



May 2014

HUMAN CAPITAL

Strategies to Help Agencies Meet Their Missions in an Era of Highly Constrained Resources

Why GAO Did This Study

Given the budgetary and long-term fiscal challenges facing the nation, agencies must identify options to meet their missions with fewer resources. However, if agencies do not pay careful attention to strategic workforce planning and other approaches to personnel management, then reduced investments in human capital can have lasting, detrimental effects on their capacity to meet their mission. GAO was asked to review the actions taken by selected agencies to manage their workforces and plan for future needs in an era of flat or declining budgets. This report assesses (1) key strategic human capital challenges federal agencies face in an era of highly constrained resources and identifies strategies for addressing them, and (2) the extent to which OPM ensures agencies have the assistance that CHCOs considered most important to mitigate human capital challenges.

What GAO Recommends

GAO recommends that OPM work with the CHCO Council to: (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 provides for addressing human capital challenges. OPM and the CHCO Council concurred with GAO's recommendations.

View [GAO-14-168](#). For more information, contact Robert Goldenkoff at (202) 512-2757 or goldenkoffr@gao.gov.

HUMAN CAPITAL

Strategies to Help Agencies Meet Their Missions in an Era of Highly Constrained Resources

What GAO Found

GAO convened a forum of chief human capital officers (CHCO) who described a number of difficulties their agencies face in maintaining the capacity to meet their missions during lean fiscal times. GAO's analysis identified three broad recurring human capital challenges and strategies to address them. While these challenges were not new nor exclusively a result of constrained budgets, reduced resources exacerbated the challenges and also created a willingness among agencies to consider nontraditional strategies for addressing them, namely:

- 1. Strengthening coordination 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 the CHCOs, the council is not carrying out this responsibility as well as it could. This challenge manifests itself in two ways: across organizations, with many actors making human capital decisions in an uncoordinated manner, and within agencies, excluding CHCOs and the human capital staff from key agency decisions.
- 2. 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 that could resolve them more effectively. Across government, there are examples of agencies and the Office of Personnel Management (OPM) initiating enterprise solutions to address crosscutting issues, including the consolidation of federal payroll systems into shared-services centers. The CHCOs highlighted human resource information technology and strategic workforce planning as two areas that are ripe for government-wide collaboration.
- 3. Creating more agile talent management to address inflexibilities in the current system.** Our analysis found talent management tools 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.

The CHCOs said OPM needs to do more to raise awareness and assess the utility of the tools and guidance it provides to agencies to address key human capital challenges. 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.

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Abbreviations

CAO	chief acquisition officer
CFO	chief financial officer
CHCO	chief human capital officer
CHCO Act	Chief Human Capital Officers Act of 2002
CIO	chief information officer
CIOC	Chief Information Officers Council
CLO	chief learning officer
DOT	U.S. Department of Transportation
FDA	Food and Drug Administration
GPRAMA	GPRA Modernization Act
HCAAF	Human Capital Assessment and Accountability Framework
HR IT	Human Resources Information Technology
HR University	Human Resources University
NASA	National Aeronautics and Space Administration
NGO	nongovernmental organizations
NRC	Nuclear Regulatory Commission
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PIC	Performance Improvement Council
PMC	President's Management Council
State	Department of State
Treasury	Department of Treasury

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May 7, 2014

The Honorable Elijah E. Cummings
Ranking Member
Committee on Oversight and Government Reform
House of Representatives

The Honorable Stephen F. Lynch
Ranking Member
Subcommittee on Federal Workforce, U.S. Postal Service and the
Census
Committee on Oversight and Government Reform
House of Representatives

The federal budget is a driving consideration in every agency action that affects the management of its workforce, including decisions to hire, retain, train, contract, oversee, acquire technology, and collaborate. The Budget Control Act of 2011 established a 10-year cap on discretionary spending through 2021, but many agencies had experienced flat or declining budgets for several years prior.¹ In the face of limited budgets, some agencies are reducing hiring, limiting training, offering employee buyouts and providing early retirement packages. Without careful attention to strategic and workforce planning and other approaches to managing and engaging personnel, the reduced investments in human capital can have lasting, detrimental effects on the capacity of an agency's workforce to meet its mission.

Given the likelihood that flat or declining budgets will continue to necessitate workforce adjustments across government, you asked us to review the extent and nature of actions being taken by selected agencies to manage their workforces and plan for future workforce needs. Our objectives were to (1) assess the key strategic human capital challenges federal agencies face in an era of highly constrained resources and identify strategies for addressing those challenges, and (2) assess the extent to which the Office of Personnel Management (OPM) ensures

¹Pub. L. No. 112-25, 125 Stat. 240. In December 2013, the Bipartisan Budget Act of 2013 extended the sequestration of direct spending to fiscal years 2022 and 2023 and revised discretionary spending limits established under the Budget Control Act of 2011. Pub. L. No. 113-67, div. A, title I, subtitle A, § 101, 127 Stat. 1165, 1166-1169.

agencies have the tools, such as workforce planning models, guidance, and assistance, that chief human capital officers (CHCO) considered most important to mitigate human capital challenges associated with highly constrained resources.

To answer the first objective, we convened a forum of CHCOs, deputy CHCOs, or their representatives from 25 of the 27 agency members of the CHCO Council and analyzed the CHCOs' comments to identify the key government-wide human capital challenges.² We also reviewed literature and interviewed officials from nongovernmental organizations that study and report on federal human capital management issues. We examined case illustrations of leading human capital management practices at four federal agencies: National Aeronautics and Space Administration (NASA), the Nuclear Regulatory Commission (NRC), the Department of State (State), and the Department of Transportation (DOT). We selected these agencies based on indications of their potential for overall effective human capital leadership, such as high Federal Employee Viewpoint Survey Scores and attrition rates.³ For additional perspectives on strategies addressing federal human capital challenges, we reviewed our recent work on leading practices for strategic planning and our other relevant work on federal management. To answer the second objective, we asked the CHCOs to describe the tools and guidance OPM provides to address key human capital challenges identified during the CHCO forum session, their level of satisfaction with them, and ways those tools and guidance could be strengthened. We reviewed documentation of guidance and tools that OPM provides to agencies to assist them with managing the key human capital challenges articulated by the CHCO forum and interviewed officials from OPM. See appendix I for a more detailed discussion of our scope and methodology.

We conducted this performance audit from January 2013 through May 2014 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

²Of the 27 CHCOs invited, the Small Agency Council and the Department of Labor did not send a CHCO, deputy CHCO or representative to the forum.

³The Federal Employee Viewpoint Survey is a tool offered by OPM that measures employees' perceptions of whether, and to what extent, conditions characterizing successful organizations are present in their agencies.

our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Strategic human capital management continues to be a pervasive challenge facing the federal government. We first identified it as a high-risk area in 2001 because of the significant challenges agencies faced in:

- leadership continuity and succession planning;
- acquiring and developing staffs whose size, skills, and deployment met agency needs; and
- creating results-oriented organizational cultures.⁴

Although the area remained a high-risk issue in 2013, the federal government has made progress addressing these human capital challenges. For example, in 2010, OPM undertook a major initiative to streamline and reform the federal hiring process. Through this and other initiatives, OPM, along with the CHCO Council, Congress, and federal agencies have strengthened the federal human capital infrastructure. As a result of these improvements, in 2011, we narrowed the focus of our human capital high-risk assessment to the challenges remaining in closing current and emerging critical skills gaps. In our 2013 high-risk report, we identified skills gaps in several mission-critical occupations, such as human resources specialists, cybersecurity, contract specialists, and those in science, technology, engineering, and mathematics occupational groups.⁵

Congress has given OPM a key role in helping agencies strategically manage their human capital. Under the Chief Human Capital Officers Act of 2002 (CHCO Act), OPM was tasked with designing a set of systems for assessing the management of human capital by agencies, which is to include standards for, among other things, aligning an agency's human capital strategies with its missions, goals, and organizational objectives.⁶

⁴GAO, *High-Risk Series: An Update*, [GAO-01-263](#) (Washington, D.C.: January 2001).

⁵GAO, *High-Risk Series: An Update*, [GAO-13-283](#) (Washington, D.C.: February 2013).

⁶Title XIII of the Homeland Security Act of 2002, Pub. L. No. 107-296, 116 Stat. 2135, 2287-2300 (Nov. 25, 2002).

Each CHCO advises and assists his or her agency on all human capital and human resources management issues, including selecting, developing, training, and managing a high-quality, productive workforce in accordance with merit system principles.

The CHCO Act also established a CHCO Council, which is chaired by the Director of OPM, to advise and coordinate the activities of members' agencies on such matters as the modernization of human resources systems, improved quality of human resources information, and legislation affecting human resources operations and organizations. There are 27 members of the CHCO Council, including CHCOs representing executive departments, those designated by the Director of OPM and some representing multiple agencies such as agencies within the intelligence community.

Workforce decisions aimed at reducing personnel costs today might have unforeseen implications for an agency's ability to carry out its mission down the road. For example, in the aftermath of agency cuts in the 1990s, agencies reported that the voluntary separation incentives or "buyouts" that were offered to employees were an effective means of reducing the workforce and lowering costs in the near term, but later caused operational problems such as the loss of institutional memory and expertise, increased workloads and backlogs, and skill imbalances over time.⁷ According to OPM, factors such as a 3-year pay freeze, automatic reductions from sequestration that included furloughs for hundreds of thousands of employees, and reductions in training and other areas have taken their toll on the federal workforce. In 2013 Employee Viewpoint Survey results, the "global satisfaction index" showed an 8-percentage-point decline since 2010. Each of the four factors that make up the global satisfaction index showed downward trends from last year's results:

- job satisfaction dropped three points to 65 percent,
- pay satisfaction was down five points to 54 percent,
- organization satisfaction fell three points to 65 percent, and

⁷GAO, *Federal Downsizing: Better Workforce and Strategic Planning Could Have Made Buyouts More Effective*, [GAO/GGD-96-62](#) (Washington, D.C.: Aug. 26, 1996).

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- respondents that said they would recommend their organization declined by four points to 63 percent.⁸

Strengthened Coordination, Enterprise Solutions, and Agile Talent Management Could Help Agencies Maintain Capacity in an Era of Flat or Declining Budgets

Our analysis identified a number of difficulties that agencies face in maintaining the capacity to meet their missions during lean fiscal times. In our analysis of the CHCO comments from our forum, we identified three broad recurring human capital challenges: (1) lack of coordination in a fragmented human capital community, (2) a lack of an enterprise or “whole of government” approach to address crosscutting challenges, and (3) a lack of agile talent management. While recognizing that these challenges are not new or exclusively a result of flat or declining budgets, the CHCOs said lower budgets have exacerbated these issues. Because of the magnitude of these issues, the CHCOs said the fiscal environment also created the impetus to act and a willingness to consider creative and non-traditional strategies for addressing issues in ways that previously may not have been organizationally or culturally feasible. With this in mind, the CHCOs in our forum and our case illustration agencies identified a number of promising strategies and approaches to address each of the challenges. However, just as the challenges themselves do not manifest themselves the same way in every federal agency, the strategies to address them are not one-size-fits all, and as a result, it may be necessary for agencies to adapt them to their particular needs or circumstances.

Strengthened Collaboration within the Federal Human Capital Community Could Help Address Fragmentation Issues

A key challenge we identified from our analysis of the CHCO discussions was that the federal human capital community is highly fragmented, with multiple actors both inside and outside of government informing and executing personnel policies and initiatives in ways that are not always aligned with broader, government-wide human capital efforts. We found this challenge manifested itself in two ways: (1) across organizations, with many actors making human capital decisions in an uncoordinated manner, and (2) within agencies, with CHCOs and the human capital staff not involved in key agency decisions.

⁸Office of Personnel Management, *Federal Employee Viewpoint Survey Results: Employees Influencing Change, 2013 Governmentwide Management Report*. ii and 29 (Washington, D.C.: Nov. 8, 2013).

The Human Capital Community Lacks Collaboration Needed to Address Fragmentation across Organizations

As shown in figure 1, within government, the Office of Management and Budget (OMB), OPM, the CHCO Council, and individual agencies create, implement, and oversee personnel initiatives. Those initiatives are shaped, in part, by input provided by labor unions and federal management councils such as the President's Management Council (PMC). PMC—consisting of deputy administrators, chief operating officers, and other leaders from major federal agencies—advises the President and OMB on government reform initiatives, provides performance and management leadership throughout the executive branch, and oversees implementation of government-wide management policies and programs. The Director of OPM chairs the CHCO Council and is a PMC member. The CHCOs noted that each of these actors possess its own mission, initiatives, agendas, chain of command, budgets, and oversight. While this is to be expected given their various roles and responsibilities, these same factors can create disincentives to collaborating to achieve common human capital goals. Indeed, certain human capital issues, such as addressing mission critical skills gaps, are crosscutting in nature and require the coordinated efforts of multiple stakeholders.

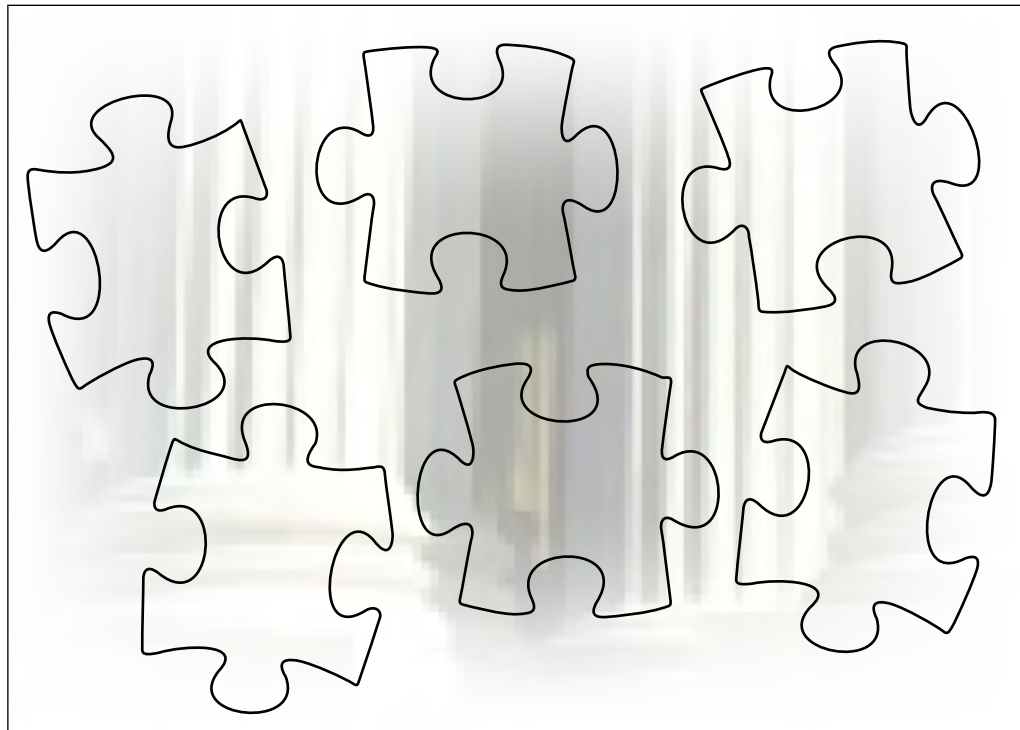
Interactive graphic

Figure 1: The Federal Human Capital Community Is Fragmented.

Directions:



Place cursor on the puzzle piece to see more information about that actor's role in the human capital community. **Remove cursor** to close selection.



Source: GAO analysis.



Print instructions

To print text version of this graphic, go to appendix II.

The CHCO Council was established to improve coordination across federal agencies on personnel issues. Specifically, it was established to “advise and coordinate the activities of the agencies of its members on such matters as modernization of human resources systems, improved quality of human resources information, and legislation affecting human resources operations and organizations.”⁹ However, according to the CHCOs, the council is not carrying out this responsibility as well as it could. For example, the CHCOs told us they have not fully maximized existing partnerships and organizational structures to elevate government-wide human capital issues within the administration. They illustrated this point by noting how the CHCOs could do more to raise the visibility of human capital issues within PMC.

More broadly, the CHCOs noted that because of a lack of prioritization and coordination around key government-wide human capital initiatives, efforts to effectively inform key budget and legislative proposals that have implications for the federal workforce were being hampered. As one example, the CHCOs said there are known effects of reduced budgets on the federal workforce, including increased difficulty and deferrals in recruiting, retaining, and developing employee skills. They explained, however, that they have not effectively used the CHCO Council to develop a coherent, actionable perspective or coordinated with OPM to deliver the perspective to Congress and OMB. To do so, the CHCOs offered four ideas for better informing and supporting budgetary and other decisions that impact the federal personnel system: (1) work with OPM to coordinate communication on government-wide human capital issues so that there is consistency, transparency, and completeness in information it provides to Congress and OMB; (2) discuss human capital initiatives in terms of how they affect the performance outcomes, efficiency, and effectiveness of the government; (3) regularly invite others within the human capital community—like leading researchers—to discuss their perspective and analysis of human capital issues at CHCO Council meetings; and (4) update the CHCO Council website to reflect the issue areas the council has identified as the highest priority human capital issues and how the council is addressing them. These ideas are consistent with leading practices that GAO identified in its prior work.¹⁰

⁹Pub. L. No. 107-296, § 1303(b), 5 U.S.C. § 1401, note.

¹⁰GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005).

The federal government's efforts to enhance cybersecurity provide one example of the need for a coordinated approach to human capital issues. In 2011, we found there were multiple government-wide efforts underway to enhance the cybersecurity workforce, including initiatives from the Chief Information Officer's Council, OPM, the National Institute of Standards and Technology, the Department of Homeland Security, and others.¹¹ Enhancements were needed because even as threats to federal information technology infrastructure and systems continued to grow in number and sophistication, federal agencies' progress in implementing key workforce planning practices for cybersecurity personnel was mixed.¹² We concluded that better coordination was crucial to cost-effectively ensuring that the government has the people it needs to continue to deal with evolving cyber threats. We recommended agencies clarify roles and responsibilities, measure progress towards goals, and determine resources needed to accomplish agreed-upon activities. Agencies concurred with the majority of our recommendations and outlined steps to address them. For example, OPM concurred with our recommendation to coordinate with other agencies to consolidate and align efforts to define roles, responsibilities, skills, and competencies for the federal cybersecurity workforce. As of May 2014, we are reviewing OPM actions to address this recommendation.

According to the CHCOs and OPM officials, when agencies coordinate their efforts they are better able to resolve government-wide challenges. For example, in September 2011, the CHCO Council created a working group that identified critical skills gaps and competency gaps in the federal government. OMB designated closing critical skills gaps as an interim cross-agency priority goal under the GPRAMA Modernization Act (GPRAMA).¹³ In 2011, we identified the need to close government-wide and emerging critical skills gaps in our high risk series.¹⁴ The CHCOs also cited the president's initiative to improve the federal recruitment and hiring

¹¹GAO, *Cybersecurity Human Capital: Initiatives Need Better Planning and Coordination*, [GAO-12-8](#) (Washington, D.C.: Nov. 29, 2011).

¹²[GAO-13-283](#).

¹³Pub. L. No. 111-352, 124 Stat. 3866 (Jan. 4, 2011). GPRAMA updated the statutory framework for performance management in the federal government established under the Government Performance and Results Act of 1993 (GPRA), Pub. L. No. 103-62, 107 Stat. 285 (Aug. 3, 1993).

¹⁴GAO, *High-Risk Series: An Update*, [GAO-11-278](#) (Washington, D.C.: February 2011).

process which they said has helped agencies reduce the time it takes to hire applicants.

While the various actors within the human capital community may have informal or formal relationships, there is no single strategic plan that coordinates their efforts government-wide at a high level. Without a strategic plan that coordinates the various human capital initiatives, there is a risk that initiatives might be duplicative, not fully effective, or unaligned with the most pressing human capital challenges facing federal agencies. Key elements of a strategic plan include, for example, a statement of mission and goals, the strategies and resources needed to achieve those goals, and performance information to gauge progress. A strategic plan would have the additional benefit of providing a measure of continuity in the face of turnover on the part of CHCOs. According to the CHCO Council's executive leadership, in the past year about one-third of CHCOs have left their positions. By clearly articulating specific, actionable goals, the roles and responsibilities of stakeholders in achieving them, and timeframes and other metrics to help ensure the entire effort stays on track, OPM and the CHCO Council will be better positioned to focus and coordinate the collective efforts of the federal personnel community on addressing key crosscutting human capital challenges.

Human Capital Decisions Are Uncoordinated within Agencies

In April 2009, we concluded that top agency leaders must integrate the human capital function into their agencies' core planning and business activities.¹⁵ Yet, our analysis of the CHCOs' discussion indicated that this was not always occurring. For example, several CHCOs said they were either not aware of or not included in the strategic planning process and the setting of performance goals at their agency. Although the CHCO Act required CHCOs to be involved in performance planning, several of the CHCOs said that this was not happening at their agencies. The CHCOs said an agency's ability to achieve performance goals depends on the workforce planning strategies for which CHCOs are responsible. They said that if CHCOs are excluded from program deliberations, then agency decisions may not be fully informed by important data on whether the agency has the necessary skills, how it will obtain these skills, how long the skills will be needed, and how much it will cost to meet program goals.

¹⁵GAO, *Human Capital: Sustained Attention to Strategic Human Capital Management Needed*, [GAO-09-632T](#) (Washington, D.C.: Apr. 22, 2009).

According to some of the CHCOs, a key reason why they are not consistently informing agency decision making is because their offices do not have the capacity for such strategic human capital management activities as talent management, workforce planning, and promoting high performance and a results-oriented culture. Instead, these offices remain focused on transactional human resource activities like benefits and processing personnel actions. As a result, agency decision makers often do not seek out and draw upon the expertise of human capital experts to inform their deliberations. The Partnership for Public Service reported a similar finding in 2012 when it asked CHCOs if their respective agency's leadership viewed the CHCO and the human resources staff as trusted business advisors versus transaction managers. Twenty-five percent of CHCOs responded "not at all" or to a "limited extent."¹⁶ Perhaps further reflecting the varying capabilities of agency human capital offices across government, some CHCOs said that agency leaders do not fully understand the potential for strategic human capital management and have not elevated the role of the human capital office to better support an agency's operations and mission.

In our 2013 high risk update we found that the human resources specialist occupation was one of several government-wide, mission critical skill gaps.¹⁷ Under OPM's leadership, several steps have been taken as part of a cross agency group focused on improving the capacity of human resource specialists. For example, OPM reported that in fiscal year 2013, OPM increased registration in its Human Resources University (HR University) and validated career path guides for classification, recruitment and hiring policy, and employee relations. As part of our ongoing oversight of OPM's and agencies' efforts to close government-wide mission critical skill gaps, we will continue to assess the progress being made in improving the human capital infrastructure within agencies needed to better support agencies' planning and programmatic functions.

In our case illustrations, we identified examples of how human capital staff partner with other agency officials to align human capital management with mission execution.

¹⁶Partnership for Public Service, *Bracing for Change: Chief Human Capital Officers Rethink Business as Usual* (Washington, D.C.: August 2012).

¹⁷[GAO-13-283](#).

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- Officials at the Department of State (State) said they developed and shared forecasts of workforce attrition, data on emerging skills gaps and cost estimates for addressing them through recruiting and retention efforts, and similar data with program officials. As a result, officials said program management has a better understanding of the role that strategic human capital management plays in meeting the agency's mission. Moreover, program officials seek out and consider other workforce-related data when making key budget, acquisition, and technology investment decisions. Officials we spoke with said when State officials meet with congressional appropriators, both State's human capital and budget officials are present to articulate how the agency prioritizes important initiatives.
 - Human capital officials at the National Aeronautics and Space Administration (NASA) said they developed strong relationships with other functional areas to elevate the role of the human capital function across the agency. Officials said they sought out human capital staff when key decisions would be made and ensured they were providing them with details to understand how decisions would affect the agency's workforce. By anticipating their needs and providing them valuable information, NASA officials said they demonstrated their value and have a trusted advisory role in the agency.
 - A senior human capital official at the Department of Transportation said the agency worked for a decade to incorporate workforce planning data into program management decision making. For example, department-level human capital staff worked with program-level officials on how to obtain, use, and interpret workforce data. Department-level human capital staff also conducted periodic trend analysis on workforce information for each program division and presented the findings on workforce risks and potential mitigation strategies. For example, after identifying a unit's low employee morale survey scores and a high attrition rate, human capital staff worked with the unit to design a rotational program to provide new professional development opportunities aimed at improving morale and retaining key staff. According to this official, program division leaders find this analysis useful and have requested to have them more frequently.

Enterprise Solutions Needed to Address Shared Human Capital Challenges

Our analysis of the CHCO's discussion identified that agencies have many common human capital challenges such as the need to close mission critical skills gaps, but they tend to work on them independently without looking to enterprise or "whole of government" solutions. Enterprise solutions, in this context, integrate the efforts of multiple departments and agencies to address crosscutting human capital challenges more effectively by leveraging their expertise, experience, technology, and other resources. The CHCO Council was established to improve coordination across federal agencies on personnel issues, which should include working with agencies to develop and implement enterprise solutions. The CHCOs identified a number of reasons for a lack of coordination on common problems. First, federal budgeting and account structures reinforce the prevailing tradition of controlling agency resources within a single agency. This process does not create incentives to share resources across agencies. Second, agencies may be reluctant to contribute resources to a government-wide approach because they may not get an equitable return on their investment, or may get a product that does not fit their needs. As a result, the CHCOs told us that agencies tend to work independently to address interagency human capital management issues and do not always fully leverage lessons learned by other agencies.

More recently, however, the CHCOs said there is a greater willingness to work with other agencies to address crosscutting human capital issues. This was due, in part, to the fiscal challenges agencies are facing. In particular they noted that while government-wide personnel management challenges have specific implications for each agency, there are opportunities for federal agencies to leverage resources to more efficiently address challenges that cross agencies boundaries. As we concluded in our February 2014 report, agencies that collaborated effectively were able to leverage technological resources to share information and the expertise of other agency officials to improve their programs and control spending.¹⁸

Across government, there are a number of examples of agencies and OPM initiating enterprise solutions to address crosscutting issues. For example, shared-services centers could create economies of scale by

¹⁸GAO, *Managing for Results: Implementation Approaches Used to Enhance Collaboration in Interagency Groups*, [GAO-14-220](#) (Washington, D.C.: Feb. 14, 2014).

centrally locating or consolidating personnel functions into a single service provider. In 2009, OPM completed an initiative that consolidated 26 federal payroll systems into four shared-service centers and standardized payroll policies and procedures, an effort they estimated would save the federal government \$1.1 billion over 10 years. Shared services also could improve the efficiency of administrative services within a single agency. State, for example, has consolidated some of its human resource functions into a shared-services center in Charleston, South Carolina, which, according to State officials, has reduced real estate costs as some of these activities were formerly housed in the more expensive Washington, D.C., metro area. State's human resource shared-service's center administers the agency's telework, transit benefit, and employee retirement programs. The agency is also considering shifting more personnel functions to the center.

The Department of Treasury's (Treasury) workforce-planning consortium is an example of an agency-led multi-agency enterprise solution. Treasury has shared its practices and invited speakers from other agencies, such as the Department of Interior, to share their workforce planning models with representatives from several interested agencies. Several CHCOs said that the consortium meetings were a useful venue to share information about workforce planning best practices and lessons learned, and furthered the development of enterprise solutions.

OPM has also established mechanisms to facilitate the sharing of practices that address crosscutting human capital challenges. For example, OPM's Human Resources Solutions division offers a variety of fee-for-service products and services to help agencies in such areas as recruiting, hiring, performance management, and professional development (in January 2014, OPM announced plans to downsize this office because of budget constraints). Similarly, OPM's HR University provides free and some fee-based online resources training and professional development materials to HR officials across government. Recent HR University topics have included training and leadership development, hiring reform, and addressing and resolving poor performance. According to OPM officials, the training sessions often feature officials from other agencies to discuss how they have implemented the broader human capital initiatives. We found in September 2012 that many agencies independently purchase or develop

training for the same government-wide mandated courses.¹⁹ We concluded that OPM had an opportunity to reduce duplicative and inefficient training investments by leveraging existing training resources government-wide. According to OPM officials, HR University provides a model that can help this coordination, resulting in cost savings and helping to standardize some mandatory training courses across government. OPM officials said that OPM is also partnering with the Chief Learning Officers (CLO) Council to enhance HR University's on-demand learning platform to create enterprise learning solutions to save money and increase access to training across government. According to OPM, this partnership will create sessions on mandatory training, employee onboarding, and management and leadership development. The CHCOs said that they could also use the CHCO Council's website more effectively to identify common challenges and to facilitate the sharing of agency leading practices to mitigate those challenges. The CHCO Council's executive leadership said it is working to update the website to show how the council is prioritizing issues where agencies need assistance.

The CHCOs highlighted human resource information technology and strategic workforce planning as two areas that have been long-standing issues ripe for cross-organizational collaboration.

Human Resources Information Technology (HR IT). The CHCOs said agencies could be missing cost savings opportunities by not coordinating HR IT investments within and across agencies. They said much of the data and functionality provided by HR IT systems, such as personnel action processing, performance management, and compensation and benefits, are needed by all agencies. Additionally, the CHCOs said agencies are individually procuring identical systems—at times even at different components within a single agency—rather than leveraging the purchasing power of multiple agencies to negotiate better prices or services or use shared service centers. Several CHCOs said many HR IT systems are antiquated, create functional challenges, and need urgent upgrades. Within agencies, the CHCOs said current HR IT systems do not interface well to one another and they are frequently unable to query needed information. We found in 2013 that agencies spent more than

¹⁹GAO, *Federal Training Investments: Office of Personnel Management and Agencies Can Do More to Ensure Cost-Effective Decisions*, [GAO-12-878](#) (Washington, D.C.: Sept. 17, 2012).

\$2.4 billion on 622 HR IT investments in fiscal year 2011. We identified hundreds of investments that provided similar functions. We also identified agencies that did not routinely assess their IT investment portfolios to identify and reduce duplicative systems.²⁰ We concluded that without this information, the government may continue to maintain similar IT investments. The CHCO Council's executive leadership said addressing HR IT was one of the council's major goals for 2014. Officials said the council was chartering a new working group in 2014 and would leverage the efforts of prior OPM and CHCO efforts.

Strategic Workforce Planning. Several of the CHCOs said agencies are not consistently leveraging lessons learned or collaborating to address difficulties they encounter with workforce planning models. We have found that organizations in both the public and private sectors use strategic workforce planning to help ensure they have the capacity to meet both current and future mission requirements. Preparing a strategic workforce plan encourages agency managers and stakeholders to systematically consider what is to be done, when and how it will be done, what skills will be needed, and how to gauge progress and results. In 2012 we found that some federal agencies, such as the Environmental Protection Agency, the Department of the Interior's Forest Service and the Department of Homeland Security, continue to struggle with developing effective strategic workforce plans.²¹ Agencies can use a variety of models to conduct workforce planning, but all of the models generally share common steps including examining future issues that may affect the agency's ability to attain its strategic goals, determining skills needed to meet those goals, selecting and implementing human capital strategies to address issues and skills gaps, and evaluating the success of human capital strategies.²² Though agency approaches to workforce planning vary depending on agency needs and mission, the CHCOs said agencies are not consistently accessing or using the strategies and models that some agencies have found useful. Some

²⁰GAO, *Information Technology: OMB and Agencies Need to Focus Continued Attention on Eliminating Duplicative Investments*, [GAO-13-685T](#) (Washington, D.C.: June 11, 2013).

²¹GAO, *Workforce Planning: Interior, EPA, and the Forest Service Should Strengthen Linkages to Their Strategic Plans and Improve Evaluation*, [GAO-10-413](#) (Washington, D.C.: Mar. 31, 2010).

²²GAO, *Human Capital: Key Principles for Effective Workforce Planning*, [GAO-04-39](#) (Washington, D.C.: Dec. 11, 2003).

CHCOs said a more systematic approach to workforce planning would be helpful, but OPM's workforce planning tools were too high level for their needs.

The CHCOs and OPM discussed two tools OPM has developed to help agencies with workforce planning, yet the CHCOs expressed reservations about both. First, the Human Capital Assessment and Accountability Framework (HCAAF) was designed in part, according to OPM, to enable agencies to transform the federal workplace into high-performing arenas where every employee understands and is able to maximize his or her contribution to agency mission. While acknowledging that HCAAF could be used for workforce planning, some CHCOs at our forum said that they viewed HCAAF as a report card focused on compliance rather than guidance. In 2013, OPM rolled out a revised HCAAF, now known as the Human Capital Framework, which, according to OPM officials, should make the framework more flexible, more practical, easier to understand, and more useful to agencies.

Second, OPM officials said they are piloting a process initiative—HRStat—that represents, among other benefits, a promising approach to improved workforce planning. One of its purposes is to assist agencies that have little or no workforce planning capability to identify key human capital data for collection and analysis to understand trends and actions that can improve agency performance. Similar to the CHCOs' concerns about HCAAF, pilot agencies recommended OPM safeguard against using HRStat as an accountability mechanism or it will quickly become a compliance exercise versus a meaningful tool to engage agencies in performance improvement. In 2013, we concluded that data-driven performance review meetings—such as those used by HRStat practitioners—should be both a leadership strategy to drive performance and a mechanism to hold managers accountable for diagnosing performance problems and identifying strategies for improvement.²³ As of December 2013, 16 agencies are participating in the HRStat pilot. OPM officials said they plan to expand the pilot government-wide in 2014.

²³GAO, *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).

More Agile Talent Management Needed to Address Inflexibilities in the Current System

For agencies to meet their vital missions, their human capital policies and programs need to promote agile talent management. An agile workforce is, as noted in one study, one that ensures “the right people, with the right skills, are assigned to the right roles at the right time and at the right cost...” and that “can quickly be reconfigured to suit an organization’s needs.”²⁴ However, our analysis of the CHCO forum comments found that agencies’ talent management tools lack two key ingredients important for developing an agile workforce, namely the ability to: (1) identify the skills available in their existing workforces, and (2) to move people based on skills needs within the organization and across agencies.

Greater Visibility over Skills Needed

The CHCOs stated that it is difficult for agencies to identify the range of skills within their existing workforces. According to the CHCOs, most federal human resources systems do not identify employee skills in any detail below their occupational series, title, and grade. As a result, the CHCOs said they do not have the information necessary to effectively leverage the existing skills in their workforce, to keep individuals with certain skills from leaving, or to identify what additional training or recruitment efforts to undertake. The CHCOs said skill visibility is also needed when forming temporary, cross-agency task teams to address a specific agency issue or challenge.

Some agencies have developed skill inventory systems intended to provide skill visibility within their workforce. For example, the U.S. Department of Agriculture has a searchable internal tool that allows employees to post their skills and competencies such as foreign language fluency or technical certifications. Department officials said they use this tool to help focus their succession planning and training efforts on areas of need, as well as to help employees plan for their own career development. The Environmental Protection Agency officials said they are piloting an online skills marketplace to align people and their skills with projects. Managers post short-term detail opportunities requesting people with certain skills to address high-priority agency needs. We previously recommended that the Food and Drug Administration (FDA) develop a skills inventory as part of its human resources information technology

²⁴Rebecca L. Ray, Charles Mitchell, Amy Lui Abel, Patti Phillips of The Conference Board; and Emily Lawson, Bryan Hancock, Allison Watson, and Brooke Weddle of McKinsey & Company. *The State of Human Capital 2012: False Summit: Why the Human Capital Function Still Has Far to Go*. Report Number: TCB_R-1501-12-RR (McKinsey & Company and The Conference Board, October 2012), 13.

Greater Skills Mobility Needed within and across Agencies

modernization efforts. In September 2013, FDA completed a skills inventory tool designed to inform the agency's recruitment and retention programs.²⁵

The CHCOs reported that a lack of staff mobility in the civil service structure makes it difficult for agencies to align their workforces with evolving missions. The CHCOs said job qualifications often emphasize experience over the underlying skills needed, making it challenging to transfer individuals across occupations or agencies. In contrast, if the occupational structure was broader and more focused on skills or competencies, it would be easier to transfer qualified individuals who have the necessary core skills and who could then be easily trained on the mission-specific aspects of the position.

The CHCOs said increasing staff mobility could improve agencies' ability to meet emerging or temporary mission needs more cost effectively than hiring employees. The CHCOs said there has been some success at transferring individuals during times of crisis. For example, in response to the 2010 Deepwater Horizon spill in the Gulf of Mexico, several agencies were involved with cleanup efforts. But the CHCOs said there were other opportunities for agencies to share employees within and across organizational boundaries. For example, staff mobility could help agencies better address interagency goals and challenges, or to plan or implement short-term or one-time initiatives. Increased mobility could also be used to permanently transfer employees whose skills are surplus at one agency to other agencies with a shortage of those skills.

One way of increasing staff mobility mentioned by the CHCOs was through rotational opportunities. We concluded that effective interagency rotational assignments can achieve collaboration-related results—such as building interagency networks—but such programs must be a “win-win” for the individuals and organizations involved to be effective. For example, rotational programs must address issues related to the employee's career progression, the temporary diminishment of the home organization's workforce capabilities, and—particularly in an era of highly

²⁵GAO, *Information Technology: FDA Needs to Establish Key Plans and Processes for Guiding Systems Modernization Efforts*, [GAO-09-523](#) (Washington, D.C.: June 2, 2009). The recommendation was closed as implemented.

constrained resources—the reluctance of managers to let their high performers go on interagency rotations.²⁶

Nuclear Regulatory Commission (NRC) officials said they use internal rotations to respond to emergency situations and to meet emerging agency needs. For example, in response to the 2011 earthquake and tsunami that damaged the nuclear power reactors at the Fukushima Daiichi facility in Japan, NRC used the rotation program to deploy staff from its regional offices to understand the lessons from Fukushima and review its own regulatory approach to ensuring the safety of America’s reactors. Officials said NRC’s rotational program contributed to the agency’s ability to identify the people and skills needed to address the rapid response to the event. They also said they use internal rotational assignments to develop greater overall capability of the staff to better accomplish the mission of the agency. In rotational assignments at NRC, employees are generally assigned to other functions and components within the agency for 6 months or less to broaden staff capabilities. According to NRC, support from senior leadership for staff rotations is critical. Officials said the Executive Director for Operations, NRC’s chief operations officer, helps create a cultural environment that encourages supervisors to allow staff to rotate to other areas, recognizing the long-term benefits to the agency. NRC reports that these internal rotational assignments not only help improve the agency’s workforce capabilities, but also allow interested employees an opportunity to gain new experiences and responsibilities that are important factors for maintaining employee satisfaction and retention.

In March 2014, OPM and the Environmental Protection Agency launched GovConnect, a pilot program intended to model a more mobile, agile, and skilled workforce. Through GovConnect, agencies will volunteer to pilot three models: (1) GovProject, a management-driven model to support rapid deployment of cross-agency action teams to respond to complex problems, (2) GovStart, an employee-driven model enabling individuals with desired skillsets to identify and support initiatives through part-time teams, and (3) GovCloud, a skill deployment system assigning individuals on a project-by-project basis to address critical skills gaps.

²⁶GAO, *Interagency Collaboration: State and Army Personnel Rotation Programs Can Build on Positive Results with Additional Preparation and Evaluation*, [GAO-12-386](#) (Washington, D.C.: Mar. 9, 2012).

OPM Needs to Ensure Its Human Capital Tools and Guidance Are Meeting Agencies' Needs

OPM makes available a range of different human capital tools, such as workforce planning models and guidance in a variety of different formats. According to OPM, it is responsible for assisting agencies with all aspects of human capital management. In this capacity, OPM provides tools and guidance to agencies through multiple formats, including its website, webinars, in-person training, and policies and user feedback in some cases. Moreover, OPM officials said they are increasingly providing training through webcasts that agencies can post on their internal sites to encourage human capital staff to view. However, the CHCOs said OPM needed to do more to raise awareness and assess the utility of the tools and guidance it provides to agencies. The CHCOs said they were either unfamiliar with the tools or guidance, or they fell short of their agency's needs. As a result, a key resource for helping agencies improve the capacity of their personnel offices is likely being underutilized.

For example, the CHCOs identified three areas where additional outreach and evaluation of existing tools would be helpful: (1) applying classification standards, (2) aligning employee performance with organizational goals, and (3) workforce planning. OPM said it meets quarterly with agency classification officials to discuss classification standards and assist with agency classification questions—including classifying evolving occupations. An OPM official said OPM offers guidance and tools for agencies to align agency strategic goals with individual performance goals and plans including a handbook and corresponding HR University course on OPM's website.

However, in applying classification standards, the CHCOs said they could use more help aligning classification standards with position descriptions than currently provided. They noted that it was difficult to write position descriptions for evolving occupations, such as those related to technology, and some agency missions require new skills that are hard to obtain within the existing classification standards. Despite these quarterly meetings, CHCOs said they are not always aware of updated policy and guidance and therefore some agencies continue to use the outdated standards. The CHCOs said if the position description and job announcements are based on outdated standards, they are less likely to reflect the specific skills needed, making it challenging for agencies to recruit and hire the right individuals. Similarly, CHCOs said it was difficult for agencies to align agency strategic goals with individual performance goals and plans. They stated that they needed additional assistance from OPM to effectively implement this guidance. Finally, CHCOs said OPM evaluates agencies' workforce planning and understands the challenges

that remain in agencies, but is not doing enough to identify and share effective workforce planning practices across the government.

OPM officials acknowledged that OPM had not evaluated the tools and guidance it provided to agencies on these issues, did not know the extent to which the CHCOs were unfamiliar with the tools and guidance, or if the tools and guidance were meeting agency requirements. OPM officials also said that in some cases, the tools were newly developed and their effectiveness could not yet be measured. Program evaluation guidance states that evaluations can play a key role in program planning, management, and oversight by providing feedback—on both program design and execution—to program managers, among others.²⁷ Going forward, consistent with OPM's mission to assist agencies' human capital efforts, it will be important for OPM to better understand whether and how agencies use the assistance it provides. Indeed, soliciting feedback on such topics as content, delivery method, and timing would help ensure that this important information was being fully utilized.

Conclusions

Current fiscal pressures are spurring agencies to consider creative and innovative approaches that might have been dismissed in the past. With respect to strategic human capital management, the CHCOs we spoke with identified a range of federal human capital management challenges, many of which have been long-standing across government. At the same time, they also highlighted a newfound urgency and willingness to collaborate across agency boundaries to address those challenges. While not an exhaustive list, the CHCOs' three overarching human capital challenges—(1) lack of coordination in a fragmented human capital community, (2) limited enterprise or “whole of government” approaches to address crosscutting challenges, such as HR IT and workforce planning, and (3) a lack of agile talent management—represent an important framework to begin prioritizing and modernizing current human capital management practices to meet the agencies' missions. Moreover, given the magnitude of the government's personnel challenges and agencies' limited resources, it is critical that OPM's investments in tools, guidance, and other resources are meeting agencies' needs and are being fully utilized.

²⁷GAO, *Program Evaluation: Strategies to Facilitate Agencies' Use of Evaluation in Program Management and Policy Making*, [GAO-13-570](#) (Washington, D.C.: June 26, 2013).

Recommendations for Executive Action

To create a more effective human capital system that is more responsive to managing priorities and future workforce needs, we recommend that the Director of OPM, in conjunction with the CHCO Council, take the following four actions:

1. 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:
 - 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
 - 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.
2. 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:
 - seeking cost savings and improved functionality through coordinated government-wide HR IT planning and acquisition,
 - seeking agency input to ensure OPM's workforce planning tools provide effective guidance for agencies, and
 - sharing workforce planning lessons learned and successful models across the government.
3. Review the extent to which new capabilities are needed to promote agile talent management. Such actions could include developing or sharing:
 - tools, resources, and methods to help identify skills gaps and surpluses that can inform agency recruitment, retention, and training needs; and
 - mechanisms for increasing staff mobility within an agency and government-wide to assist agencies in aligning their workforces with evolving needs.

-
4. 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.

Agency Comments and Our Evaluation

We provided a draft of this product to the Director of OPM for comment. In the written comments of the Acting Associate Director for Employee Services, which are reproduced in appendix III, OPM incorporated comments from the CHCO Council. OPM and the CHCO Council concurred with our recommendations. OPM also provided technical comments, which were incorporated as appropriate.

With respect to the coordination of government-wide human capital initiatives, 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.

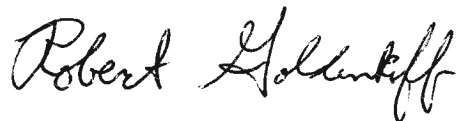
In response to our recommendation for greater enterprise solutions, OPM said that in 2014 it began working with the CHCO Council to refine the strategic workforce planning method that the CHCO Council will use to identify enterprise-wide occupations and competencies for continued focus, and that all 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. In

response to our recommendation for greater agile talent management, 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.

Finally, in response to our recommendation that OPM should do more to evaluate the communication strategy and effectiveness of the tools and guidance provided to agencies, OPM said 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 recently 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.²⁸

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from the report date. At that time, we will send copies to the Committee on Oversight and Government Reform. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report please contact me at (202) 512-2757 or goldenkoffr@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.



Robert Goldenkoff
Director
Strategic Issues

²⁸ GAO, *Office of Personnel Management: Agency Needs to Improve Outcome Measures to Demonstrate the Value of Its Innovation Lab*, [GAO-14-306](#). (Washington, D.C.: March 31, 2014).

Appendix I: Objectives, Scope, and Methodology

To assess the key strategic human capital challenges federal agencies face in an era of highly constrained resources and identify effective strategies for addressing them, we convened an expert panel of Chief Human Capital Officers (CHCO) or their designees from agencies of the CHCO Council. Throughout this report, we refer to the expert panel as the “CHCO forum.” Twenty-five of the 27 CHCO Council members participated in the forum. The Small Agency Council and the Department of Labor did not send a CHCO, Deputy CHCO, or representative to the forum.

Participants in the forum were asked: (1) to identify and prioritize the key strategic human capital challenges federal agencies face in an era of flat or declining budgets and effective practices for addressing them, and (2) the extent to which the Office of Personnel Management (OPM) ensures agencies have the tools and guidance needed to mitigate human capital challenges associated with flat or declining budgets and whether agencies find these useful. Through a facilitated discussion, CHCOs identified five challenges in meeting long-term workforce needs in an era of limited budgets. To prioritize the list of challenges, we used a nominal group technique in which CHCOs scored each challenge from one (most important) to five (least important). After prioritizing the list of challenges, the full forum was broken out into smaller subgroups for facilitated discussions of (1) the reasons for the challenge, (2) effective strategies for addressing it, and (3) OPM’s role in helping to mitigate it. Break-out groups consisted of representation from at least three agencies and CHCOs were able to self-select the discussion group in which they wished to participate. Upon completion of the facilitated discussion, a representative from each group reported a summary of key discussion points to the larger group for comment and refinement.

We used the long-table method to analyze the forum discussion, including the results of the sub-group discussions as compared to the requirements of OPM and the CHCO Council, discussions with nongovernmental groups and relevant literature. Through this analysis, we collaboratively identified the major themes through repeated analysis and discussion of detailed notes from the main forum and subgroup sessions. We used this method to identify the major human capital challenges discussed in the forum. We also used it for forum discussions related to the strategies for addressing human capital management problems, and to assess OPM’s role in providing assistance to mitigate the challenges. For additional perspectives on strategies addressing federal human capital challenges, we reviewed our recent work on leading practices for collaboration and our other relevant work on federal management.

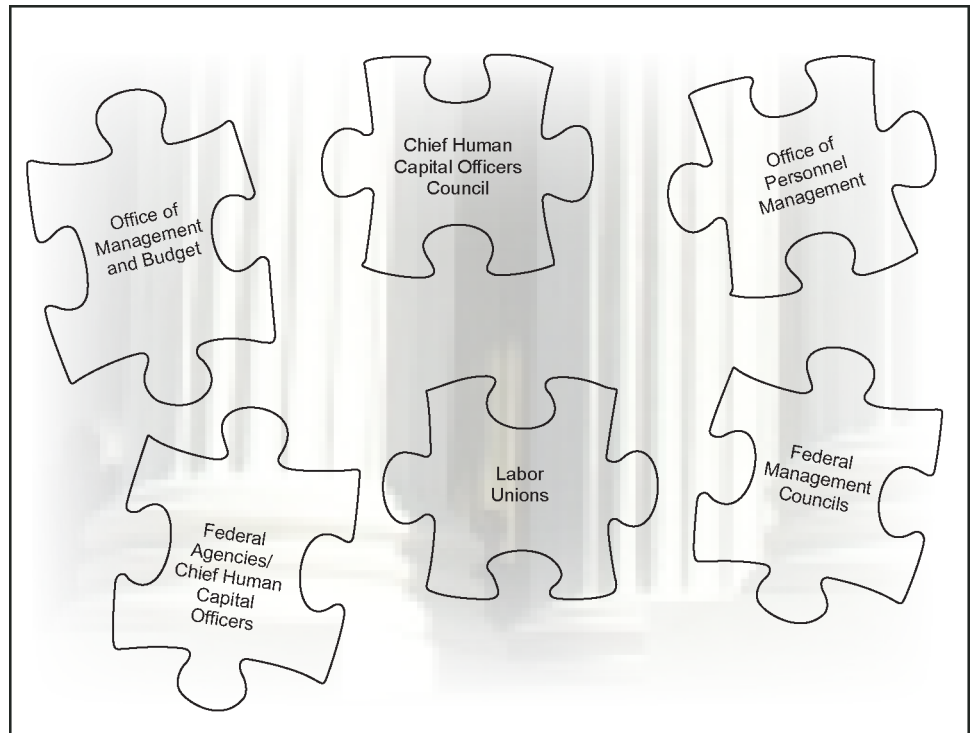
As a complement to the human capital management challenges and strategies presented at the CHCO forum, we reviewed literature and interviewed nongovernmental organizations (NGO) that study federal human capital management issues. The NGOs included the Partnership for Public Service, the National Academy of Public Administration, IBM Center for the Business of Government, the Senior Executive Association, and the International Public Management Association for Human Resources. We also interviewed experts from academia and reviewed prior GAO reports. We selected the NGOs and experts we interviewed by conducting a literature search and reviewing human capital research to identify those who had published relevant work. In some cases, interviewees referred us to other organizations or individuals that had particular expertise on a particular topic.

We developed case illustrations of leading human capital management practices at four federal agencies. In selecting case study agencies, we considered quantitative and qualitative criteria including: (1) trends in discretionary budgets (real dollars) from fiscal years 2004 to 2011 to identify agencies with flat or declining budgets, (2) retirement and voluntary resignation rates from fiscal years 2010 to 2011, (3) agency rankings for employee satisfaction with strategic management and leadership on the 2012 Federal Employee Viewpoint Survey, and (4) expert recommendations from the NGO interviews. Based on these criteria, we selected the following agencies for case study: the National Aeronautics and Space Administration, the Nuclear Regulatory Commission, the Department of State, and the Department of Transportation.

To assess the extent to which OPM ensures agencies have the tools, such as workforce planning models, guidance, and assistance that the CHCOs considered most important to mitigate human capital challenges associated with highly constrained resources, we asked the CHCOs to describe the tools and guidance OPM provides to address key human capital challenges identified during the CHCO forum session, their level of satisfaction with them, and ways those tools and guidance could be strengthened. We reviewed documentation of guidance and tools that OPM provides to agencies to assist them with managing the key human capital challenges articulated by the CHCO forum. We also interviewed OPM officials about mechanisms they use to: (1) identify the need for new guidance and tools from agencies, and (2) collect feedback from agencies about the usefulness of existing guidance and tools.

Appendix II: Interactive Graphic Information

Figure 2: The Federal Human Capital Community Is Fragmented (Print Version)



Source: GAO analysis.

Text on Graphic

Rollover Text on Graphic

Office of Management and Budget	The Office of Management and Budget (OMB): (1) works with executive agencies to prepare the President’s budget request; (2) oversees agency performance, federal procurement, financial management, information technology; and (3) coordinates and reviews all significant federal regulations by executive agencies.
Chief Human Capital Officers Council	The Chief Human Capital Officers Council (CHCO Council) advises and coordinates the activities of members’ agencies on such matters as: <ul style="list-style-type: none"> the modernization of human resources systems, improved quality of human resources information, and legislation affecting human resources operations and organizations. The council is chaired by the Director of OPM, vice-chaired by the Deputy Director for Management at OMB, and comprised of the CHCOs at federal departments and others designated by the Director of OPM.
Office of Personnel Management	The Office of Personnel Management (OPM) provides human resources, leadership, and support to federal agencies to recruit and hire, to train and motivate employees, and to promote an inclusive workforce defined by diverse perspectives. OPM develops policy for federal human resources departments and ensures it is properly implemented.

Text on Graphic	Rollover Text on Graphic
Federal Agencies/Chief Human Capital Officers	The Chief Human Capital Officers Act of 2002, enacted as part of the Homeland Security Act of 2002 (Pub. L. No. 107-296) on November 25, 2002, required the heads of 24 executive departments and agencies to appoint or designate CHCOs. Each CHCO advises and assists his or her agency on all human resources management issues, including selecting, developing, training, and managing a high-quality, productive workforce in accordance with merit system principles. Some agencies beyond those 24 executive departments and agencies also have CHCOs.
Labor Unions	Labor unions allow employees to bargain with agency management over many matters affecting working conditions. Some unions also coordinate legislative and political action programs to monitor issues that impact the government workforce.
Federal Management Councils	<p>Presidential Management Council (PMC): Chaired by the Deputy Director for Management of OMB, PMC consists of chief operating officers of executive branch agencies, the OPM Director, the General Services Administration Administrator, and others. PMC advises the President and OMB on government reform initiatives, provides performance and management leadership throughout the executive branch, and oversees implementation of government-wide management policies and programs.</p> <p>Chief Acquisition Officers (CAO) Council: Chaired by Deputy Director for Management at OMB and comprised of CAOs and defense procurement executives. The CAO Council is the principal interagency forum for monitoring and improving the federal acquisition system.</p> <p>Chief Financial Officers (CFO) Council: Chaired by Deputy Director for Management at OMB and consisting of the Controller for the Office of Federal Financial Management at OMB, the Fiscal Assistant Secretary of Treasury, and the CFOs from executive agencies, the CFOC works to improve financial management in the U.S. Government.</p> <p>Chief Information Officers Council (CIOC): Chaired by Deputy Director for Management at OMB and consisting of CIOs from executive agencies, the CIOC serves as the principal interagency forum for improving practices in the design, acquisition, modernization, use, development, sharing, operation and performance of federal government agency information resources.</p> <p>Chief Learning Officers (CLO) Council: CLOs formed an informal community of practice who meet periodically to share best practices, create learning opportunities, and discuss and collaborate on high-level agency strategic and operational issues affecting the federal learning and workforce development community.</p> <p>Performance Improvement Council (PIC): The PIC, composed of the Performance Improvement Officers of federal agencies and departments as well as senior OMB officials, facilitates information exchange among agencies to improve the performance of Federal programs.</p>

Appendix III: Comments from the Office of Personnel Management



Employee Services

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

APR 24 2014

Robert Goldenkoff
Director, Strategic Issues
U.S. Government Accountability Office (GAO)
441 G St., NW
Washington, DC 20548

Dear Mr. Goldenkoff:

We have reviewed your draft report titled, "Human Capital: Strategies to Help Agencies Meet Their Missions in an Era of Highly Constrained Resources (GAO-14-168)" and are in concurrence with the findings and recommendations identified in the report. The findings and recommendations in the GAO report support and validate the need for the programs that the U.S. Office of Personnel Management (OPM) is currently implementing in partnership with the U.S. Office of Management and Budget (OMB), the Chief Human Capital Officers (CHCO) Council, and the 26 cabinet level agencies. We recognize that even the most well run programs can benefit from an external evaluation and we appreciate the input of the GAO as we continue to work to enhance our programs. Specific responses to your recommendations are provided below.

Response to Recommendations

FINDING #1: Strengthening coordination 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, the council is not carrying out this responsibility as well as it could. This challenge manifests itself in two ways: across organizations, with many actors making human capital decisions in an uncoordinated manner, and within agencies, excluding CHCOs and the human capital staff from key agency decisions.

RECOMMENDATION #1:

Strengthen their 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:

- Developing a government-wide human capital strategic plan that, among other things would establish strategic priorities, timeframes, 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
- 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.

CHCO Council Response: Concur

The CHCO Council collectively concurs with the findings in GAO's draft report. While we agree that more can be done to coordinate, share resources and explore agile talent management strategies, the CHCOs believe that the characterization of the human capital community as "highly fragmented" is incorrect and overly broad. To the contrary, the CHCO Council members, OPM and OMB have been exploring new models of coordination and continue to find new ways to produce more meaningful and long lasting improvements.

Rather than have OPM require all Departments and Agencies to pursue the same goals with the same strategies, where the measure of progress is rigid compliance, our community is quickly progressing toward a mature model. By working together, we (1) collectively identify an area to address, (2) examine current promising practices to develop general strategies, (3) use data to identify natural next steps and provide context for the challenges ahead, and (4) allow CHCOs and their component-level partners to take ownership and implement plans most likely to drive real change and progress. At the April 2014 CHCO Council meeting, we discussed how to best articulate this new model to audiences such as the media, the public and GAO. We look forward to continuing our work together.

OPM Response: Concur

OPM's approach to government-wide human capital initiatives is specifically designed to build coordination and collaboration mechanisms across the human resources (HR) community as well as between CHCOs and other agency leaders. For example, OPM formed CHCO Council working groups on HR Information Technology (HRIT) consolidation and skills gap closure to assure CHCO and agency leader views and priorities were integrated into the design of these initiatives. For each occupation identified in the skills gap closure initiative, OPM collaborated with OMB to identify occupational leaders who have led within their respective communities. With OPM support, the occupational leaders identified led the design of human capital strategies to close skills gaps in their occupations. For several of these occupations, OPM has convened meetings of occupational leaders and their CHCO counterparts – along with other stakeholders – to jointly design effective skills gap closure strategies. OPM has also created collaboration communities around key initiatives including HRStat, in order to strengthen coordination and

collaboration not just between OPM and agencies but across the agencies as a community and between CHCOs and their Performance Improvement Officers. For HRStat, for example, OPM designed the agency pilots to bring mentors from the Performance Improvement Council and agency CHCO representatives to assist agencies piloting HRStat for the first time.

FINDING #2: 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 that could resolve them more effectively. Across government, there are examples of agencies and the Office of Personnel Management (OPM) initiating enterprise solutions to address crosscutting issues, including the consolidation of federal payroll systems into shared-service centers. CHCOs highlighted human resource information technology and strategic workforce planning as two areas that are ripe for government-wide collaboration.

RECOMMENDATION #2:

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:

- Seeking cost saving and improved functionality through coordinated government-wide HR IT planning and acquisition, and
- Seeking agency input to ensure OPM's workforce planning lessons learned and successful models across the government.

OPM Response: Concur

OPM is actively pursuing enterprise strategies for strategic workforce planning, HRIT, learning and development, recruitment and hiring and other key HR service delivery areas.

- Strategic workforce planning: In 2011-2012, OPM partnered with the CHCO Council to design an enterprise approach to identifying current and projected skills gaps, and OPM has led cross-agency efforts to close skills gaps in shared occupations and competencies. As a result of this effort, six occupations and seven competencies were identified for government-wide focus, and OPM has partnered with agency CHCOs and occupational leaders to design and implement gap closure strategies. In 2014, OPM begun working with the CHCO Council Skills Gaps Working Group to continue refining the strategic workforce planning method that the 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 skills gaps.
- HRIT: In March 2014, OPM released its Strategic Information Technology Plan. The plan devises a comprehensive strategy that aligns human capital systems and processes to

the human capital lifecycle (i.e., from resume to retirement). Furthermore, this integrated approach will create enterprise solutions that achieve cost savings, improved functionality and a coordinated government-wide HRIT plan as the approach includes a customer-centric model in the design. Additionally, the Strategic Information Technology Plan includes a progressive policy-driven plan that adopts forward-thinking principles of agile IT policy and data analytics that is informed by anticipated changes to the workforce through the use of foresight techniques. OPM continues to work closely with the HR Line of Business (HRL0B) and the CHCO Council to develop recommendations to improve the service delivery model for the shared service centers. This collaborative partnership includes cross-coordination between the HRL0B/CHCO Council and OPM's Strategic Information Technology Plan to ensure seamless communication, improved functionality, reductions in costs and improved delivery of services.

- Learning and development: OPM is partnering with the Chief Learning Officers (CLO) Council to build on the highly successful HR University (www.hru.gov) to create enterprise learning solutions that save money and increase employee access to high quality training across government. Developed by the CHCO Council with OPM's leadership and continued maintenance, HR University is the one-stop training and development resource for the federal HR community, and provides a single, agreed upon career map, competency model, and curriculum framework for all federal HR training. To date, HR University has saved over \$100 million in taxpayer funds by preventing agencies from duplicating investment in training design and delivery, and enabling agencies to share training with each other within the common curriculum framework. OPM is working with the CLO Council to create similar one-stop course sharing solutions for additional occupations, as well as mandatory training, onboarding and management/leadership development. In addition, OPM recently announced the first enterprise agreement with a major university (University of Maryland's University College) to provide discounted tuition for federal employees and their legal dependents. OPM is working to replicate this agreement with other universities and colleges to increase employees' access to high quality education, and to make the federal government an attractive employer.

FINDING #3: Creating more agile talent management to address inflexibilities in the current system.

Our analysis found talent management tools 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.

RECOMMENDATION #3:

Review the extent to which new capabilities are needed to promote agile talent management. Such actions could include developing or sharing:

- Tools, resources, and methods to help identify skills gaps and surpluses that can inform agency recruitment, retention, and training needs; and
- Mechanisms for increasing staff mobility within an agency and government-wide to assist agencies in aligning their workforces with evolving needs.

OPM Response: Concur

OPM is creating innovative approaches to agile talent management, through leadership of the GovConnect initiative as well as rollout of the revised Human Capital Framework.

- Part of the Second Term Management Agenda's Engagement pillar, GovConnect is using a pilot approach to create talent exchange and networking capabilities within agencies, with the goal of integrating talent exchange across agencies to give employees access to rotational assignment opportunities across government. GovConnect's goal is to increase managers' ability to close immediate skills gaps through redeployment of internal talent, and to increase employee engagement by providing project-based learning opportunities.
- In 2012, OPM launched a complete review and revision of the Human Capital Assessment and Accountability Framework (HCAAF), which establishes the systems, standards and metrics required for federal strategic human capital management. Based on best practices from across government as well as private industry, the revised Human Capital Framework (HCF) provides adaptive human capital management systems and practices designed to increase agility across the federal enterprise. Developed through a cross-agency and cross-sector partnership, the HCF frames talent management as a fundamentally open system, in which HR systems must be designed to adapt quickly to changing mission requirements and environmental factors. The forthcoming HCF resource center provides specific tools for managers, employees and HR practitioners to apply agile workforce management practices in their agencies.

FINDING #4: Raise awareness and assess the utility of the tools and guidance it provides to agencies to address key human capital challenges.

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.

RECOMMENDATION #4:

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.

OPM response: Concur

OPM collaborates with agencies on the design and delivery of tools, training and resources. For example, the forthcoming HCF resource center was developed in partnership with agency representatives. OPM is committed to continued collaboration with agencies to identify agency need for tools, training and resources; and to design products toward agency end users. OPM plans to use the LAB@OPM to facilitate this collaborative approach, drawing on the innovation lab's unique expertise in applying the discipline of Human Centered Design to policy, program and product development.

Technical comments to the draft report are enclosed. Unless otherwise noted, the suggested provisions are meant to provide technical accuracy.

Sincerely,



Mark Reinhold
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Appendix IV: GAO Contact and Staff Acknowledgments

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Staff Acknowledgments

In addition to the individual named above, Chelsa Gurkin, Assistant Director; Shea Bader, Analyst-in-Charge; Jeffrey DeMarco; Karin Fangman; Rebecca Rose O'Connor; Terry Richardson; and Rebecca Shea made major contributions to this report.

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