cannot be overstated. As we have long reported, strategic human capital management plays a critical role in maximizing the government's performance and assuring its accountability to Congress and to the nation as a whole. However, the federal government is facing workforce-related challenges that could affect the ability of agencies to cost-effectively carry out their missions. These challenges include a retirement wave that could cause a loss of leadership and institutional knowledge at all levels. In the current economic situation, projections of how many federal workers will actually retire upon becoming eligible remain unclear. However, when these workers do retire, the federal government needs to have the right people in the right jobs at the right time to meet the challenges it faces. Other challenges include filling mission-critical skills gaps, improving performance management, and strengthening employee engagement during difficult times.

Strategic human capital management has been one of our high-risk areas since 2001.<sup>1</sup> Since then, Congress, the Office of Personnel Management (OPM), and some individual agencies have taken a number of actions toward addressing the government's human capital challenges. For example, in 2002, Congress created the chief human capital officer (CHCO) position in 24 agencies to advise and assist the heads of the agencies with human capital efforts.<sup>2</sup> The same law created the CHCO Council to advise and coordinate the human capital activities of member agencies.<sup>3</sup> Congress has also provided agencies—individually and across the federal government—with various authorities and flexibilities to manage the federal workforce and make the federal government a more attractive employer. Further, congressional hearings that have focused on

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<sup>1</sup>GAO, *High-Risk Series: An Update*, [GAO-01-263](#) (Washington, D.C.: January 2001).

<sup>2</sup>Chief Human Capital Officers Act of 2002, title XIII of the Homeland Security Act of 2002. Pub. L. No. 107-296, § 1302(a), 116 Stat. 2135, 2287 (Nov. 25, 2002). 5 U.S.C. § 1401.

<sup>3</sup>The CHCO Council now has 27 members who represent executive departments or multiple agencies (such as agencies within the intelligence community) or are designated by the Director of OPM, who chairs the council.

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federal human capital management challenges have been important for ensuring that OPM and agencies continue to make progress in acquiring, developing, and retaining employees with the skills needed to carry out the government's vital work. Continued congressional attention to improving the government's human capital policies and procedures will be essential to further progress in this area.

While many actions to further progress have been taken in the last few years, ample opportunities continue to exist for agencies to improve their strategic human capital management, and for OPM to continue its leadership in these areas. For example, we reported in February 2015 that strategic human capital management remains high risk because more work is needed to address government-wide, mission-critical skills gaps.<sup>4</sup> A direct link between personnel management and organizational performance can be seen in a number of our studies that identified operational and other problems at various federal agencies. These problems include wait times at Department of Veterans Affairs medical facilities; management of oil and gas operations by the Department of the Interior; information technology management at the Social Security Administration; rail safety inspections by the Federal Railroad Administration; and acquisition management at the Departments of Defense and Homeland Security. All of these examples share a common problem: a breakdown of one or more human capital activities, such as robust workforce planning or performance management.

To address these and similar challenges, federal agencies will need to change their cultures and create the institutional capacity to become high-performing organizations. This includes recruiting and retaining employees able to create, sustain, and thrive in organizations that are flatter, results-oriented, and externally focused, and that collaborate with other government entities as well as with the private and nonprofit sectors to achieve desired outcomes. As federal agencies seek to improve their operations within budget constraints and to compete for talent with the private sector, federal agencies will need to focus attention on management practices that both increase the level of employee engagement, and also enable managers to make meaningful distinctions in performance to reward top performers and deal with poor performers.

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<sup>4</sup>GAO, *High-Risk Series: An Update*, [GAO-15-290](#) (Washington, D.C.: February 2015).

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My remarks today will focus on describing recent trends in federal civilian employment and also on some of the key strategic human capital management issues facing executive branch agencies and OPM. These issues include: (1) improving management and oversight of the federal classification system, (2) closing mission-critical skills gaps, (3) developing strategies to help agencies meet their missions in an era of highly constrained resources, (4) improving performance management, and (5) strengthening employee engagement during challenging times. (For a list of open human capital recommendations to agencies and OPM, see appendix I.)

My observations on employee engagement represent the preliminary observations from our ongoing work that we are doing at the request of the House Committee on Oversight and Government Reform, the House Subcommittee on Government Operations, and the House Subcommittee on Federal Workforce, U.S. Postal Service, and the Census. For that study we analyzed responses to questions from the OPM Federal Employee Viewpoint Survey for the years 2010 through 2014, from which the Employee Engagement Index is derived. We obtained agency officials's views on the information presented from our ongoing work and have incorporated their comments as appropriate. The rest of this statement is based on our large body of work on federal human capital management, issued primarily between January 2014 and February 2015, and is updated with more recent information as appropriate. For example, to update federal civilian employment trend information, we analyzed more recent data from OPM's Enterprise Human Resources Integration database. Detailed descriptions of the scope and methodologies for our completed work can be found in the original reports cited throughout this statement. The work that this statement is based on is either being conducted or was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Recent Trends in Federal Civilian Employment

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### Federal Civilian Workforce Grew by 10.3 Percent from 2005 through 2014

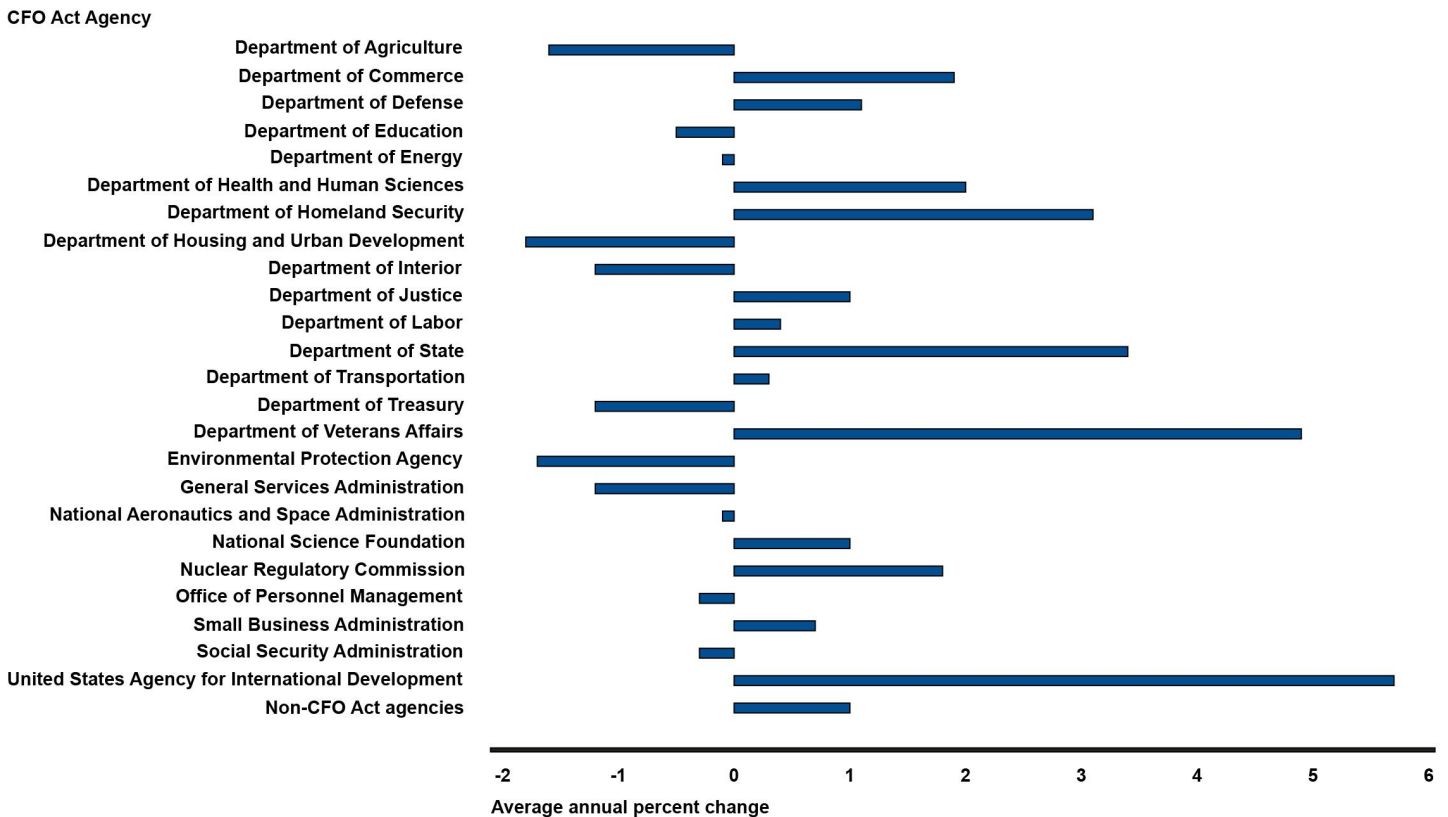
From 2005 to 2014, the civilian workforce (excluding the U.S. Postal Service) grew from 1.88 million to 2.07 million, an increase of 10.3 percent, or 192,951 individuals.<sup>5</sup> Most of this growth (76 percent) occurred between 2009 and 2014. The number of permanent career executive branch employees grew by 221,672, from about 1.7 million in 2005 to 1.92 million in 2014 (an increase of 13 percent). Of the 24 Chief Financial Officers (CFO) Act agencies, 13 had a higher percentage of permanent career employees in 2014 than they did in 2005, and 11 had a lower percentage (see figure 1).<sup>6</sup>

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<sup>5</sup>To conduct our analysis of federal workforce trends, we used OPM's Enterprise Human Resources Integration (EHRI) Statistical Data Mart. EHRI (formerly Central Personnel Data File—CPDF) is the primary government-wide source for information on federal employees. The EHRI data we analyzed cover executive branch civilian employees, excluding the U.S. Postal Service, legislative or judicial branch employees, or intelligence agencies. OPM transitioned from CPDF to EHRI as of fiscal year 2010. We have previously reported on recent trends in federal government employment. See GAO, *Federal Workforce: Recent Trends in Federal Civilian Employment and Compensation*, [GAO-14-215](#) (Washington, D.C.: Jan. 29, 2014).

<sup>6</sup>The CFO Act agencies are the executive branch agencies listed at 31 U.S.C. § 901(b).

**Figure 1: Average Annual Percent Change in the Number of Permanent Career Employees by Agency, 2005-2014**



Source: GAO analysis of data from the OPM Enterprise Human Resources Integration Statistical Data Mart. | GAO-15-619T

## Fourteen Percent of On Board Employees Were Eligible to Retire in 2014

The retirement rate of federal civilian employees rose from 3.2 percent in 2004 to a high of 3.6 percent in 2007 when, according to data from the National Bureau of Economic Research, the recession began. During the recession, the total attrition rate dropped to a low of 2.5 percent in 2009 before rebounding to pre-recession levels in 2011 and 2012. Beginning at the end of 2007, the recession saw retirement rates decline to 3.3 percent in 2008, 2.5 percent in 2009, and 2.7 percent in 2010, before increasing again to 3.5 percent in 2014.

With respect to retirement eligibility, of the 1.92 million permanent career employees on board in 2014, approximately 270,000 (14 percent) were eligible to retire. By September 2019, approximately 590,000 (31 percent) of on board staff will be eligible to retire. Not all agencies will be equally

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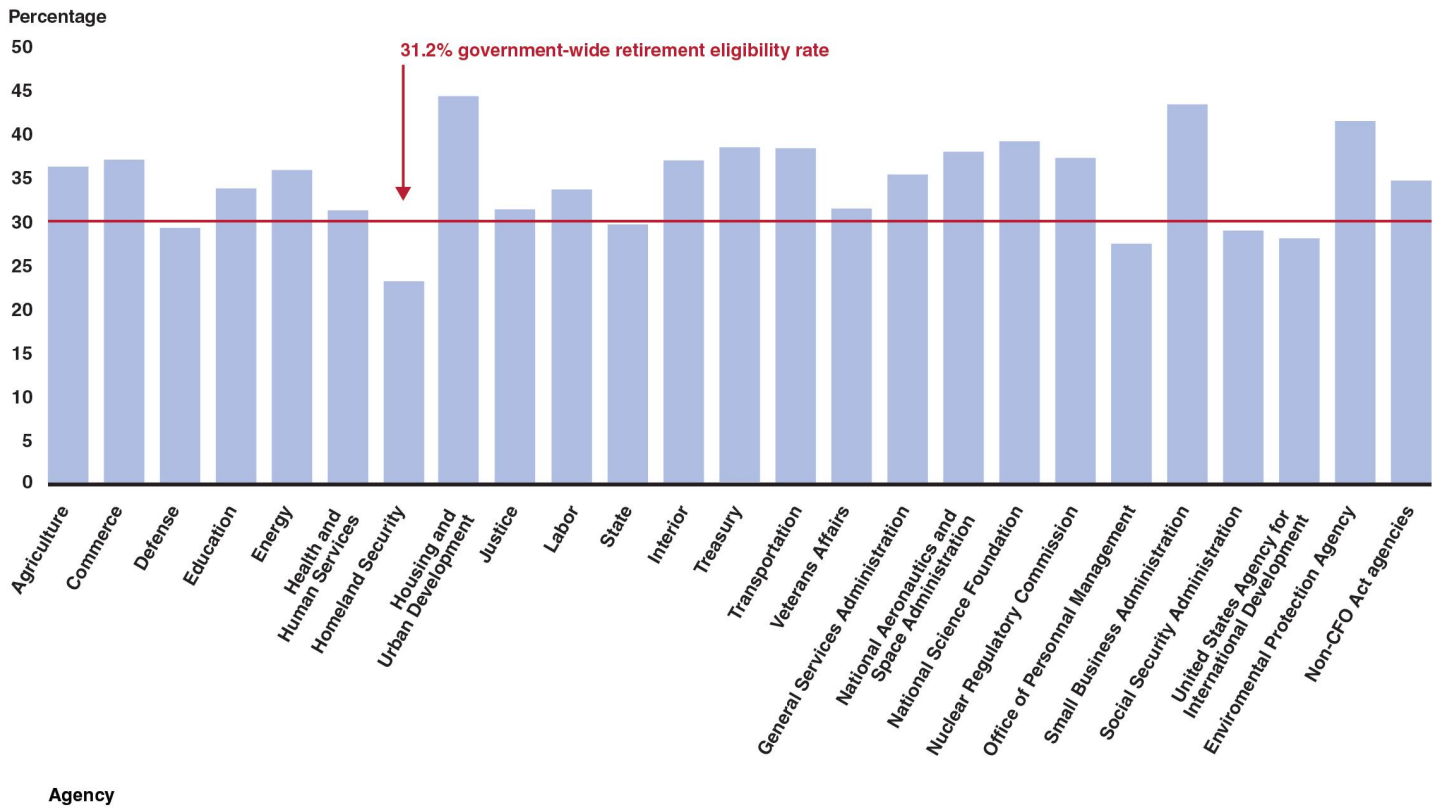
affected. Also by September 2019, 18 of the 24 CFO Act agencies will have a higher percentage of staff eligible to retire than the current overall average of 31 percent.<sup>7</sup> About 23 percent of Department of Homeland Security staff on board as of September 2014 will be eligible to retire in 2019, while more than 43 percent will be eligible to retire at both the Department of Housing and Urban Development and the Small Business Administration (see figure 2). Certain occupations—such as air traffic controllers, customs and border protection agents, and those involved in implementing government programs—will also have particularly high retirement-eligibility rates by 2019. About 63 percent of career executives may be eligible to retire by 2016.

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<sup>7</sup>These projected retirement eligibility rates do not take into account hiring and separations that may occur over the next 5 years.



**Figure 2: Percentage of Career Permanent Employees on Board as of September 30, 2014, Eligible to Retire by 2019 by Agency**



Source: GAO analysis of data from the OPM Enterprise Human Resources Integration Statistical Data Mart. | GAO-15-619T

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## OPM Needs to Improve the Design, Management, and Oversight of the Federal Classification System

As we reported in 2014, the General Schedule (GS) classification system is a mechanism for organizing federal white-collar work, notably for the purpose of determining pay, based on a position's duties, responsibilities, and difficulty, among other things.<sup>8</sup> The GS system, which is administered by OPM and includes a standardized set of 420 occupations, grouped in 23 occupational families and 15 statutorily-defined grade levels, influences other human capital practices such as training, since training opportunities link position competencies with the employee's performance.<sup>9</sup> In 2013, the GS system covered about 80 percent of the civilian white-collar workforce (about 1.6 million employees).

The GS system was designed to uphold the key merit system principle of equal pay for work of substantially equal value and other important goals. However, some OPM reports and several public policy groups have questioned the GS system's ability to meet agencies' needs for flexible talent management tools that enable them to align employees with mission requirements. For example, in 2002, OPM outlined the advantages and disadvantages of the GS classification system and concluded that agencies should be allowed to tailor their pay practices to better recruit, manage, and retain employees to accomplish their mission.<sup>10</sup> In 2014, the Partnership for Public Service reported that by treating all occupations equally and linking them to the current pay scales, the GS system is unable to distinguish between meaningful differences in complexity and skill across occupations.<sup>11</sup> Also, as federal agencies have taken on additional roles and responsibilities, their missions have become increasingly complex, and their employees need to possess a range of expertise and skills that may not be adequately captured by the GS system.

We reported in July 2014 on the attributes of a modern, effective classification system and the extent to which the current GS system

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<sup>8</sup>GAO, *Human Capital: OPM Needs to Improve the Design, Management, and Oversight of the Federal Classification System*, [GAO-14-677](#) (Washington, D.C.: July 31, 2014).

<sup>9</sup>The GS system was created by the Classification Act of 1949 and later codified in title 5 of the U.S. Code (5 U.S.C. §§ 5101-5115).

<sup>10</sup>Office of Personnel Management, *A Fresh Start for Federal Pay: The Case for Modernization* (Washington, D.C.: April 2002).

<sup>11</sup>The Partnership for Public Service and Booz Allen Hamilton, *Building the Enterprise: A New Civil Service Framework* (Washington, D.C.: and Herndon, Va.: April 2014).

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balances those attributes.<sup>12</sup> Our analysis of subject matter specialists's comments, related literature, and interviews with OPM officials identified a number of important characteristics for a modern, effective classification system, which we consolidated in eight key attributes (see table 1).

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**Table 1: Attributes of a Modern, Effective Classification System**

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**Internal equity:** All employees with comparable qualifications and responsibilities for their respective occupations are assigned the same grade level.

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**External equity:** All employees with comparable qualifications and responsibilities are assigned grade levels and corresponding pay ranges comparable to the nonfederal sector.

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**Transparency:** A comprehensible and predictable system that employees, management, and taxpayers can understand.

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**Flexibility:** The ease and ability to modify the system to meet agency-specific needs and mission requirements, including modifying rates of pay for certain occupations to attract a qualified workforce, within the framework of a uniform government-wide system.

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**Adaptability:** The ease and ability to conduct a periodic, fundamental review of the entire classification system that enables the system to evolve as the workforce and workplace change.

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**Simplicity:** A system that enables interagency mobility and comparisons, with a rational number of occupations and clear career ladders with meaningful differences in skills and performance, as well as a system that can be cost-effectively maintained and managed.

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**Rank-in-position:** A classification of positions based on mission needs and then hiring individuals with those qualifications.

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**Rank-in-person:** A classification of employees based on their individual skills and abilities.

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Source: GAO analysis of interviews with subject matter specialists and OPM officials, and literature reviews. | GAO-15-619T

In 2014 we found that, in concept, the current GS classification system's design incorporates several key attributes including internal and external equity, transparency, simplicity, and rank in position.<sup>13</sup> However, as OPM implemented the system, the attributes of transparency, internal equity, simplicity, flexibility, and adaptability were reduced. This occurred, in part, because some attributes are at odds with one another. So, fully achieving one attribute comes at the expense of another. Thus, OPM, working with its stakeholders, is challenged to determine how best to optimize each attribute.

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<sup>12</sup>GAO-14-677.

<sup>13</sup>GAO-14-677.

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We also reported that the GS system's standardized set of 420 occupations incorporates several key attributes, but falls short in implementation.<sup>14</sup> For example, the occupational standard for an information technology specialist clearly describes the routine duties, tasks, and experience required for the position. This kind of information is published for the 420 occupations so all agencies are using the same, consistent standards when classifying positions—embodying the attributes of transparency and internal equity. However, in implementation, having numerous, narrowly defined occupational standards inhibits the system's ability to optimize these attributes. Specifically, classifying occupations and developing position descriptions in the GS system requires officials to maintain an understanding of the individual position and the nuances between similar occupations. We concluded that without this understanding, the transparency and internal equity of the system may be inhibited as agency officials may not be classifying positions consistently, comparable employees may not be treated equitably, and the system may seem unpredictable.

We believe that, going forward, these eight attributes of a more modern, effective classification system can help provide criteria for policymakers and other stakeholders to use in determining whether refinements to the current GS system or wholesale reforms are needed. In our July 2014 report, we recommended that OPM, working through the Chief Human Capital Officer (CHCO) Council and in conjunction with key stakeholders such as the Office of Management and Budget, unions, and others, examine ways to make the GS system's design and implementation more consistent with the attributes of a modern, effective classification system.<sup>15</sup> OPM partially concurred with our recommendation to work with key stakeholders to use prior studies and lessons learned to examine ways to make the GS system more consistent with the attributes of a modern, effective classification system. But it also noted several efforts to assist agencies with classification issues, including its interagency classification policy forum and partnering with agencies to address challenges related to specific occupational areas. While these examples of assisting agencies to better implement the GS system on a case-by-case basis are helpful, they do not fully address the fundamental

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<sup>14</sup>[GAO-14-677](#).

<sup>15</sup>[GAO-14-677](#).

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challenges facing the GS system, which we and others have said is not meeting the needs of federal agencies.

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## OPM Has Not Conducted Oversight of Agency Classification Programs

In 2014, we also reported that OPM is responsible for establishing new—and revising existing—occupational standards after consulting with agencies.<sup>16</sup> From 2003 to 2014, OPM revised almost 20 percent of the occupational standards and established 14 new ones. However, there was no published review or update of 124 occupations since 1990. OPM officials said they first review occupations identified in presidential memorandums as needing review; however, they do not systemically track and prioritize the remaining occupational standards for review. Therefore, we concluded that OPM had limited assurance that it is updating the highest priority occupations.

OPM is required by law to oversee agencies' implementation of the GS system. However, OPM officials said OPM has not reviewed any agency's classification program since the 1980s because OPM leadership at the time concluded that the reviews were ineffective and time consuming. As a result, we also concluded that OPM has limited assurance that agencies are correctly classifying positions according to standards.

In 2014, we determined that, going forward, OPM could improve its management and oversight of the GS system, and like all agencies, must consider cost-effective ways to fulfill its responsibilities in an era of constrained resources.<sup>17</sup> Using a more strategic approach to track and prioritize reviews of occupational standards—that perhaps better reflects evolving occupations—could help OPM better meet agencies's needs and the changing nature of government work. We therefore recommended that OPM develop a strategy to systematically track and prioritize updates to occupational standards. However, OPM did not concur with our recommendation and noted that occupational standards are updated in response to a systematic, prioritized process informed by working with agencies and other stakeholders and analysis of occupational trends. OPM officials were unable to provide us with the documentation of such efforts. As we noted in our 2014 report, OPM had not published a review or update of roughly 30 percent of the total number of occupations on the

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<sup>16</sup>GAO-14-677.

<sup>17</sup>GAO-14-677.

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GS system since 1990. Further, OPM officials could not provide the near- or long-term prioritization of occupations scheduled for review. As a result, we concluded that OPM cannot demonstrate whether it is keeping pace with agencies' needs nor does it have reasonable assurance that it is fulfilling its responsibilities to establish new or revise existing occupational standards based on the highest priorities. We continue to believe that OPM should take action to fully address our recommendation.

We also recommended in 2014 that OPM develop a strategy that would enable it to more effectively and routinely monitor agencies's implementation of classification standards.<sup>18</sup> OPM partially concurred with our recommendation and stated that it will continue to leverage the classification appeals program to provide interpretative guidance to agencies to assist them in classifying positions. OPM also stated it will direct consistency reviews as appropriate, however as we noted in the report, OPM does not review agencies' internal oversight efforts. We continue to believe that OPM should develop a strategy to fully address the recommendation, and we will continue to monitor OPM's efforts in that regard.

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## OPM and Agencies Need to Strengthen Efforts to Identify and Close Mission-Critical Skills Gaps

Our past work has shown that mission-critical skills gaps in such occupations as cybersecurity and acquisition pose a high-risk to the nation.<sup>19</sup> Whether these gaps are within specific federal agencies or across the federal government, they impede federal agencies from cost-effectively serving the public and achieving results. To address complex challenges such as disaster response, national and homeland security, and rapidly evolving technology and privacy security issues, the federal government requires a high-quality federal workforce able to work seamlessly with other agencies and levels of government, and across sectors. However, efforts are threatened by trends that include current budget and long-term fiscal pressures, declining levels of federal employee satisfaction, the changing nature of federal work, and a potential wave of employee retirements that could produce gaps in leadership and institutional knowledge.

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<sup>18</sup>[GAO-14-677](#).

<sup>19</sup>[GAO-15-290](#).

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## OPM Plans to Strengthen the Methodology Used to Identify Emerging Skills Gaps

In our 2011 High Risk report we stated that OPM, agencies, and the CHCO Council need to address critical skills gaps that cut across several agencies.<sup>20</sup> As we reported earlier this year, OPM and agencies have taken promising steps, but additional efforts are needed to coordinate and sustain their efforts. Additionally, agencies and OPM need to make better use of workforce analytics which can be used to predict newly emerging skills gaps.<sup>21</sup> An important government-wide effort we identified in this area was the CHCO Council's Working Group (Working Group). The Working Group has identified skills gaps in six government-wide, mission-critical occupations: cybersecurity specialist, auditor, human resources specialist, contract specialist, economist, and the science, technology, engineering, and mathematics (STEM) professions. Although this effort was an important step forward, our 2015 work identified skills gaps in nearly two dozen occupations with significant programmatic impact.<sup>22</sup> We also determined that the Working Group did not develop a more comprehensive list because of various methodological shortcomings. Going forward, we concluded that OPM and the CHCO Council will need to use lessons learned to inform a new round of work expected in this year. Specifically, the Working Group's experience underscored the importance of (1) using a robust, data-driven approach to identify potential mission-critical occupations early in the process; (2) prioritizing occupations using criteria that consider programmatic impact; and (3) consulting with subject matter experts and other stakeholders prior to identifying mission-critical occupations.

Our January 2015 report also noted that, to make further progress on this issue, the federal government needs to build a predictive capacity for identifying emerging mission-critical skills gaps.<sup>23</sup> Realizing this, OPM has established an interagency working group known as the Federal Agency Skills Team (FAST), which is composed of agency officials with workforce planning and data analysis skills. OPM has tasked the group with implementing a standard and repeatable methodology for identifying and addressing government-wide skills gaps, as well as mission-critical

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<sup>20</sup>GAO, *High-Risk Series: An Update*, [GAO-11-278](#) (Washington, D.C.: February 2011).

<sup>21</sup>GAO, *Federal Workforce: OPM and Agencies Need to Strengthen Efforts to Identify and Close Mission-Critical Skills Gaps*, [GAO-15-223](#) (Washington, D.C.: Jan. 30, 2015).

<sup>22</sup>[GAO-15-223](#).

<sup>23</sup>[GAO-15-223](#).

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competencies, over a 4-year cycle. OPM officials said that, in its first year, FAST intends to meet regularly until it identifies a new set of government-wide skills gaps. OPM officials expect this to occur by June 2015.

Because we identified a number of shortcomings in the implementation of FAST, our January 2015 report recommended that the Director of OPM, in conjunction with the CHCO Council, take the following actions:

- Assist FAST in developing goals for closing skills gaps with targets that are both clear and measurable.
- Work with FAST to design outcome-oriented performance metrics that align with overall targets for closing skills gaps and link to the activities for addressing skills gaps.
- Incorporate greater input from subject matter experts, as planned.<sup>24</sup>

OPM concurred with these recommendations and has reported that it will implement all of these actions. However, not all actions will be implemented through FAST but instead will rely on subject matter experts from across the federal workforce. In the same report, we recommended that the Director of OPM work with agency CHCOs to bolster the ability of agencies to assess workforce competencies by sharing competency surveys, lessons learned, and other tools and resources. These actions will help ensure that OPM builds the predictive capacity to identify emerging skills gaps across the government—including the ability to collect and use reliable information on the competencies of the federal workforce for government-wide workforce analysis. OPM also agreed with this recommendation.

Finally, in January 2015 we also reported on OPM's efforts to assist in addressing skills gaps at the agency level.<sup>25</sup> OPM created HRstat, a process of holding regularly scheduled, data-driven review meetings led by an agency's CHCO to review performance metrics for driving progress on the agency's human capital management priorities and goals, such as

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<sup>24</sup>[GAO-15-223](#).

<sup>25</sup>[GAO-15-223](#).



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closing mission-critical skills gaps.<sup>26</sup> OPM launched HRstat as a 3-year pilot program in May 2012, with an initial group of eight agencies. However, our work determined that OPM should take a greater leadership role in helping agencies include a core set of metrics in their HRstat reviews so that OPM and agency leaders can have a clear view of progress made closing skills gaps. While it is important for agencies to have ownership over their HRstat reviews, OPM should also maximize its opportunity to use HRstat to gain greater visibility over the federal workforce. Therefore, in our January 2015 report we recommended that the Director of OPM take the following actions:

- Work with the CHCO Council to develop a core set of metrics that all agencies should use as part of their HRstat data-driven reviews.
- Coordinate with FAST personnel and explore the feasibility of collecting information needed by FAST as part of agencies's HRstat reviews.<sup>27</sup>

OPM agreed with our recommendation to develop a core set of metrics and plans to convene agency officials responsible for conducting HRstat reviews within their agencies, and have them identify a useful set of core metrics. OPM expects to complete this by the end of 2015. In regards to coordinating the efforts of FAST and agencies' HRstat reviews, OPM stated that integrating these efforts would not be appropriate because of differing data requirements and goals of the two processes. We continue to believe that OPM should explore coordinating these efforts to gain greater visibility over the federal workforce and to monitor progress toward closing skills gaps.

Efforts to close mission-critical skills gaps are often couched in discussions about interagency initiatives and working groups, as well as technical terms, such as staffing numbers, competencies, and metrics. Yet, the ultimate goal is a higher-performing, cost-effective government.

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<sup>26</sup>Data-driven reviews—commonly referred to as “stat” meetings—are regularly scheduled, structured meetings used by organizations to review performance metrics with department or program personnel to drive progress on agency priorities and goals. Conducting frequent stat meetings is a leadership strategy proven to help agency officials achieve results by focusing on an identified set of priorities, diagnosing problems, and deciding on the next steps to increase performance. See GAO, *Managing for Results: Data-Driven Performance Reviews Show Promise But Agencies Should Explore How to Involve Other Relevant Agencies*, [GAO-13-228](#) (Washington, D.C.: Feb. 27, 2013).

<sup>27</sup>[GAO-15-223](#).

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With a continual focus on implementing the recommendations we have made in these areas, we believe that OPM, the CHCO Council, and agencies should begin to make progress on addressing current and emerging skills gaps.

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## Management Challenges and Strategies to Help Agencies Meet Their Missions in an Era of Highly Constrained Resources

In May 2014, we reported on strategies for managing the federal workforce and planning for future needs in an era of constrained resources.<sup>28</sup> The strategies we identified included the following:

- **Strengthening collaboration to address a fragmented human capital community.** Our analysis found that the federal human capital community is highly fragmented with multiple actors inside government informing and executing personnel policies and initiatives in ways that are not always aligned with broader, government-wide human capital efforts. The CHCO Council was established to improve coordination across federal agencies on personnel issues. But, according to CHCOs we spoke to, the council is not carrying out this responsibility as well as it could. This challenge manifests itself in two ways. First, across organizations, many actors are making human capital decisions in an uncoordinated manner. Second, within agencies, CHCOs and the human capital staff are excluded from key agency decisions.
- **Using enterprise solutions to address shared challenges.** Our analysis found that agencies have many common human capital challenges. But, they tend to address these issues independently without looking to enterprise solutions (i.e., government-wide) that could resolve them more effectively. Across government, there are examples of agencies and OPM initiating enterprise solutions to address crosscutting issues, including the consolidation of federal payroll systems into shared-services centers. CHCOs we spoke to highlighted human resource information technology and strategic workforce planning as two areas that are ripe for government-wide collaboration.
- **Creating more agile talent management to address inflexibilities in the current system.** Our analysis found talent management tools

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<sup>28</sup>GAO, *Human Capital: Strategies to Help Agencies Meet Their Missions in an Era of Highly Constrained Resources*, [GAO-14-168](#) (Washington, D.C.: May 7, 2014).

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lack two key ingredients for developing an agile workforce, namely the ability to (1) identify the skills available in their existing workforces, and (2) move people with specific skills to address emerging, temporary, or permanent needs within and across agencies.

In our May 2014 report, we stated that the CHCOs said OPM needs to do more to raise awareness and assess the utility of the tools and guidance they provide to agencies to address key human capital challenges.<sup>29</sup> The CHCOs said they were either unfamiliar with OPM's tools and guidance, or they fell short of their agency's needs. OPM officials said they had not evaluated the tools and guidance they provide to the agencies. As a result, a key resource for helping agencies improve the capacity of their personnel offices is likely being underutilized.

Therefore, we recommended that OPM, in conjunction with the CHCO Council, (1) strengthen coordination and leadership on government-wide human capital issues, (2) explore expanded use of enterprise solutions to more efficiently and effectively address shared challenges, (3) review the extent to which new capabilities are needed to promote agile talent management, and (4) evaluate the communication strategy for and effectiveness of tools, guidance, or leading practices OPM or agencies provide for addressing human capital challenges.<sup>30</sup> OPM and the CHCO Council concurred with our recommendations.

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## Opportunities Exist to Deal with Poor Performance and Strengthen Performance Management

Managing employee performance has been a long-standing government-wide issue and the subject of numerous reforms since the beginning of the modern civil service. Without effective performance management, agencies risk losing (or failing to utilize) the skills of top talent. They also may miss the opportunity to observe and correct poor performance. Our past work has shown that a long-standing challenge for federal agencies has been developing credible and effective performance management systems that can serve as a strategic tool to drive internal change and achieve results.

More than a decade ago, we reported that day-to-day performance management activities benefit from performance management systems

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<sup>29</sup> [GAO-14-168](#).

<sup>30</sup> [GAO-14-168](#).

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that, among other things, (1) create a clear “line of sight” between individual performance and organizational success; (2) provide adequate training on the performance management system; (3) use core competencies to reinforce organizational objectives; (4) address performance regularly; and (5) contain transparent processes that help agencies address performance “upstream” in the process within a merit-based system that contains appropriate safeguards.<sup>31</sup> Implementing such a system requires supervisors to communicate clear performance standards and expectations, to provide regular feedback, and to document instances of poor performance.

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### Agencies Have Multiple Avenues Available to Address Employee Poor Performance

Managers’ ability to deal with poor performers is also a concern of federal employees. OPM’s Federal Employee Viewpoint Survey (FEVS) data from 2011 to 2014 show that around 30 percent of respondents provided positive responses to whether managers took steps to deal with poor performers. In 2014, over 40 percent of respondents disagreed that managers consistently take steps to deal with poor performers. Almost 30 percent neither agreed nor disagreed.

In general, agencies have three means to address employees’ poor performance: (1) day-to-day performance management activities (which should be provided to all employees, regardless of their performance levels), (2) dismissal during probationary periods, and (3) use of formal procedures. Agencies’ choices will depend on the circumstances at hand. Day-to-day performance management activities such as providing regular performance feedback to employees can produce more desirable outcomes for agencies and employees than dismissal options, which are a last resort. As we reported in February 2015, supervisors do not always have the skills to identify, communicate, and help address employee performance issues.<sup>32</sup> Given the critical role that supervisors play in performance management, it is important for agencies to identify, promote and continue to develop effective supervisors.

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<sup>31</sup>GAO, *Results-Oriented Cultures: Creating a Clear Linkage between Individual Performance and Organizational Success*, [GAO-03-488](#) (Washington, D.C.: Mar. 14, 2003).

<sup>32</sup>GAO, *Federal Workforce: Improved Supervision and Better Use of Probationary Periods Are Needed to Address Substandard Employee Performance*, [GAO-15-191](#) (Washington D.C.: Feb. 6, 2015).

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Probationary periods for new employees provide supervisors with an opportunity to evaluate an individual's performance to determine if an appointment to the civil service should become final. However, CHCOs we interviewed told us supervisors often do not use this time to make decisions about an employee's performance because they may not know that the probationary period is ending or they have not had time to observe performance in all critical areas. We agree with OPM that notifying supervisors that a probationary period is coming to an end is an agency's responsibility. However, we maintain that more could be done to educate agencies on the benefits of using automated notifications to notify supervisors that an individual's probationary period is ending and that the supervisor needs to make an affirmative decision or otherwise take appropriate action. OPM also needs to determine whether occupations exist in which—because of the nature of work and complexity—the probationary period should extend beyond 1-year and, if so, take appropriate actions which may include developing legislative proposals for congressional consideration. OPM agreed to consult with stakeholders to determine whether longer probationary periods are needed for certain complex positions.

In our February 2015 report, we noted that OPM provides guidance, tools, and training to help agencies attain human capital management goals that meet its strategic goal of enhancing the integrity of the federal workforce.<sup>33</sup> In addition to its regulations, OPM makes a range of different tools and guidance available to help agencies address poor performance through multiple formats, including through its website, webinars, webcasts, in-person training, guidebooks, and through one-on-one assistance and consultation with agencies, according to OPM officials. We identified in our report promising practices that some agencies employ to more effectively ensure that they have a well-qualified cadre of supervisors capable of effectively addressing poor performance. The practices include:

- extending the employee's supervisory probationary period beyond 1 year to include at least one full employee appraisal cycle;
- providing temporary duty opportunities outside the agency or rotational assignments to supervisory candidates prior to promotion,

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<sup>33</sup>Office of Personnel Management, *Recruit, Retain, and Honor: Strategic Plan FY2014-FY2018* (Washington, D.C.: 2014).

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where the candidate can develop and demonstrate supervisory competencies; and

- using a dual career ladder structure as a way to advance employees who may have particular technical skills or education but who are not interested in or inclined to pursue a management or supervisory track.

We recommended that OPM determine if these practices should be more widely used government-wide. OPM partially concurred with our recommendation, noting that agencies already have authority to take these actions. We acknowledged OPM's point, but maintain that OPM can still take a leadership role and encourage agencies to take these steps. Also in our February 2015 report, we found that OPM, in conjunction with the CHCO Council and other key stakeholders, needs to assess the adequacy of leadership training that agencies provide to supervisors to help ensure supervisors obtain the skills needed to effectively conduct performance management responsibilities.<sup>34</sup> We recommended that OPM assess the adequacy of leadership training and OPM concurred.

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### OPM Needs to Do More to Ensure Meaningful Distinctions Are Made in Senior Executive Service (SES) Ratings and Performance Awards

In 2012, OPM facilitated development of an SES performance appraisal system with a more uniform framework to communicate expectations and evaluate the performance of executive branch agency SES members, the government's cadre of senior leaders. The system is expected to promote consistency, clarity, and transferability of SES performance standards and ratings across agencies. Career SES employees receive a base salary and benefits. But, pay increases—as well as performance awards—are to be performance driven, based on annual ratings of executives' performance following reviews within their agencies. To obtain SES appraisal system certification for agencies seeking access to higher levels of pay, agencies are required to make meaningful distinctions based on the relative performance of their executives as measured through performance and pay criteria. OPM stressed that a major improvement of the system included dealing with the wide disparity in distribution of ratings by agency through the provision of clear, descriptive performance standards and rating score ranges that establish mid-level ratings as the norm and top-level ratings as truly exceptional.

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<sup>34</sup>[GAO-15-191](#).

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In our January 2015 report, we found that more than 85 percent of career Chief Financial Officers Act agency SES were rated in the top two of five categories for fiscal years 2010 through 2013, and career SES received approximately \$42 million in awards for fiscal year 2013.<sup>35</sup> In a closer examination of five departments (Departments of Defense, Energy, Health and Human Services, Justice, and Treasury) for fiscal year 2013, we found that, similar to the government-wide results, these five departments rated SES primarily in the top two categories. In addition, four of five departments awarded the same or higher performance awards to some SES with lower ratings.

Effective performance management systems recognize that merit-based pay increases should make meaningful distinctions in relative performance. This principle is central to the SES performance management system, where under the law, to be certified and thereby able to access the higher levels of pay, the appraisal system must make meaningful distinctions based on relative performance. OPM certification guidelines state that the SES modal rating—the rating level assigned most frequently among the actual ratings—should be below “outstanding” and that multiple rating levels should be used. However, OPM’s guidelines also state that if an agency’s modal rating level is “outstanding,” the appraisal system can still be certified if accompanied with a full, acceptable justification. Nonetheless, the continued concentration of senior executives at the top two rating levels indicates that meaningful distinctions in SES performance may not be being made across government. OPM plans to convene a cross-agency working group in 2015 to revisit the SES certification process.

In our January 2015 report, we recommended that the Director of OPM consider various refinements to better ensure the SES performance appraisal system certification guidelines promote making meaningful distinctions in performance without using a forced distribution.<sup>36</sup> Options could include not certifying appraisal systems where the modal rating is “outstanding” or increasing transparency in cases where the modal rating is “outstanding.” OPM disagreed with the recommendation stating that,

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<sup>35</sup>GAO, *Results-Oriented Management: OPM Needs to Do More to Ensure Meaningful Distinctions Are Made in SES Ratings and Performance Awards*, [GAO-15-189](#) (Washington, D.C.: Jan. 22, 2015).

<sup>36</sup>[GAO-15-189](#).

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among other things, it could result in forced distributions in ratings. We maintain that additional action should be considered to ensure equity in ratings and performance awards across departments.

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## Retaining Employees: Strengthening Employee Engagement during Challenging Times

A growing body of research on both private- and public-sector organizations has found that increased levels of engagement—generally defined as the sense of purpose and commitment employees feel towards their employer and its mission—can lead to better organizational performance.<sup>37</sup> Engaged employees are more than simply satisfied with their jobs. Rather, they take pride in their work, are passionate about what they do, and are committed to the organization, the mission, and their job. They are also more likely to put forth extra effort to get the job done.

Put another way, if a talented workforce is the engine of productivity and mission accomplishment, then a workplace that fosters high levels of employee engagement helps fuel that engine. Preliminary observations from our ongoing work have found that government-wide levels of employee engagement have recently declined 4 percentage points, from an estimated 67 percent in 2011, to an estimated 63 percent in 2014, as measured by the OPM FEVS, and a score derived by OPM from FEVS—the Employee Engagement Index (EEI).<sup>38</sup>

However, our ongoing work also indicates that the recent government-wide average decline in EEI masks the fact that the majority of federal agencies either sustained or increased employee engagement levels during the same period.<sup>39</sup> The decline is the result of several large agencies bringing down the government-wide average. Our preliminary work indicates that 13 of 47 agencies saw a statistically significant decline in their EEIs from 2013 to 2014. While this is only 28 percent of agencies, nearly 69 percent of federal employees are at one of those agencies,

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<sup>37</sup>Office of Personnel Management (OPM), *2014 Federal Employee Viewpoint Survey Results: Employees Influencing Change: Government-wide Management Report* (Washington, D.C.: 2014).

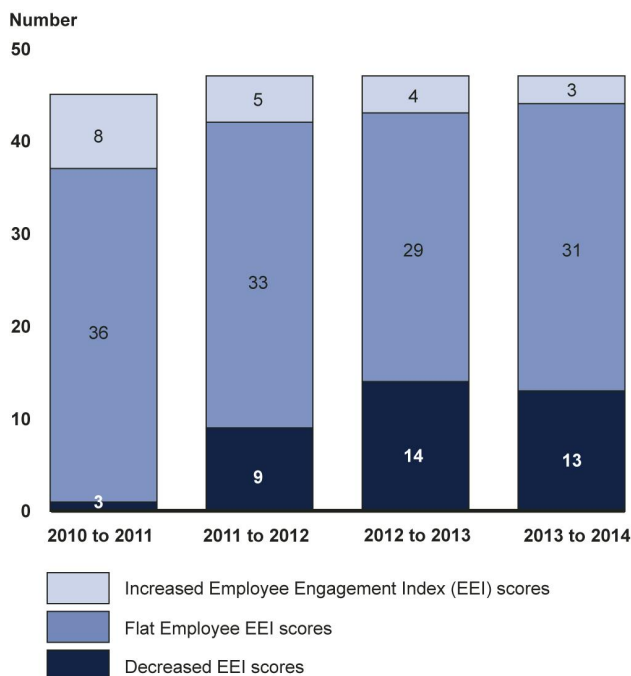
<sup>38</sup>While OPM's EEI measures conditions conducive to engagement, OPM and others refer to EEI as an agency's engagement level. For purposes of this testimony, we refer to EEI scores as engagement levels.

<sup>39</sup>GAO, *Federal Workforce: Preliminary Observations on Strengthening Employee Engagement During Challenging Times*, [GAO-15-529T](#) (Washington, D.C.: Apr. 16, 2015).



including the Departments of Defense, Homeland Security, and Veterans Affairs.<sup>40</sup> Meanwhile, the majority of agencies sustained or improved engagement. Between 2013 and 2014, of 47 agencies included in our analysis of the EEI, 3 increased their scores; 31 held steady; and 13 declined, as shown in figure 3.

**Figure 3: Number of Agencies with Statistically Significant Increasing, Decreasing, and Flat Employee Engagement Index Levels, 2010 to 2014**



Source: GAO analysis of Office of Personnel Management Federal Employment Viewpoint Survey (FEVS) data, 2006-2014. | GAO-15-619T

Note: Data represents agencies with more than 500 employees and with a minimum number of 100 respondents in each of the years. The counts in each bar sum to the number of agencies (from among the group that we analyzed) who participated in FEVS in the given year, ranging from 45 to 47 agencies. Statistical significance was determined by comparing whether the 95 percent confidence intervals around the agency estimate overlapped or not. A t-test was not conducted to determine if overlapping confidence intervals were statistically different. Agency employee engagement index estimates have margins of error which range from plus or minus 1 percentage point at the 95 percent

<sup>40</sup>The others were the Department of Energy, General Services Administration, Small Business Administration, Department of the Treasury, Federal Communications Commission, Broadcasting Board of Governors, Merit Systems Protection Board, Commodity Futures Trading Commission, and Consumer Product Safety Commission. We determined that a difference was statistically significant from one year to the next if the two 95 percent confidence intervals around an agency's EEI estimates did not overlap.

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level of confidence for the largest agencies to plus or minus 5 percentage points at the 95 percent level of confidence for the medium sized agencies.

Even one agency with a downward trending engagement score is not to be taken lightly. There is room for improvement with all federal agencies. Yet, the large number of agencies that sustained or increased their levels of employee engagement during challenging times suggests that agencies can influence employee engagement levels in the face of difficult external circumstances. For example, the Federal Trade Commission maintained a consistent estimate of 75 percent engagement index score—well above the government-wide average—throughout the period of general decline.<sup>41</sup>

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In conclusion, strategic human capital management must be the centerpiece of any serious effort to ensure federal agencies operate as high-performing organizations. A high-quality federal workforce is especially critical now given the complex and cross-cutting issues facing the nation. Through a variety of initiatives, Congress, OPM, and individual agencies have strengthened the government's human capital efforts since we first identified strategic human capital management as a high-risk area in 2001. Still, while many actions towards progress have been taken over the last 13 years, the job is far from over. Indeed, the focus areas discussed today are not an exhaustive list of challenges facing federal agencies and are long-standing in nature.

Greater progress will require continued collaborative efforts between OPM, the CHCO Council, and individual agencies, as well as the continued attention of top-level leadership. Progress will also require effective planning, responsive implementation, robust measurement and evaluation, and continued congressional oversight to hold agencies accountable for results. In short, while the core human capital processes and functions—such as workforce planning and talent management—may sound somewhat bureaucratic and transactional, our prior work has consistently shown the direct link between effective strategic human capital management and successful organizational performance. At the end of the day, strategic human capital management is about mission

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<sup>41</sup>Estimates for the Federal Trade Commission have a margin of error no greater than plus or minus 3 percentage points at the 95 percent level of confidence.

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accomplishment, accountability, and responsive, cost-effective government.

Chairman Lankford, Ranking Member Heitkamp, and Members of the Subcommittee, this completes my prepared statement. I would be pleased to respond to any questions you may have at this time.

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## Contacts and Acknowledgments

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Individuals making key contributions to this statement include Clifton G. Douglas Jr., Assistant Director; Dewi Djunaidy, Analyst-in-Charge; Joseph Fread; Sara Daleski; and Robert Robinson. Key contributors for the earlier work that supports this testimony are listed in each product.

# Appendix I: Content and Status of Prior Human Capital GAO Recommendations

Product	Recommendation	Status
<b>ISSUE AREA: IMPROVING MANAGEMENT AND OVERSIGHT OF THE FEDERAL CLASSIFICATION SYSTEM</b>		
GAO-14-677	<b><i>Human Capital: OPM Needs to Improve the Design, Management, and Oversight of the Federal Classification System (July 2014)</i></b>	
	To improve the classification system and to strengthen OPM's management and oversight, the Director of OPM, working through the Chief Human Capital Officer Council, and in conjunction with key stakeholders such as the Office of Management and Budget, unions, and others, should use prior studies and lessons learned from demonstration projects and alternative systems to examine ways to make the GS system's design and implementation more consistent with the attributes of a modern, effective classification system. To the extent warranted, develop a legislative proposal for congressional consideration.	In July 2014, OPM stated that it partially concurred with our recommendation to work with key stakeholders to use prior studies and lessons learned to examine ways to make the GS system more consistent with the attributes of a modern, effective classification system. OPM agreed that the system needs reform but OPM noted several efforts to assist agencies with classification issues, including its interagency classification policy forum and partnering with agencies to address challenges related to specific occupational areas. While these examples of assisting agencies to better implement the GS system on a case-by-case basis are helpful, they are not fully addressing the fundamental challenges facing the GS system, which we and others have said is not meeting the needs of federal agencies.
	To improve the classification system and to strengthen OPM's management and oversight, the Director of OPM should develop cost-effective mechanisms to oversee agency implementation of the classification system as required by law, and develop a strategy to systematically track and prioritize updates to occupational standards.	In July 2014, OPM stated that it did not concur with our recommendation to develop a strategy to systematically track and prioritize updates to occupational standards. Specifically, OPM noted that occupational standards are updated in response to a systematic, prioritized process informed by working with agencies and other stakeholders and analysis of occupational trends. However, OPM officials were unable to provide us with the documentation of their efforts. As noted in our report, OPM has not published a review or update of 124 occupations, roughly 30 percent of the total number of occupations on the GS system, since 1990. Further, OPM officials could not provide the near- or long-term prioritization of occupations schedule for review. As a result, OPM cannot demonstrate whether it is keeping pace with agencies' needs nor does it have reasonable assurance that it is fulfilling its responsibilities to establish new, or revise existing occupational standards based on the highest priorities. We continue to believe that OPM should take action to fully address our recommendation.
	To improve the classification system and to strengthen OPM's management and oversight, the Director of OPM should develop cost-effective mechanisms to oversee agency implementation of the classification system as required by law, and develop a strategy that will enable OPM to more effectively and routinely monitor agencies' implementation of classification standards.	In July 2014, OPM stated that it partially concurred with our recommendation to develop a strategy to more effectively and routinely monitor agencies' implementation of classification standards. OPM stated that it will continue to leverage the classification appeals program to provide interpretative guidance to agencies to assist them in classifying positions. OPM also stated it will direct consistency reviews as appropriate, however as we noted in the report, OPM does not review agencies' internal oversight efforts.

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Product	Recommendation	Status
<b>ISSUE AREA: CLOSING MISSION CRITICAL SKILLS GAPS</b>		
<a href="#">GAO-15-223</a>	<b><i>Federal Workforce: OPM and Agencies Need to Strengthen Efforts to Identify and Close Mission-Critical Skills Gaps (January 2015)</i></b>	
	<p>To assist the interagency working group, known as the Federal Agency Skills Team (FAST), to better identify government-wide skills gaps having programmatic impacts and measure its progress towards closing them, the Director of OPM-in conjunction with the CHCO Council-should strengthen its approach and methodology by (1) assisting FAST in developing goals for closing skills gaps with targets that are both clear and measurable; (2) working with FAST to design outcome-oriented performance metrics that align with overall targets for closing skills gaps and link to the activities for addressing skills gaps; (3) incorporating greater input from subject matter experts, as planned; and (4) ensuring FAST consistently follows key practices for project planning.</p>	<p>In January 2015, OPM stated that it partially concurred with our recommendation to strengthen the approach and methodology used by the interagency working group, known as FAST, to better identify skills gaps. OPM noted it agreed with, and planned to implement, the principles of each recommended action. However, OPM said it needed to clarify how its terminology and planned process differs from the description in our recommendation. In particular, OPM stated its process will identify government-wide rather than agency-specific skills gaps as it believes our draft recommendation suggests. We recognize that FAST was established to address government-wide skills gaps and have clarified the language in our recommendation accordingly.</p>
	<p>To ensure that OPM builds the predictive capacity to identify emerging skills gaps across the government-including the ability to collect and use reliable information on the competencies of the federal workforce for government-wide workforce analysis-the Director of OPM should (1) establish a schedule specifying when OPM will modify its Enterprise Human Resources Integration (EHRI) database to capture staffing data that it currently collects from agencies through its annual workforce data reporting process; and (2) work with agency CHCOs to bolster the ability of agencies to assess workforce competencies by sharing competency surveys, lessons learned, and other tools and resources.</p>	<p>In January 2015, OPM stated that it did not concur with our recommendation. Regarding EHRI, OPM maintained that it is impossible for the EHRI database to automatically capture staffing data currently included in MCO Resource Charts because some of these data includes specific agency projections and targets, which are provided via a manual data feed. OPM stated that it is assessing whether EHRI can be modified to allow agencies to supply these manual feed data into the database system. We have modified our report to recognize that EHRI cannot automatically capture the same agency staffing data that are captured through the MCO Resource Charts. In addition, OPM noted that there are funding implications associated with its ability to anticipate whether and when a modification schedule to the EHRI online database could be established.</p>
	<p>To help agencies and OPM better monitor progress toward closing skills gaps within agencies and government-wide, the Director of OPM should (1) work with the CHCO Council to develop a core set of metrics that all agencies should use as part of their HRstat data-driven reviews; and (2) coordinate with FAST personnel and explore the feasibility of collecting information needed by FAST as part of agencies' HRstat reviews.</p>	<p>In January 2015, OPM concurred with our recommendation to develop a core set of metrics that all agencies should use as part of their HRstat data-driven reviews, and explore the feasibility of collecting information needed by FAST as part of agencies' HRstat reviews.</p>

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Product	Recommendation	Status
<b>ISSUE AREA: DEVELOPING STRATEGIES TO HELP AGENCIES MEET THEIR MISSION IN AN ERA OF HIGHLY CONSTRAINED RESOURCES</b>		
GAO-14-168	<b><i>Human Capital: Strategies to Help Agencies Meet Their Missions in an Era of Highly Constrained Resources (May 2014)</i></b>	
	<p>To create a more effective human capital system that is more responsive to managing priorities and future workforce needs, the Director of OPM, in conjunction with the CHCO Council, should strengthen OPM's coordination and leadership of government-wide human capital issues to ensure government-wide initiatives are coordinated, decision makers have all relevant information, and there is greater continuity in the human capital community for key reforms. Such actions could include: (1) developing a government-wide human capital strategic plan that, among other things, would establish strategic priorities, time frames, responsibilities, and metrics to better align the efforts of members of the federal human capital community with government-wide human capital goals and issues; and (2) coordinating communication on government-wide human capital issues with other members of the human capital community so that there is greater consistency, transparency, and completeness in exchanging and using information by stakeholders and decision makers.</p>	<p>In April 2014, OPM provided examples of working groups and other efforts to address issues such as closing skills gaps and developing HRStat, many of which are described in our report. Further, although the CHCO Council agreed that more could be done to coordinate, share resources, and explore talent management strategies, the CHCO Council disagreed with our finding that the human capital community was highly fragmented. Our analysis of the comments made by the CHCO Council found that the human capital community is fragmented and that our recommendation for a government-wide human capital strategic plan could help to coordinate these efforts to ensure initiatives were not duplicative and were aligned with the most pressing human capital challenges. A government-wide strategic plan should include input from the many participants in the human capital community—reflecting the different perspectives, missions, and resources of these organizations.</p>
	<p>To create a more effective human capital system that is more responsive to managing priorities and future workforce needs, the Director of OPM, in conjunction with the CHCO Council, should explore the feasibility of expanded use of enterprise solutions to more efficiently and effectively address shared or government-wide human capital challenges. Such actions could include: (1) seeking cost savings and improved functionality through coordinated government-wide Human Resources Information Technology planning and acquisition, (2) seeking agency input to ensure OPM's workforce planning tools provide effective guidance for agencies, and (3) sharing workforce planning lessons learned and successful models across the government.</p>	<p>In April 2014, OPM stated that in 2014 it began working with the CHCO Council to refine the strategic workforce planning method that the CHCO Council will use to identify enterprise-wide occupations and competencies for continued focus, and that all agencies will use to identify and close their own internal skill gaps. When developing these tools, OPM should consider agencies' capacity to implement them to ensure they are put to their best use. Further, OPM also said its March 2014 Strategic Information Technology Plan provides a strategy for aligning human capital systems and steps in the human capital life cycle. Given the past barriers to developing enterprise solutions for HR IT—such as agency specific resources and priorities—it will be critical that this new effort leverages the lessons learned from past efforts and individual agencies HR IT systems.</p>
	<p>To create a more effective human capital system that is more responsive to managing priorities and future workforce needs, the Director of OPM, in conjunction with the CHCO Council, should review the extent to which new capabilities are needed to promote agile talent management. Such actions could include developing or sharing: (1) tools, resources, and methods to help identify skills gaps and surpluses that can</p>	<p>In April 2014, OPM provided information about GovConnect, a pilot program launched in March 2014 and intended to create a talent exchange and networking capabilities within agencies. We revised the report to reflect this effort</p>

**Appendix I: Content and Status of Prior Human  
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<b>Product</b>	<b>Recommendation</b>	<b>Status</b>
	inform agency recruitment, retention, and training needs; and (2) mechanisms for increasing staff mobility within an agency and government-wide to assist agencies in aligning their workforces with evolving needs.	
	To create a more effective human capital system that is more responsive to managing priorities and future workforce needs, the Director of OPM, in conjunction with the CHCO Council, should ensure agencies are getting the guidance and tools that they need by evaluating the communication strategy for and effectiveness of relevant tools, guidance, or leading practices created by OPM or the agencies to address crosscutting human capital management challenges.	In April 2014, OPM stated that it would expand its collaboration with agencies to design and deliver the tools agencies need through use of the LAB@OPM, OPM's innovation lab. We previously reported that OPM needs clear and specific outcome measures to help meet its goals of enhancing skills in innovation and supporting project-based problem solving. Otherwise, OPM's innovation lab efforts may not be able to demonstrate the types of results initially envisioned. It will be important for OPM to understand how the tools and guidance it develops through the innovation lab and other methods are being used by agencies.

**ISSUE AREA: IMPROVING PERFORMANCE MANAGEMENT**

[GAO-13-755](#)

***Federal Employees: Opportunities Exist to Strengthen Performance Management Pilot (September 2013)***

	Recognizing that moving toward a more performance-oriented culture within federal agencies is likely to be a continuous effort and to ensure that the opportunity GEAR recommendations offer to improve performance management is not lost, the Acting Director of OPM, in collaboration with the CHCO Council, should define roles and responsibilities of OPM, the CHCO Council, and participating federal agencies going forward as the GEAR framework is implemented government-wide. In doing so, OPM, in collaboration with the CHCO Council, could define roles and responsibilities such as supplementing the GEAR report and updating the diagnostic toolkit as needed to reflect additional promising practices and lessons learned (such as those GAO identified) and guidance on using metrics. This should include considering whether connecting performance expectations to crosscutting goals should be part of the GEAR framework.	As of June 2010, the Executive Director of the CHCO Council told us that the implementation of GEAR needs to be a community effort and individual agencies need take ownership for implementing the parts of the GEAR framework that best suit their needs. The CHCO Council would like to avoid dictating roles and responsibilities to agencies on what to do and how to do it. OPM and CHCO Council officials did not indicate whether they planned to connect performance expectations to cross-cutting goals.
	To improve agencies' GEAR implementation plans, the Secretary of the Department of Homeland Security (DHS) should direct the Commandant of the Coast Guard to update the agency's GEAR implementation plan to include (1) performance measures that permit comparison between desired outcomes and actual results and (2) additional information schedules that are linked to specific actions.	As of September 2014, DHS had not provided updates on the status of the Coast Guard's effort to update its GEAR implementation plan to include (1) performance measures that permit comparison between desired outcomes and actual results or (2) additional information schedules that are linked to specific actions.

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Product	Recommendation	Status
GAO-15-189	<b>Results Oriented Management: OPM Needs to Do More to Ensure Meaningful Distinctions Are Made in SES Ratings and Performance Awards (January 2015)</b>	
	<p>As OPM convenes the cross-agency working group, the Director of OPM, as the head of the agency that certifies-with OMB concurrence-SES performance appraisal systems, should consider the need for refinements to the performance certification guidelines addressing distinctions in performance and pay differentiation. Options could include</p> <ul style="list-style-type: none"> <li>• Revisiting and perhaps eliminating the guideline that allows OPM to certify agencies' performance management systems with an SES modal rating of "outstanding.</li> <li>• Strengthening the accountability and transparency of this guideline by activities such as               <ul style="list-style-type: none"> <li>• Reporting agencies' justifications for high ratings to OPM on its website.</li> <li>• Reporting agencies' justifications for high ratings to Congress.</li> <li>• Obtaining third party input on agencies' justifications for high ratings, such as by the Chief Human Capital Officers Council.</li> </ul> </li> </ul>	<p>In January 2015, OPM generally agreed with the information in our report but did not agree with our recommendation. OPM expressed concerns that imposing such a criterion would lead to arbitrary manipulation of the final ratings rather than an appropriate comparison of performance to standards. OPM asserted that this situation would be ripe for forced distribution of the ratings, which is explicitly prohibited by regulation. OPM also stated that the more appropriate action is to continue emphasizing the importance of setting appropriate, rigorous performance requirements and standards that logically support meaningful distinctions in performance. As recognized in our report, OPM's regulations contemplate that it is possible to apply standards that make meaningful performance distinctions and to use a range of ratings while avoiding the use of forced distributions. As we also note, since our 2008 report on SES performance management systems—continuing through the career SES performance ratings for fiscal year 2013—questions persist about the extent to which meaningful distinctions based on relative SES performance are being made...</p> <p>OPM stated that it did not support the second part of our recommendation regarding three suggestions for increasing transparency for those agencies that are certified with a modal rating of "outstanding." Although we suggested that OPM report high rating justifications to Congress through its Annual Performance Report, we understand that this may not be the most appropriate vehicle to use; another avenue of reporting to Congress would certainly be acceptable, and we adjusted the text accordingly.</p>
GAO-15-191	<b>Federal Workforce: Improved Supervision and Better Use of Probationary Periods Are Needed to Address Substandard Employee Performance (February 2015)</b>	
	<p>To help strengthen the ability of agencies to deal with poor performers and to help ensure supervisors obtain the skills needed to effectively conduct performance management responsibilities, the Director of OPM, in conjunction with the CHCO Council and, as appropriate, with key stakeholders such as federal employee labor unions, should assess the adequacy of leadership training that agencies provide to supervisors.</p>	<p>In January 2015, OPM said that it concurred with our recommendation. OPM stated it would assess what and how agencies are training new supervisors and provide feedback for improving the curriculum. In addition, OPM stated that it would continue to provide agencies guidance on evaluating the effectiveness of leadership training.</p>
	<p>To help strengthen the ability of agencies to deal with poor performers and to more effectively ensure that agencies have a well-qualified cadre of supervisors capable of effectively addressing poor performance, the Director of OPM, in conjunction with the CHCO Council and, as</p>	<p>In January 2015 OPM said that it partially concurred with our recommendation. OPM agreed to work with the CHCO Council to (1) determine if technical guidance is needed to help agencies more effectively use the supervisory probationary period, (2) explore more government-wide use of rotational assignments, and (3) discuss options for</p>



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	<p>appropriate, with key stakeholders such as federal employee labor unions, should determine if promising practices at some agencies should be more widely used government-wide. Such practices include (1) extending the supervisory probationary period beyond 1-year to include at least one full employee appraisal cycle; (2) providing detail opportunities or rotational assignments to supervisory candidates prior to promotion, where the candidate can develop and demonstrate supervisory competencies; and (3) using a dual career ladder structure as a way to advance employees who may have particular technical skills and/or education but who are not interested in or inclined to pursue a management or supervisory track.</p>	<p>employees to advance without taking on supervisory or managerial duties. In each of these cases, OPM noted that agencies already have authority to take these actions. We acknowledged OPM's point and clarified the report accordingly. We maintain, however, that OPM can still play a leadership role and encourage agencies to take these steps.</p>
	<p>To help strengthen the ability of agencies to deal with poor performers and to help supervisors make effective use of the probationary period for new employees the Director of OPM, in conjunction with the CHCO Council and, as appropriate, with key stakeholders such as federal employee labor unions, should</p> <ul style="list-style-type: none"> <li>• educate agencies on the benefits of using automated notifications to notify supervisors that an individual's probationary period is ending and that the supervisor needs to make an affirmative decision or otherwise take appropriate action, and encourage its use to the extent it is appropriate and cost-effective for the agency; and</li> <li>• determine whether there are occupations in which-because of the nature of work and complexity-the probationary period should extend beyond 1-year to provide supervisors with sufficient time to assess an individual's performance. If determined to be warranted, initiate the regulatory process to extend existing probationary periods and, where necessary, develop a legislative proposal for congressional action to ensure that formal procedures for taking action against an employee for poor performance (and a right to appeal such an action) are not afforded until after the completion of any extended probationary period.</li> </ul>	<p>In January 2015, OPM said that it partially concurred with the part of our recommendation calling on OPM to determine if certain occupations require a probationary period longer than 1-year to allow supervisor sufficient time to assess and individual's performance. In particular OPM agreed to consult with stakeholders to determine, among other things, if an extension to the probationary period for certain complex occupations is needed and, if necessary, pursue the established Executive Branch deliberation process for suggesting legislative proposals. OPM noted that it has authority to provide for longer probationary periods under certain circumstances and we have modified the recommendation so that it also calls on OPM to initiate the regulatory process to do so if warranted. As stated in our report, however, extending the probationary period and concurrently limiting appeal rights during that time would require legislative action under certain circumstances.</p> <p>At the same time, OPM did not concur with the part of our recommendation for OPM to determine the benefits and costs of providing automated notifications to supervisors that an individual's probationary period is ending and that the supervisor needs to make an affirmative decision. OPM stated that choosing the best method to ensure that supervisors are aware that the probationary period is ending and appeal rights will accrue is an agency responsibility. We agreed. OPM also wrote that HR systems at all Shared Service Centers have the functionality to notify supervisors when an employee's probationary period is ending. However, as our report notes, even though OPM considers having a tool in place to notify supervisors that a probationary period is ending to be a leading practice, not all agencies have implemented that practice. Accordingly, we clarified the recommendation so that it calls on OPM to educate agencies on the benefits and availability of automated notifications to alert supervisors.</p>

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	To help strengthen the ability of agencies to deal with poor performers, and to help ensure OPM's tools and guidance for dealing with poor performers are cost-effectively meeting agencies' and supervisors' needs, the Director of OPM, in conjunction with the CHCO Council and, as appropriate, with key stakeholders such as federal employee labor unions, should use Strategic Human Capital Management survey results (once available), Federal Employee Viewpoint Survey results, Performance Appraisal Assessment Tool responses, and other existing information, as relevant, to inform decisions on content and distribution methods. The importance of effective performance management and addressing poor performance may need to be reinforced with agency supervisors so that they more routinely seek out tools and guidance.	OPM partially concurred with our recommendation to use the results of various surveys such as the FEVS and other information sources to help determine the extent to which its tools and guidance for dealing with poor performers are cost-effectively meeting agencies' needs. Specifically, OPM said it would use relevant data from these resources to inform decisions about content and distribution methods for the material OPM makes available to agencies. At the same time, OPM noted that the information contained in these surveys and other data sources had certain limitations and may not always be relevant. We agreed and clarified the recommendation accordingly.

**OTHER OPEN HUMAN CAPITAL RECOMMENDATIONS**

<a href="#">GAO-12-519</a>	<b><i>Federal Telework: Program Measurement Continues to Confront Data Reliability Issues (April 2012)</i></b>	
	To improve OPM's annual reporting of telework to Congress, the OPM Director should continue efforts to improve data collection and gather information that allows for the appropriate qualification of year-to-year comparisons and informs users about the effects of data collection changes going forward.	As of June 2012, OPM had revised its collection of telework participation data from agencies to include full FY participation data from FY12. This action should enable OPM to report year-to-year comparisons of telework participation in its 2014 Status of Telework in the Federal Government Report to Congress. This report is expected to be issued by OPM in late 2014/early 2015. Reporting an accurate year to year comparison of telework participation would complete the implementation of this recommendation.
<a href="#">GAO-12-878</a>	<b><i>Federal Training Investments: OPM and Agencies Can Do More to Ensure Cost-Effective Decisions (September 2012)</i></b>	
	To improve federal training investment decision-making processes, the Director of OPM should include in existing or new OPM guidance or technical assistance additional information in the following areas: (1) Steps agencies should take and factors they should consider when prioritizing federal training investments agency-wide, including developing a process to rank training using criteria, such as expected demand for the investment from internal sources, availability of resources to support the effort, potential for increased revenue, and risk of unfavorable consequences if investments are not made. (2) Steps agencies should take and factors they should consider for comparing the merits of different delivery mechanisms and determining the mix of mechanisms to use, in order to ensure efficient and cost-effective delivery of federal training. Such guidance could	In February 2015, OPM provided a document that summarized efforts that are underway to address our recommendation. According to the document, under the OMB/GSA Category Management Education & Training Initiative, OPM leads and participates on two working groups that are addressing federal training investment decision making. The working groups have been tasked with revamping several categories of training standards development; including improving federal training investment decisions and improving the quality of training data. According to OPM, the expected output is to measure impact, not just quantitative information, to inform data-driven decision-making on training investments. The document also stated that by the end of FY 2015, the working groups expect to complete three guides to include: 1) a draft of training prioritization standards; 2) standardization of, and guidance on, SF 182 and training data quality; and 3) guidance on developing

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	include requesting that agencies consistently utilize Standard Form (SF) 182 to document and report training costs associated with the different delivery mechanisms employed.	sound training programs and financial plans for training.
	To improve federal training investment decision-making processes, the Director of OPM should, in line with statutory and regulatory provisions on maintenance and reporting of training information, work with the CHCO Council to improve the reliability of agency training investment information by: (1) ensuring that agencies are familiar with and follow guidance outlined in OPM's Guide for the Collection and Management of Training Information regarding which training events should be documented as training and reported to OPM; (2) developing policies to strengthen the utilization of Standard Form- 182 to document and report training costs; (3) encouraging agencies through guidance and technical assistance, to develop policies that require consistent reporting of training data to their learning management systems; and (4) encouraging each agency to assess its existing training information system(s) and identify whether it is providing complete and reliable data and, if not, to develop approaches to improve the system(s), in order to do so.	In February 2015, OPM provided a document that summarized efforts that are underway to address the recommendation. According to the document, during FY 14, OPM & the Chief Learning Officers (CLO) Council co-chaired a working group to develop proposed standardized data elements/metrics and data quality scorecard. This task has been folded into the agenda of the OPM-led working groups under the OMB/GSA Category Management Initiative. OPM stated that by September 30, 2015, it expects to develop and approve proposed standardized data elements and metrics and a quality scorecard. In the summer of 2014, OPM administered a survey to the Training & Development List Serv members on the utilization of OPM's Training and Development Wiki on opm.gov. Survey results revealed that over 50 percent of the respondents Were not aware of the Wiki. A plan to revitalize the Wiki in order to provide improved guidance to agencies has been developed but OPM's Employee Services still needs to determine what funding is available for the product.
	To improve federal training investment decision-making processes, the Director of OPM should provide regular report summaries to agencies on Enterprise Human Resources Integration (EHRI) training investment data and its reliability, in order to improve the transparency and reliability of federal training investment data.	In February 2015, OPM provided a document that summarized efforts that are underway to address our recommendation. According to the document, OPM stated that by September 30, 2015, it expects to develop and approve proposed standardized data elements and metrics and a quality scorecard. In addition, OPM stated that the agency will provide agencies their training data reports from EHRI for FY 14 in FY 15.
	To improve federal training investment decision-making processes, the Director of OPM should, once federal training data reliability has been sufficiently improved, consistent with Executive Order No. 11348, use EHRI data to: a) counsel heads of agencies and other agency officials on the improvement of training, and b) assist agencies in developing sound programs and financial plans for training and provide advice, information, and assistance to agencies on planning and budgeting training programs.	In February 2015, OPM provided a document that summarized efforts that are underway to address our recommendation. According to the document, by the end of FY 2015, the OPM Talent Development working groups expect to complete three guides which will include: 1) a draft of training prioritization standards; 2) standardization of, and guidance on, SF 182 and training data quality; and 3) guidance on developing sound training programs and financial plans for training. In addition, the document stated that OPM will also develop a report: The State of Learning and Development in the Federal Government. According to OPM, this report will provide insight into best practices in the public sector. To develop this report, OPM plans to survey agencies' CLOs/Training Officers in Spring 2015, follow-up on survey results with focus groups (if needed), and research private-sector learning and development programs. The report is planned for delivery

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		in late 2015.
	To improve federal training investment decision-making processes, the Director of OPM should, in collaboration with the CHCO and Chief Learning Officer (CLO) Councils, identify the best existing courses that fulfill government-wide training requirements, such as mandatory Equal Employment Opportunity training, or training in common federal occupations, such as basic training in financial management, and offer them to all agencies through HR University or other appropriate platform to reduce costly and duplicative federal training investments.	In February 2015, OPM officials provided a document that summarized OPM's continuing efforts to address our recommendation. According to the document, OPM is designing and building a Government-wide University prototype known as Gov U. Through Gov U all federal employees will access accredited training and education through a centralized portal that links them to federally mandated training, occupational and management/leadership courses and degree programs, so the government can reduce costs, increase quality and assure access for all employees. According to OPM, the CLO Council's Mandatory Training Working Group drafted the government-wide mandatory training curriculum and also met to discuss the process for selecting federally mandated training courses to share across agencies in different modalities. The working group is currently developing the Domestic Violence, Sexual Assault and Stalking training. The course structure and interface have been designed and the course storyboarding is expected to be completed by the end of April 2015.
<a href="#">GAO-13-298R</a>	<b><i>Federal Employees: Office of Personnel Management's 2012 Telework Report Shows Opportunities for Improvement (June 2013)</i></b>	
	In preparation for the 2014 telework report, OPM should provide goal setting assistance for agencies not yet able to report telework goals, including agencies which intend to establish nonparticipation goals but are not yet able to report on these goals. OPM should request in its data call that each of these agencies report by what year the agency will be able to report its goals, including each agency's timetable for complete reporting and the status of action steps and milestones they established to gauge progress.	While OPM has taken several actions to implement our recommendation, it is premature to assess the results of these efforts. OPM has conducted several training sessions with agencies and added an appendix to its 2013 data call to assist agencies establish standards for setting and evaluating telework goals. Our analysis of OPM's 2012 telework report did not indicate a high number of agencies had set numeric goals, calling into question the value of OPM's techniques to assist agencies in setting goals. Since the time of our report, the evidence OPM has provided continues to emphasize similar training techniques it has traditionally used with no evidence it has yielded improvements. We will review the status of this recommendation when OPM releases its 2014 telework report.
	OPM should include in its 2014 report to Congress the amount of cost savings resulting from the impacts of telework each agency may have identified, and the method the agency used to assess or verify the savings.	OPM added questions to its 2013 telework data call to gather the amount of cost savings and the method the agency used to assess the savings. When OPM issues its 2014 telework report to Congress in 2015, we will assess the extent to which OPM has identified cost savings and how agencies assess or verify the savings.
	To improve the reliability of data collection, OPM should work with the Chief Human Capital Officers (CHCO) Council and its leadership to develop documented agreements and a timetable to complete an automated tracking system or other reliable data gathering method that can be validated by OPM.	OPM has not taken any further actions and continues to state it has completed the recommendation. In follow up work we conducted in April 2014, OPM cited the same material it provided in its August 2013 response letter. We continue to believe OPM's actions do not demonstrate the recommendation has been implemented. OPM has not provided the evidence called for in the recommendation, namely (1) documented agreements with agencies,

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		payroll providers, or the CHCO Council, or (2) a timetable to complete an automated tracking system or other reliable data gathering methods that can be validated by OPM. We followed-up with OPM in August and September 2014, and OPM confirmed there was no new information to report.
<a href="#">GAO-14-132</a>	<b><i>Human Capital: Agencies Should More Fully Evaluate the Costs and Benefits of Executive Training (January 2014)</i></b>	
	To help ensure that agencies track and report comparable and reliable cost data and perform evaluations that assess the impact of executive training on agency performance or missions, the Director of OPM, in coordination with the CHCO Council, should establish interim milestones for meeting with agencies in order to address training data deficiencies and to establish well-defined timeframes for improving the reliability of the data in its Enterprise Human Resources Integration database.	In May 2014, OPM outlined its action plan to address our recommendation. According to OPM, the agency will work with agencies via the Chief Human Capital Officers Council and Chief Learning Officers Council to poll agencies to establish an “as is” state of training data reliability and deficiencies. Based on evidence gathered, OPM plans to develop proposed standardized data elements, metrics and a data quality scorecard. Once both Councils approve the proposal, OPM plans to make changes to training data elements in the Enterprise Human Resource Integration data warehouse and Guide to Human Resources Reporting. OPM also has plans to monitor agency progress for improving data.
	To help ensure that agencies track and report comparable and reliable cost data and perform evaluations that assess the impact of executive training on agency performance or missions, the Director of OPM, in coordination with the CHCO Council, should improve assistance to agencies regarding evaluating the impact of executive training on mission and goals, for example by sharing information and examples of how agencies could better conduct such evaluations.	In May 2014, OPM outlined its action plan to address our recommendation. According to OPM, the agency will work through the Chief Learning Officers Council to encourage agencies to incorporate training evaluation in their executive training in a more robust way. OPM plans to use OPM-hosted roundtables and best practice sessions to provide agencies assistance on evaluating the impact of executive training. OPM will encourage agencies to adopt an evaluation approach that considers individual agency management practices while being consistent with OPM’s Training Evaluation Field Guide.
	To enhance the efficiency of executive training, the Director of OPM, in coordination with the CHCO Council, should assess potential efficiencies identified by agencies for possible government-wide implementation, and then take the steps necessary to implement these, such as updating the guidance governing executive training programs.	In May 2014, OPM outlined its action plan to address our recommendation. According to OPM, the agency plans to survey agencies about the components and effectiveness of their executive onboarding programs and use the information, and other current research, to offer Government-wide Best Practice sessions. OPM will also use the results to update guidance governing executive onboarding programs and the Federal Leadership Development Program website.
<a href="#">GAO-14-306</a>	<b><i>Office of Personnel Management: Agency Needs to Improve Outcome Measures to Demonstrate the Value of Its Innovation Lab (March 2014)</i></b>	
	To help substantiate the lab’s original goals of enhancing skills in innovation and supporting project-based problem solving, the Director of OPM should direct lab staff to develop a mix of performance targets and measures to help them monitor and report on their progress toward lab goals. Output targets could include number and type of lab activities over the next year. Outcome	In March 2015, OPM reported consulting with representatives from Harvard & Kennedy School of Government, Denmark’s MindLab, and Intuit’s Innovation Catalyst Group to improve its performance management planning. OPM said it has developed a suite of output measures to include things like the number of meetings held and people who attended and the number of agencies partnering with the lab. According to OPM, this

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	targets and measures should correspond to the lab's overarching goals to build organizational capacity to innovate and achieve specific innovations in concrete operational challenges.	suite of measures also includes outcome related measures for the lab, including the amount of estimated tax dollars saved as a result of lab activities and the satisfaction levels of participants in lab activities. OPM indicated that draft targets for these measures Were in review by the agency and that Lab officials had also developed a retrospective document on the lab that highlights key projects and the results of those projects.
	To help substantiate the lab's original goals of enhancing skills in innovation and supporting project-based problem solving, the Director of OPM should direct lab staff to review and refine the set of survey instruments to ensure that taken as a whole, they will yield data of sufficient credibility and relevance to indicate the nature and extent to which the lab is achieving what it intends to accomplish or is demonstrating its value to those who use the lab space. For example, lab staff should consider the following actions: (1) Developing a standard set of questions across all service offerings. (2) Revising the format and wording of existing questions related to skills development to diminish the likelihood of social desirability bias and use post-session questions that ask, in a straight-forward way, about whether, or the extent to which, new information was acquired. (3) Replacing words or phrases that are ambiguous or vague with defined or relevant terminology (e.g., terms actually used in the session) so that the respondent can easily recognize a link between what is being asked and the content of the session.	As of March 2015, OPM had revised its survey instruments to include standard, understandable surveys for (1) those receiving coaching skills in human centered design, (2) Lab Fellows who will use human-centered design techniques in their home agencies, and (3) human-centered design workshops. The surveys aim to measure participant's satisfaction with sessions in the lab, as well as anticipated return on investment and other job-related improvements from work conducted in OPM's and innovation lab.
	To help substantiate the lab's original goals of enhancing skills in innovation and supporting project-based problem solving, the Director of OPM should direct lab staff to build on existing efforts to share information and knowledge within the federal innovation community. For example, OPM lab staff could reach out to other agencies with labs such as Census, the Department of Housing and Urban Development, and the National Aeronautics and Space Administration's Kennedy Space Center to share best practices and develop a credible evaluation framework.	In March 2015, OPM stated that it participates regularly in communities of practice with government innovation professionals and experts in human-centered design. OPM also stated that its lab staff members make presentations about OPM's lab and innovation practices to multiple audiences, including members of the federal innovation community. For example, in December 2014 the director of OPM's lab provided subject matter expertise to the Department of Health and Human Services to try to help ignite its innovation program curriculum. In addition, OPM noted that it engages regularly with its innovation lab workshop alumni to support their efforts to bring design-led innovation to their agencies.
<a href="#">GAO-15-9</a>	<b><i>Labor Relations Activities: Actions Needed to Improve Tracking and Reporting of the Use and Cost of Official Time (October 2014)</i></b>	
	To help ensure that OPM and agencies collect, track, and report reliable data on the use of official time, the Director of OPM should consider	In October 2014, OPM stated that it partially concurred with our recommendation. OPM agreed to consider other approaches to developing its cost estimates in addition to

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	other approaches to developing its cost estimate.	considering whether to continue using its current methodology. OPM stated that its cost estimates have been based on (1) official time and average salary data provided to OPM through EHRI; (2) official time data manually provided directly to OPM by certain agencies; and (3) official time data manually updated by a number of agencies. OPM said that the approach we used in the report linking official time hours taken by specific individuals to those individuals' actual salaries is not always possible using EHRI in all instances and is a labor intensive, and thus more costly process to undertake for the entire executive branch. The methodology we used was intended as an example of an alternative method for producing a cost estimate. OPM reported in October 2014 that 52 of the 62 agencies that reported fiscal year 2012 official time data to OPM did so using EHRI, thus OPM would be able to link official time hours used by specific individuals to the actual salaries for the overwhelming majority of reporting agencies. Although our approach may be slightly more labor intensive, it provides greater assurance that the cost reported is more representative of actual cost and, ultimately, more useful for oversight purposes.
	To help ensure that OPM and agencies collect, track, and report reliable data on the use of official time, the Director of OPM should work with agencies to identify opportunities to increase efficiency of data collection and reporting through EHRI.	In October 2014, OPM stated that it partially concurred with our recommendation. OPM stated that it will work with agencies to identify opportunities which they may wish to consider in order to increase the efficiency of data collection and reporting of official time through EHRI. However, OPM stated that it has no authority to direct agency actions regarding official time, including how official time data is collected and reported. It added that any opportunities to increase efficiency of data collection and reporting of official time are ultimately dependent upon individual agency determinations subject to local collective bargaining obligations. We agree that agencies are ultimately responsible for making changes to their data collection but OPM plays an important role via its reporting of official time. By following up with agencies that report discrepancies during the verification process, OPM could determine whether there are less resource-intensive alternatives for agencies to pursue that would yield more accurate data. We continue to believe that by following up with agencies on data differences, OPM has an opportunity to help improve the data quality on agency reporting through EHRI
	To help ensure that OPM and agencies collect, track, and report reliable data on the use of official time, the Director of OPM should consider whether it would be useful to share agencies' practices on monitoring use of official time through existing forums such as the Employee Labor Relations (ELR) network.	In October 2014, OPM stated that it partially agreed with our recommendation. OPM stated that it would consider whether it would be useful to share agencies' practices on monitoring use of official time through existing forums such as the ELR network, but ultimately, implementation of any identified practices is subject to each agency's policies and their collective bargaining obligations. We continue to believe that OPM has an opportunity to

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		strengthen its assistance to agencies by sharing techniques and approaches on monitoring official time in a collaborative manner through its membership in the ELR network.
<a href="#">GAO-15-79</a>	<b>Federal Paid Administrative Leave: Additional Guidance Needed to Improve OPM Data (October 2014)</b>	
	<p>To help ensure that agencies report comparable and reliable data to Enterprise Human Resources Integration (EHRI), the Director of OPM, in coordination with agencies and payroll service providers</p> <p>Develop guidance for agencies on which activities to enter, or not enter, as paid administrative leave in agency time and attendance systems</p> <p>Provide updated and specific guidance to payroll service providers on which activities to report, or not report, to the paid administrative leave data element in EHRI.</p>	<p>In October 2014, OPM partially agreed with our recommendation. OPM agreed that (1) some reporting requirements should be clarified, in particular, guidance regarding reporting holiday time; (2) it would clarify that the paid administrative leave category is a catch-all category for paid leave that does not fall into another EHRI category; and (3) it will collaborate with agencies and payroll providers in developing changes in guidance and EHRI payroll data elements.</p> <p>OPM said that its role does not include directing guidance to agencies on how to collect time and attendance data, but it does including issuing guidance on EHRI data requirements that agency systems should support. We believe that in directing EHRI data requirements to all responsible agency officials and payroll providers, OPM can provide such guidance to agencies. We continue to believe our recommendation is valid because we found that payroll providers were reporting time for activities as paid administrative leave that they should not, according to OPM.</p>
<a href="#">GAO-15-252</a>	<b>Human Capital: OPM Needs to Better Analyze and Manage Dual Compensation Waiver Data (December 2014)</b>	
	<p>To improve OPM's assistance to agencies and management of its dual compensation waiver program, the Director of OPM should analyze dual compensation waivers to identify trends that can inform OPM's human capital management tools.</p>	<p>In December 2014, OPM stated that it did not concur with our recommendation to analyze dual compensation waivers to identify trends that can inform OPM's human capital management tools. OPM noted that the waivers are authorized for specific purposes and that the statute does not require OPM to conduct any trend analysis. OPM also noted that it does not grant a large number of waivers and that those patterns are identified when particular circumstances, like natural disasters prompt agencies to seek waivers for similar issues. As noted in the report, we agree that there are clearly defined purposes and that there is no statutory requirement for OPM to conduct a trend analysis. While our analysis did find that most of rehired annuitants were likely hired under an authority maintained by the Department of Defense, OPM was unable to provide evidence of the number of individual or delegated waivers that it had approved in any year, including currently active waivers. Further, given the likelihood of future agency requests for dual compensation waivers for natural disasters, the patterns OPM identified after Hurricane Katrina and potential lessons learned are evidence of the kind of insight that could be informing OPM's other human capital management tools or resources. We continue to believe that OPM should</p>



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		analyze waivers and identify trends that could improve its other tools.
	To improve OPM's assistance to agencies and management of its dual compensation waiver program, the Director of OPM should establish policies and procedures for documenting the dual compensation waiver review process.	In December 2014, OPM stated that it partially concurred with our recommendation to establish policies and procedures for documenting the dual compensation waiver review process. OPM noted that it has policies and procedures for adjudicating waivers and that it is in compliance with the National Archives and Records Administration policies. However, OPM was unable to provide evidence of any such policies and procedures. In fact, OPM could not demonstrate adherence to federal internal control standards stating agencies should clearly document significant transactions and events and the documentation should be readily available for examination. Further, while OPM was able to ultimately produce 16 waiver decision letters, it was unable to provide a single complete, agency waiver application along with the supporting documentation and corresponding OPM decision letter. OPM also could not identify the total number of waivers for any given time period, meaning that even if OPM individually reviewed the thousands of documents in its document management system, it would not know if all materials were maintained appropriately. We continue to believe that OPM should take action to fully address this recommendation and comply with federal internal control standards.

Source: GAO. | GAO-15-619T

# Appendix II: Accessible Data

**Data Table for Figure 1: Average Annual Percent Change in the Number of Permanent Career Employees by Agency, 2005-2014**

<b>CFO Agency</b>	<b>Percentage Decrease/Increase</b>
Department of Agriculture	-1.6
Department of Commerce	1.9
Department of Defense	1.1
Department of Education	-0.5
Department of Energy	-0.1
Department of Health and Human Sciences	2
Department of Homeland Security	3.1
Department of Housing and Urban Development	-1.8
Department of Interior	-1.2
Department of Justice	1
Department of Labor	0.4
Department of State	3.4
Department of Transportation	0.3
Department of Treasury	-1.2
Department of Veterans Affairs	4.9
Environmental Protection Agency	-1.7
General Services Administration	-1.2
National Aeronautics and Space Administration	-0.1
National Science Foundation	1
Nuclear Regulatory Commission	1.8
Office of Personnel Management	-0.3
Small Business Administration	0.7
Social Security Administration	-0.3
United States Agency for International Development	5.7
Non-CFO Act agencies	1

Source: GAO analysis of data from the OPM Enterprise Human Resources Integration Statistical Data Mart. GAO-15-619T.

**Data Table for Figure 2: Percentage of Career Permanent Employees on Board as of September 30, 2014, Eligible to Retire by 2019 by Agency**

<b>Agency</b>	<b>Percent</b>
Agriculture	36.3
Commerce	37.1
Defense	29.3

Agency	Percent
Education	33.8
Energy	35.9
Health and Human Services	31.3
Homeland Security	23.2
Housing and Urban Development	44.4
Justice	31.3
Labor	33.7
State	29.7
Interior	37
Treasury	38.2
Transportation	38.4
Veterans Affairs	31.5
General Services Administration	35.4
National Aeronautics Space Administration	38
National Science Foundation	39.2
Nuclear Regulatory Commission	37.3
Office of Personnel Management	27.5
Small Business Administration	43.4
Social Security Administration	29
United States Agency for International Development	28.1
Environmental Protection Agency	41.5
Non-CFO Act agencies	34.7

Source: GAO analysis of data from the OPM Enterprise Human Resources Integration Statistical Data Mart. GAO-15-619T.

**Data Table for Figure 3: Number of Agencies with Statistically Significant Increasing, Decreasing, and Flat Employee Engagement Index Levels, 2010 to 2014**

Period	Increased Employee Engagement Index (EEI) scores	Flat Employee EEI Scores	Decreased EEI Scores
2010 to 2011	8	36	3
2011 to 2012	5	33	9
2012 to 2013	4	29	14
2013 to 2014	3	31	13

Source: GAO analysis of Office of Personnel Management Federal Employment Viewpoint Survey (FEVS) data, 2006-2014. GAO-15-619T.

Note: Data represents agencies with more than 500 employees and with a minimum number of 100 respondents in each of the years. The counts in each bar sum to the number of agencies (from among the group that we analyzed) who participated in FEVS in the given year, ranging from 45 to 47

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agencies. Statistical significance was determined by comparing whether the 95 percent confidence intervals around the agency estimate overlapped or not. A t-test was not conducted to determine if overlapping confidence intervals were statistically different. Agency employee engagement index estimates have margins of error which range from plus or minus 1 percentage point at the 95 percent level of confidence for the largest agencies to plus or minus 5 percentage points at the 95 percent level of confidence for the medium sized agencies.

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