

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.

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HUMAN CAPITAL

Update on Strategic Management Challenges for the 21st 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.