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HIGH RISK: HUMAN CAPITAL IN THE FEDERAL GOVERNMENT

HEARING

BEFORE THE

OVERSIGHT OF GOVERNMENT MANAGEMENT, RESTRUCTURING AND THE DISTRICT OF COLUMBIA SUBCOMMITTEE

OF THE

COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

ONE HUNDRED SEVENTH CONGRESS

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HIGH RISK: HUMAN CAPITAL IN THE FEDERAL GOVERNMENT

THURSDAY, FEBRUARY 1, 2001

U.S. SENATE,
OVERSIGHT OF GOVERNMENT MANAGEMENT, RESTRUCTURING,
AND THE DISTRICT OF COLUMBIA SUBCOMMITTEE,
OF THE COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:30 a.m., in room SD–342, Dirksen Senate Office Building, Hon. George V. Voinovich, Chairman of the Subcommittee, presiding.

Present: Senators Voinovich, Durbin, and Akaka.

OPENING STATEMENT OF SENATOR VOINOVICH

Senator VOINOVICH. The hearing will come to order.

First, I would say that I am expecting some more of my colleagues. I was able to get out of the prayer breakfast a little bit sooner than some of them, so I suspect they will be coming along in the next couple of minutes.

I would like to thank you all for coming today. This is the first hearing in the 107th Congress of the Subcommittee on Oversight of Government Management. Today we will examine the decision of the U.S. General Accounting Office to designate strategic human capital management across the entire government as high risk. To help in that examination, our sole witness today is the Hon. David M. Walker, the Comptroller General of the United States and the Chief Executive Officer of the U.S. General Accounting Office.

Comptroller General, we are very happy to have you with us today, and again I want to express publicly the wonderful cooperation that I have received from you during the last couple of years. It is heartening to me to know that your recently released "2001 GAO High-Risk Report" states that, "After a decade of government downsizing and curtailed investments in human capital, it is becoming increasingly clear that today's Federal human capital strategies are not appropriately constituted to adequately meet current and emerging needs of government and its citizens in the most effective, efficient, and economical manner possible. Strategic human capital management is a pervasive challenge in the Federal Government." I agree.

As anyone who has been following the activities of this Subcommittee knows, we have been focusing on the unmet needs of the Federal workforce for some time. During the 106th Congress, one of the top priorities of the Subcommittee was to raise the profile of human capital issues, and I am proud of our record in that re-

gard. From July 1999 through May 2000, the Subcommittee held six hearings that examined various aspects of human capital management. We requested four reports from GAO addressing various aspects of the human capital issue, and I sponsored and cosponsored important civil service legislation that has become law.

The culmination of the Subcommittee's review was to release this past December a report entitled, "Report to the President: The Crisis in Human Capital." The findings of the Subcommittee leave little doubt that the Federal Government is in dire need of a unified strategy to rebuild the civil service in light of the demographic and performance challenges it confronts. The report includes recommendations for reforming human capital management before it reaches critical mass, and I think that in some departments we have already reached that. I have shared the report with the new administration.

I must say it is fortuitous that 7 weeks after we issued this report stating that there is a crisis, GAO designated human capital as high risk. I hope that the work of the Governmental Affairs Committee, the General Accounting Office, and numerous well-respected think tanks such as The Brookings Institution, the National Academy of Public Administration, and the Council for Excellence in Government, has settled the question that we do have a crisis in human capital. The question now is: How are we going to resolve it?

Mr. Walker, I would like to commend you for sounding the alarm over the human capital crisis. We have both been ringing the bell over the human capital crisis for the last 2 years, and I would like to ring the bell right now. [Rings bell.] Is anybody listening?

There is an old song entitled, "If I had a Hammer." Some of the young people here will not remember it. But the fact is that we have to get people's attention, and I wish more of my colleagues were here this morning. We have to have a wakeup call.

Some of you may wonder why I am so interested in this subject. For 18 years, as a mayor and a governor, I lobbied and interfaced with the Federal Government. I am the only person in the history of this country who has been president of the National League of Cities and chairman of the National Governors Association. I worked with administrations year in and year out, and my observations were that new administrations came in and appointed their secretaries, many of whom were appointed because of geographic or other reasons; and then, there were assistant secretaries and deputy secretaries and so on and so forth. Then, they all got on a plane and went around the country giving speeches. And the "A" team, the people who were supposed to get the job done, were basically ignored.

One thing that I decided to do and one reason why I came to the U.S. Senate was to see if we could not do something about changing the culture of the workforce of the Federal Government. We are here today—and the chickens have come home to roost. We have a lot of people who are ready to retire and will be retiring, and I am hoping that this administration "gets" it and understands how important the "A" team is.

One rumor that I have heard is that there is some talk about eliminating existing Executive orders that deals with labor-man-

agement partnerships. I have to tell you something: Labor-management partnerships are very important if we are going to do something about the human capital crisis.

When I was Governor of Ohio, we initiated a quality management program, and we could not have done it without cooperation from our unions. We did not call it quality management; we called it "quality services through partnership." And it was amazing what happened to that workforce because of the fact that we started working together, created teams, and started to solve problems by committing ourselves to continuous improvement.

So the years of inattention to sound human resource management within the Federal Government have taken their toll. As I have said on numerous occasions, and it bears repeating right now, the average Federal employee is 46 years old. By 2005, 34 percent of Federal employees will be eligible for regular retirement, and 20 percent more will be eligible for early retirement. Taken together, that is more than half the Federal workforce. Now, I do not expect them all to retire at once, but it is a serious problem.

It is amazing, when I have had people come in, prior to confirmation, Senator Durbin and I talk to them. Joe Albaugh, who is going to be the new director of FEMA, came in, and I asked him if he had looked at his workforce and its vulnerability in terms of retirement. And he said, "I did not even know it was a problem."

I asked, how many people do you have? He said 2,600. I said you are running FEMA, and you are going to have storms and tornadoes and floods, and you are going to have to respond. He is taking over after James Lee Witt, who I think is probably the best director that President Clinton had.

So there is a potential for exodus. Now, some people say, "So what?" I do hear that. I give speeches, and they say it is good to see that we are going to get rid of our Federal employees. I am hearing that too often and right now, from some people in parts of the administration. Well, you do not have to worry about it. We are going to get rid of people. They are going to go out the door.

A nursing shortage could adversely affect the Department of Veterans Affairs' efforts to improve patient safety in VA facilities and put veterans at risk. The stories about the VA and sub-par treatment are notorious.

But do you want to know something? That is not only a problem at the VA; it is a problem throughout the country. We need more nurses. And how is the Federal Government going to compete if it does not have the tools to bring more nurses on board?

At the Social Security Administration, increasing demand for services, imminent retirement of a large part of its workforce, changing consumer expectations, and mixed success in past technology investments will challenge the agency's ability to meet its service delivery demands, which include faster and more accurate benefit claims determinations and increased emphasis on returning the disabled to work.

At the Department of Energy, headquarters and field staff lack contract management skills to oversee large projects such as the cleanup of radioactive and hazardous waste sites.

I met with the commissioners from the Nuclear Regulatory Commission the other day. Six times more people on their payroll are

over 60 than under 30. They all have Ph.D.'s and master's degrees, and the Commissioners are worried about losing experienced personnel. How are they going to do their work?

So this is something that we really need to be concerned about. In over 30 years, as an elected public servant, I have come to learn that the individuals who administer the programs and services on which the public depends are the government's greatest resource. However, building a world-class civil service is not an end in and of itself. The ultimate and most important goal is to improve Federal Government programs and the delivery of services to the American people, to work harder and smarter and do more with less. This can be accomplished most effectively by making wise investments in the employees who run the programs and know how to make them work.

It is my hope that the activities of the Subcommittee will invite an exchange of ideas and begin a process that will dramatically improve the management of human capital in the Federal Government.

I look forward to working on a bipartisan basis with my Subcommittee colleagues, the Bush Administration, other Members of the Senate and House, as well as the Federal employees unions—and I want to make it clear that they are very much a part of this. We cannot get this job done without the cooperation of our unions, and we have tried to stay in touch with them. Public policy think tanks are also important, as well as other interested parties.

I am very pleased with the cooperation that the Subcommittee has received, and I look forward to continuing to work with everyone.

The Subcommittee will hold hearings on solutions in the near future. The human capital crisis creates an opportunity for Congress and the administration to reshape the Federal workforce in the 21st Century. It is time for us to roll up our sleeves and get to work.

I am pleased that the Ranking Minority Member of the Subcommittee is here with us, Senator Durbin; and Senator Akaka, welcome. I was explaining that you were on your way back from the prayer breakfast. We are glad to have both of you here with us.

I would now like to call on Senator Durbin for an opening statement.

OPENING STATEMENT OF SENATOR DURBIN

Senator DURBIN. Thank you very much, Senator Voinovich, and thank you for this hearing, which is a continuation of an issue which we have looked at before, and we should continue to look at.

I think the Chairman has adequately described the scope of the problem in terms of the shortfall in Federal civil servants who will be available in years to come. It is truly a troubling phenomenon when we consider the major responsibilities which we entrust to these Federal agencies. We want to make certain that we have men and women who are capable and dedicated in those positions.

I am happy that the Comptroller General, David Walker, has joined us today to give us his observations.

I would just like to say in very general terms that I think our strong economy is part of the problem in that a lot of job opportunities, usually paying more, have become available. Perhaps the slowing down, downturn, however you want to characterize it, will change that. I hope that that is not the tradeoff, that if we want a strong Federal workforce, we have to pray that the private sector is not that appealing. I think that is a false exchange and one that we should reject. I think we can have both a strong economy and a strong public workforce, and that is something we ought to focus on in creating incentives for people to consider Federal public service.

A year or two ago, the Democrats met and invited a gentleman from the Federal Communications Commission to come in and talk about some of the things they are facing. The interesting thing was that he was a man in his sixties who had retired from teaching at a university and was very bright and really gave us some insight into some of the more technical aspects of Federal oversight of the telecommunications industry, which you can imagine is just changing by the day. But he quickly added that he did not have the workforce to sustain this kind of surveillance and oversight.

Think about that for a second—where we expect the Federal Government to be there as the final arbiter and protector for families and businesses across America in so many different aspects, and whether we can attract people with the technical expertise and dedication to do the job. And he said, quite frankly, we cannot. Under the present circumstances in the area of information technology and communications, there are just so many more appealing opportunities outside government, it is so difficult to bring people in.

There are two additional things that I would like to comment on. It was not that long ago that the great Rush Limbaugh and others gloried in the closing down of the Federal Government, suggesting that the American people would never notice. That kind of trash talk from radio personalities diminishing the responsibility and role of Federal agencies and the people who work there takes its toll on the folks who have dedicated their lives to doing the right thing for our country by being part of Federal public service.

The fact is we closed down the government, and people did notice. A lot of things happened that we did not want to happen across America, and we learned our lesson after a few weeks.

But think about that steady drumbeat. We put up with enough as politicians, but if somebody hears every single day how worthless they are, and it becomes a mantra across America, how appealing is that job in the long haul?

The other thing is that we have a responsibility when it comes to these agencies in the way we budget them. If we do not give them the resources so they can make adequate planning for their future so they know that the job they are involved in today is of value and has some long-term benefit, then, frankly, it is no surprise that many people look for greener pastures and a more satisfying work experience.

So I thank you for this hearing. I think you are addressing a very serious problem, and I think it is one that we can make some

suggestions to the new administration and perhaps really improve the situation.

One last point if I could. A president of a university in Chicago came to see me a week or two ago, and we were talking about the shortfall in teachers—I know the Chairman mentioned the shortfall in nurses, and that is a national problem. The shortfall in teachers is the same. I said it is just alarming to me that we have so many teachers who will be retiring so soon, and he said you have to look at the individual teacher. He said a lot of these teachers are burned out, have no interest in this anymore, and do not want to learn what they have to learn to be effective; it is time for them to retire. But a lot of them who are just great are going to be leaving, too. So when we talk about retirements, there are some people who need to relax and look at a different side of life, but there are also some very valuable people whom we want to keep in public service, who make a contribution that cannot be replicated by a new employee.

Thanks, Mr. Chairman.

Senator VOINOVICH. Thank you, Senator Durbin.

That is interesting, because at the NRC, they have a lot of people who are working now who could retire, and they stay because they are dedicated and know that they are making a contribution; but they could decide to leave, and much institutional knowledge would be gone. So it is a real problem.

Senator Akaka, please.

OPENING STATEMENT OF SENATOR AKAKA

Senator AKAKA. Thank you very much, Mr. Chairman.

I am very pleased to be here with you, Chairman Voinovich, and my colleague and Ranking Member, Senator Durbin, as we continue our discussion on the challenges facing the Federal Government in managing its personnel resources.

Our government operates with machines and with computers, but the greatest asset of government is our human resources, and that is what we are talking about today. Placing human resource management on the GAO high-risk list will focus attention on ensuring a viable and effective workforce.

Chairman Voinovich is to be commended for his diligence and commitment to this issue. I know that you are interested in pursuing legislative solutions, and I look forward to working with you, Mr. Chairman, and with the Ranking Member in this endeavor.

As we renew these hearings on government management, we should remember that we are referring to people, individuals who have devoted their lives to public service as Federal employees. I believe that all of us here today agree that the Federal Government needs dedicated and qualified employees.

The question is how does the Federal Government best manage and retain current employees, attract new personnel, and provide competitive compensation to all. Proposals recommended and actions taken should be done in a fair and equitable manner.

I will work with the new administration to foster the relationship between effective workforce management and organizational success, a point stressed in GAO's January update.

The leadership demonstrated by this Subcommittee over the past decade to ensure an efficient and effective Federal Government is well known. However, strategic plans for performance measures and annual performance reports will have little meaning until Federal agencies are given adequate budgets to utilize programs that will help attract, retain, and train employees.

Tools and personnel flexibilities allowed under current law are under utilized because agencies lack the money to carry them out. The public's perception of the Federal Government comes from the top. In this time of unprecedented budget surpluses, I call on the administration and my colleagues in Congress as well to provide agencies with the funds needed to carry out the people's business.

Mr. Chairman, I look forward to hearing from Mr. Walker, and I thank you for holding this hearing today.

Thank you very much.

Senator VOINOVICH. Thank you very much, Senator Akaka, for your opening statement. I think that the last portion of it was very apropos, that there are tools available today in the Federal Government to keep individuals on board, to provide training, and to do some other things, but the budgets in the past have not reflected the amount of money that they need. I hope that this administration recognizes that fact and understands that if they are going to have a competitive workforce, they are going to have to provide the dollars to make it competitive.

Senator VOINOVICH. Mr. Walker, we have a custom of swearing in our witnesses, so if you would stand, please, and raise your right hand.

Do you swear to tell the truth, the whole truth and nothing but the truth, so help you, God?

Mr. WALKER. I do.

Senator VOINOVICH. Thank you.

Please proceed.

TESTIMONY OF HON. DAVID M. WALKER,[1] COMPTROLLER GENERAL OF THE UNITED STATES AND CHIEF EXECUTIVE OFFICER, U.S. GENERAL ACCOUNTING OFFICE, WASHINGTON, DC

Mr. WALKER. Thank you, Chairman Voinovich, Ranking Member Durbin, and Senator Akaka.

I appreciate your collective continued interest in this very important topic. Like you, I wish that we had more participating in this endeavor. It is going to take more than four of us in order to get the job done in this area—but I think people might be amazed at how much the four of us, working collectively together, can get done in this area.

I have a very extensive statement that I have submitted for the record, and I would like to hit the highlights if I could, and at the end, I will cover some summary material with these two boards that we were able to bring today.

Again, thank you for this opportunity to discuss the urgency of the need to improve the way the Federal Government manages its most valuable asset—its human capital, or its people.

[1] The prepared statement of Mr. Walker appears in the Appendix on page 27.

As we all know, many Federal employees have made the choice to choose country over self and to maximize their self-worth rather than their net worth. I think that we have to recognize that the Federal Government represents about 20 percent of the overall economy in the United States, and it has significant implications on every American's life as well as significant implications around the world, being the only superpower on earth with unparalled military, economic, and political capabilities.

Given that fact, we need to have the best and the brightest working for the Federal Government, doing the people's business, looking out for the greater good to the extent that we are going to maximize the performance and assure the accountability of the Federal Government for the benefit of all Americans.

An organization's people, its human capital, are its most critical asset in managing for results. However, the Federal Government has all too often acted as if Federal employees were costs to be cut rather than assets to be valued. After a decade of government downsizing and curtailed investments in human capital, it is becoming increasingly clear that today's Federal human capital strategies are not appropriately constituted to meet the current and emerging needs of the Federal Government and the Nation's citizens.

I would like to touch on two key points today. First, strategic human capital management is a pervasive challenge in the Federal Government. At many agencies, human capital issues have contributed to serious programmatic problems and risks, and in most cases, these risks are increasing rather than decreasing.

Second, addressing the Federal Government's human capital challenges is a responsibility that must be shared by a variety of parties, including agency leaders, OMB, OPM, the Congress, and a variety of other parties in the not-for-profit as well as the for-profit sector, which I will touch on at the end.

To help focus on this critically important issue, we recently added strategic human capital management to the list of Federal programs and operations we identified as being high risk. We determined that the Federal Government's current approach to strategic human capital management met all three of the criteria that we had adopted for identifying governmentwide high-risk areas. First, strategic human capital management challenges are evident at multiple agencies—and in fact I would say most agencies.

Second, these challenges affect a significant portion of the government's total budget or other resources. And third, these challenges constitute a deficiency that should be monitored and addressed through individual agency actions as well as through OMB and OPM initiatives, legislative action, and congressional oversight.

The leadership provided by this Subcommittee and the Senate Committee on Governmental Affairs has been especially helpful and important in focusing attention on this area and our related challenges. Working together on a bipartisan basis, I think, lays a foundation for eventual human capital reforms, both administratively and legislatively. And I might note that I have a copy here of the report of this Subcommittee with me. I believe it is an out-

standing document. I think it is a foundation for progress, a good building block to move from in seeing the way forward in this area.

Widespread inattentiveness to strategic human capital management has created a governmentwide risk, one that is fundamental to the Federal Government's ability to effectively serve the American people, both now and in the future.

The landmark Federal management reforms of the 1990's addressed most but not all of the essential elements of modern performance management. Unfortunately, they did not address the most critical element of modern performance management, and that is the people dimension.

There are three key enablers that are necessary to maximize any organization's potential, whether it be in the for-profit sector, the not-for-profit sector, or the government—people, process, and technology—and people are by far the most important element.

Mr. Chairman, we believe that Congress will eventually want to address human capital legislative reforms similar to those discussed in your report—reforms in such key areas as improving the Federal hiring system, providing more flexible pay approaches, enhancing career development and training, and improving employee accountability.

However, we also believe that Federal agency leaders cannot afford to wait for these kinds of legislative reforms to arrive. Their first priority must be to provide the leadership and to take the steps that they can within current law to improve their human capital management using authorities that already exist. In many cases, we believe that a vast majority of what needs to be done in this area can be done within the context of current law. In the end, we will need legislative reforms and comprehensive reforms, and we should work to achieve a consensus on those necessary reforms. But in the interim, it is absolutely essential that all of the key players do everything they can within the context of current law to use all the flexibilities available under current law, and very few, if any, agencies are doing that at the present point in time.

Again, our view is that the vast majority of needed improvements can be achieved if agencies take a more strategic and performance-based approach to managing their workforces—for example, by performing effective workforce planning, developing performance goals and measures to meet these challenges, and by linking employee performance to results and to their overall strategic plan.

What is needed is leadership, vision, commitment, persistence, and accountability. This is a multi-year effort.

Now that strategic human capital management has been added to the list of high-risk areas, it is logical to ask what is it going to take to get off the list. The answer is twofold. First, the key players in the human capital area—agency leaders, OMB, OPM, the Congress, and human capital professionals throughout the government—need to play their part in effectuating meaningful and lasting change. Just as modern performance management principles have been brought to the Federal financial management, information technology management, and strategic planning performance management areas, they must also be brought to the human capital management area.

Second, we need to see measurable and sustainable improvements in the economy, efficiency, and effectiveness with which the government as a whole and individual agencies manage their workforces to achieve their missions and goals, and in ways that are fundamentally linked to their strategic planning under GPRA, and that also need to be linked to their resource allocations and their budgetary requests.

Although Federal human capital management is a high-risk area, Federal employees are not the problem; rather, the problem is the lack of a consistent strategic approach to marshalling, managing, and maintaining the human capital needed to ensure that we are maximizing the government's performance and assuring its accountability.

The Federal Government's approach to people management includes a range of outmoded attitudes, policies, and practices that warrant serious and sustained attention. To view Federal employees as a cost to be cut rather than an asset to be valued would be taking a narrow and shortsighted view, one that is obsolete and must be changed.

In many government entities, the transition to modern performance management, and along with it, to strategic human capital management, will require a cultural transformation. Hierarchical management approaches will need to yield to partnerial approaches. Process-oriented ways of doing business will need to yield to results-oriented ones. And silohed or stovepiped organizations will need to become integrated organizations if they expect to make the most of the knowledge, skills, and abilities of their people. And they will need to look externally and to partner more across government, Federal, State, and local governments, internationally, as well as the private sector and not-for-profit sector to get the job done in these changing times.

Agencies that expect to make the best use of their people will need to establish a strong performance-oriented culture including appropriate performance measures and rewards, and to focus on continuous learning and knowledge management that supports employees and helps them to maximize their potential and to achieve their organizational mission.

Many Federal agencies lack organizational cultures that promote high performance and assure accountability. In fact, the results of our calendar 2000 survey of Federal managers indicated that in some key areas, agencies may be losing ground in their efforts to change their more performance-oriented culture that focuses on results and outcomes rather than outputs and processes.

Agency leaders and managers have a number of strategies available to them to help them steer their cultures to support agency goals. These include modern performance management incentive approaches directed at either individual employees, teams, or both to help empower and motivate staff, reward high performance, and assure accountability.

Mr. Chairman, I would now like to turn to the two boards, because I think they help to demonstrate an important point. Then, I will summarize and would be happy to answer any questions that you may have.

First, the board on my right is intended to demonstrate that in order to effectively address the human capital challenge, it is a shared responsibility. It goes from the President throughout the Executive Branch; it includes the Legislative Branch; it includes the private sector, the not-for-profit sector, as well as the media. Let me hit a few highlights.

The President sets the tone. The President must recognize that in order for the Federal Government to maximize its performance and assure its accountability, it has to have modern and effective human capital/people strategies; that people are the ones who get the job done; and that in order to move to more performance management-based approaches and results-based approaches, we have got to deal with our people challenges, both administratively and eventually legislatively as well.

He needs to promote public service. It is extremely important to recognize that while a lot of things can be done in the private sector more efficiently, effectively, and economically, there are some things that you can never have the private sector do. The private sector cannot be entrusted with watching out for the greater good. Public workers have a duty of loyalty to the greater good, to serve the collective best interest of all, not the narrow interests of a few. And while there are certain things that can and should be done by the private sector, there are certain core governmental functions that must be done by government employees, that are compensated reasonably and that we can have, not only for today but for tomorrow, in order to get the job done.

OMB, for example, needs to provide more leadership from a strategic perspective, to link strategic human capital management planning with overall strategic planning, to link resource allocations with what is needed in order to perform agency missions, to coordinate at the secretary and deputy secretary level the important aspects of human capital management in moving toward a more results-oriented government that maximizes performance and assures accountability.

The "M" in OMB must be capitalized, and the human capital dimension from a strategic standpoint must be an integral element of the management area.

OPM must lead with regard to planning and review and update of existing policies and practices. It is important to review existing guidance in light of changed conditions. Where can they be streamlined; where can they be simplified; where can more flexibility be provided while assuring adequate protections to prevent abuse? This is critically important. They should provide more tools rather than rules. They can end up providing methodologies, best practices, and other types of things to help others understand what you can do in the context of current law and what has worked, and share those successes, if you will.

I am pleased to say that they have been doing more in that area lately, and I think that that is great, but much more needs to be done. Departments and agencies, secretaries, deputy secretaries need to be focused on these issues. Realistically, it is going to be the deputy secretary who normally would be the chief operating officer. This is a key element of achieving mission. They need to be focused on this area and held accountable in this area.

The Congress needs to consider human capital issues in conjunction with confirmations of key appointees, in conjunction with oversight of departments, agencies, and key programs, as well as whatever legislation might be appropriate in this area.

The GAO will continue to share our experiences, to help others help themselves, as we have been with our best practice guides and our self-assessment guides and sharing the experiences that we have, because we are trying to become a model agency. And just because we do it a certain way does not mean it is the only way to do it, but we do have some experiences that we are willing to share and have been sharing with others to help them help themselves.

We will review what others do, and we will make recommendations as appropriate as to the way forward.

The private sector can partner with government. I am pleased to say that I met with Pete Smith, of the Private Sector Council, and they are very interested in trying to do more in this area, to try to share knowledge and experience between the private and public sectors, to try to create relationships, buddy systems, and so on, for senior executives in the private sector to be able to consult with their counterparts in the public sector, because the fact of the matter is it is in everybody's interest, including the private sector's interest, to have a government that functions in a way that maximizes performance and assures accountability.

Foundations can partner and can do research in this area. The academic community obviously can do more to try to help identify and encourage individuals who are interested in public service in various ways. And the media must do more in the area of investigating and reporting on the critical challenges that we have in this area.

With regard to the context of current law, it is important to note that while legislation ultimately will be needed, there is a lot that can and should be done in the context of current law.

The first thing that agencies should probably do—which is not on here, but I will mention it—is a self-assessment. They need to assess where they are and where they stand. Our self-assessment guide is being used by a number of agencies, including NASA, Social Security, and a variety of others, toward that end. They need to engage in workforce planning, to look at the profile of their agency, what are the projections as to what it is going to look like 3 years, 5 years, 10 years from now, and what are the challenges that relate thereto.

They need to engage in succession planning. Just because people are eligible to retire does not mean they are going to immediately, but eventually, they will. There is a lot of skill, a lot of knowledge, a lot of institutional memory that will go out the door. That, coupled with the fact that many departments and agencies had hiring freezes for a number of years in the 1990's, resulted in a double whammy, whereby a significant percentage of the Federal workforce is going to be exiting, and yet we have not had that many people coming into the pipeline to be able to position us for the future.

We have to revise and reinvigorate recruiting and college relations efforts. We have to update our training programs and invest

in our people. Let us face it—government needs to be a knowledge-based and learning organization. We will never be able to pay people in the government what they could potentially earn in the private sector, but we can offer them other things that the private sector cannot. We can offer them the ability to make a difference in people's lives. We can offer them challenging work. We can offer them a learning environment where they are learning on a continuing basis. We can offer them a better balance between work and family. We can offer them somewhat enhanced job security. We need to recognize that. We need to sell what we have to sell, and we also need to address some of the areas where we are not as competitive or have taken shortsighted actions in the past years.

We need to obviously strive for diversity, because one of the great strengths of our country is diversity. It is one reason why we are really a microcosm of the world. But in the end, while we need to take affirmative steps to achieve and maintain diversity, we also need to make decisions based on skills, knowledge, and performance.

We really need to focus on our outdated performance appraisal and reward system. Mr. Chairman, one area where I think there has to be much more focus is the performance appraisal systems in the Federal Government, which for the most part are broken—they are fundamentally broken. They do not provide meaningful information to individuals or to management. Performance appraisal systems must provide meaningful information to help everybody, that helps to recognize and reward top performers and helps to deal with nonperformers. For the most part, the systems in the government do not get the job done. They need to be competency-based. They need to focus on skills, knowledge, and performance. They need to address those fundamental elements. And if you do not have a modern and effective performance appraisal system, you do not have much.

Employer-labor relations—we need to have constructive versus confrontational approaches. There are many ways to get there, but we have got to have constructive approaches to engage with each other.

We need to tap the knowledge of our employees. There is tremendous knowledge on the part of these employees. We need to have employee suggestion programs; we need to understand what their preferences are from the standpoint of their assignments. People generally have a lot of ideas on how to improve economy, efficiency, and effectiveness; we need to tap their ideas, and we also need to understand what their preferences are so we can match them to the agencies' needs when possible. They are probably going to do their best if we have them in a slot that is aligned with their skills and knowledge and their interests.

We need to be more competitive in compensation, especially in certain critical occupations and at the executive level.

We need to take advantage of flextime to help balance work and family. We also need to consider flexi-place to the extent that it is appropriate, although I will tell you, Mr. Chairman, that I do not think that flexi-place is for everybody. Flexi-place has to be determined based upon what the person's job and function is and also what their personal attributes and interests are. Some jobs and

functions can facilitate flexi-place, and some individuals can handle that, and many cannot. So I think we have to be very careful when we set targets so we make sure that we are setting those targets based on an informed basis, recognizing what I think Senator Durbin said, that there may be some people that it works for and some for whom it does not. You talked about retirement—there are some who might be ready to retire, and there might be a mutual benefit; but there are some who are not, and we still need them.

In that regard, as one example that I have in my testimony, we need to look at innovative approaches like how can we allow people and encourage people to retreat into retirement. Right now, our systems and our policies in the government are such that you pretty much have to make an all-or-nothing decision—you are either going to work full-time, or you are going to retire. We need to have more part-time employment. We need to have more job-sharing. We need to look at our pension laws, just as the private sector is doing, to figure out how we can allow people to maybe go from full-time work to part-time work and possibly draw on part of their pension, so they can maintain their standard of living.

We need to be creative to find out what we can do to manage succession and manage the migration of people outside the government.

The bottom line is this, Mr. Chairman. Federal employees represent an asset that needs to be valued, not a cost that needs to be cut. I am not saying there are not opportunities for streamlining in some areas of the government—there are—but they need to be based on considered analysis. We need to be careful not to just have arbitrary numbers that we come up with that we are managing toward, and we need to make sure we do the kind of due diligence and the kind of planning to make sure that the right decisions and actions are being taken.

This is a high-risk area, and the risk is increasing. The good news is that, I think, it is now on the radar screen, and I believe that by working collectively, with all of these players doing their part, we can make a lot of progress quickly in trying to help manage this. But it is going to take years to effectively deal with the challenge that has built up over a decade or more.

This area is the missing link in results-oriented government, in maximizing performance and assuring accountability, both administratively and legislatively. In the end, we will need legislative reforms, but we have got to do what we can in the context of current law, and we need to move toward consensus on what those reforms ought to be. They should provide more management flexibility, but adequate protections to prevent employee abuse.

Mr. Chairman, I really do appreciate your interest and efforts, those of Senator Durbin and Senator Akaka. I know that you are all sincere about this, I know that you are dedicated, and I look forward to working with you in the future to try to help manage this risk and address this challenge.

Thank you.

Senator VOINOVICH. Thank you, Mr. Walker.

Senator Durbin will preside for about 5 minutes.

Senator DURBIN [presiding]. Thank you, Mr. Chairman.

Mr. Walker, I want to ask you about your methodology in coming to your conclusions. Did you discuss some of these concerns with the actual employees themselves, and did you have any surveys or focus groups of people who were already in Federal public service, those who have left and those who are contemplating retirement?

Mr. WALKER. Senator Durbin, we have done a lot of work in this area, and we are doing more and more as time goes on. We have done work at individual agencies; we have also done work in the past where we have looked at things like, for example, succession planning, what are some of the challenges the government has with regard to retirement trends and eligibility for retirement. We have also done some work on surveying segments of the employee population. We have surveyed, for example, Federal executives, SES members, in a variety of areas. We have also surveyed some cases of military personnel with regard to why are they leaving the service. So we have done a lot of work in this area. We have not surveyed every agency.

Senator DURBIN. I understand. That is a big undertaking, and I would not expect that. But it would seem to me that that would be a great starting place. I go back to the conversation I had with the president of the university about teachers. I asked what brings a person to teaching. He said, by and large, a great teacher. They had an experience at some point in their lives, and they said this great teacher changed my life, and I would like to change someone else's.

I am wondering what the motivation is for Federal public service or if there is one. It may be elusive. Maybe it is not that simple. I went on to ask him how important is money to a person who takes up teaching. He said that initially it is almost unimportant; they are really focused on doing something with their lives that has meaning to them. But, he said, I will tell you something we found out—after 3 years, we lose 30 percent of these new teachers. Guess why? They get married. They start thinking of the world a little differently, about what it takes to sustain and raise a family.

I am wondering if we have done anything along these lines to sort out the motivation to move toward Federal service, what really brings a person to it, what are the sources—and I imagine each agency might come at this a little differently. Where do you find people with an interest in the issues of the Department of Agriculture? Do they just come at random and learn them, or do they come from specific areas where we might be mining for resources in the future? And what does it take to convert a person from a casual employee to a committed and career employee? What are the things they look for? Could it be that after a few years, when they are thinking about families, child care all of a sudden becomes a major concern and that if we decided to focus resources on child care as part of public employment, part of Federal employment, a lot of people would make that commitment beyond the first few years and say this is worth staying for another 4 or 5 years, because I have a resource here at my disposal that I might not have if I branch out and try to find a new job?

Mr. WALKER. Let me respond. First, I think we need to do more survey work governmentwide, and obviously, I think that is something that OPM can do, and they have done some of that in the

past. I think that individual departments and agencies need to do work in this area, too, because every government department and agency and every program is not the same; the type of people you have, the skills and knowledge, and the recruting sources will be different.

Let me tell you, for example, what we have done at GAO. We make extensive use of surveys. For example, about a year ago, we did an agency-wide survey of every GAO employee, and we asked them a range of questions—why are you working here, what do you like, what are you concerned about—a whole range of issues. We do surveys of all new hires. We do surveys of retirees. We do surveys of other segments of the population and ask questions like why did you come here; how long do you plan to stay here; what will be the critical factors that will be determinant of whether or not you are going to stay and how long you are going to stay; why did you leave?

Senator DURBIN. What are the critical factors that you hear coming back to you?

Mr. WALKER. What I hear from GAO, as an example, the reason why people come to work for GAO is: One, the work—we have very challenging work; second, to be able to make a difference; the third reason is the people; the fourth reason is being able to achieve a better balance between work and family. Those are the reasons why people come to GAO.

If you talk about compensation, we can be reasonably competitive at the entry level, depending upon what type of graduate we are talking about. If we are talking about, for example, a master's in public administration, which a lot of our people have, we can be competitive. For an accounting degree, we can be competitive. But for certain other degrees—law degree, a Ph.D. in economics, a master's in information technology—we have a problem.

So what we try to do is to sell what we have to sell; we try to understand, once people are on board, what will help to keep them on board, and we try to gear our programs and policies toward those areas where we think we are going to get the biggest return on investment.

One example at GAO is that we found if we can keep people for 3 years, they are likely to stay a lot more years. So we are going to try to gear our tuition reimbursement efforts and a lot of other things toward trying to keep people for at least 3 years.

Senator DURBIN. And we are going to help you with that, because we know the authority is there. We went into this, and something that I have focused on is student loan forgiveness—what the Federal Government can do to say to someone we may not offer you the greatest salary, but guess what—we are going to help you pay back your student loan. So they come in and say this makes sense—I would take the money from another job and put it back into that student loan anyway, so I can understand how I can calculate this out to my benefit, ultimately.

But of course, we have to provide the money to the agencies, we have to appropriate the money for this to happen. It is a great concept, but if they do not have the money for it to happen, they will not attract these great people.

Mr. WALKER. Let me touch on that, Senator, because you are exactly right. For example, there are two issues. First, do you have the authority to do it—and up until recently, agencies did not have the authority. Congress gave the authority, and OPM issued regulations—and they are going to have to reissue them because they were not as up-to-date as they needed to be as to scope and as to flexibility, and they are in the process of doing that—but then, you have to have the money.

What I have found in that regard—because I do recruiting myself at some major universities to try to promote public service and interest people in working for the government in general and GAO in particular—is that a lot of the students face a double whammy. What do I mean by that? Not only do they not make as much money in government, but they have all this debt. And even if they want to work in government—if that is where their heart is, in public policy schools—they may not be able to because of the double whammy of not making as much money and being burdened with all this debt and having to pay it off.

So I think the use of tuition reimbursement is a very valuable tool, but you are right that you have to have the resources.

Senator DURBIN. How do we find that out? I am wondering if we have to look at the budget request from the administration, which we will receive very shortly, I wonder how many of them will even include this as a line item. Agencies which you have already identified as having critical needs in terms of retaining and attracting new people—I am just curious as to how many of them are considering this as a viable option to include it in their budget requests, and I will make a point of looking for that, being on the Appropriations Committee. I think that if we hear from them that they have a shortfall, whether it is the FCC or some other agency, and they think that if they have student loan forgiveness, they can start to bring in some very talented people, that makes sense, and I think we want to pursue that if we can.

Mr. WALKER. Well, I have to be careful how far I go, because I know that once you submit your budget, it is the property of the Congress. I will tell you that it is a line item in our budget.

Senator DURBIN. Good. May I ask you another question about health insurance for Federal employees. Some numbers that the staff here have put together suggest that the Federal employees' health plan, which frankly, I think in many respects may be one of the best in the world, certainly in the United States, that gives so many options to individuals, those of us covered by it, in terms of picking the right coverage for our families—I am also told that in terms of the contribution from employees that the Federal employees are making a substantially larger contribution for their health insurance than people in the private sector. Have you looked into that?

Mr. WALKER. I do not recall if we looked into it lately, Senator. I will check and get back to you. I will tell you this, that I think one of the things we have to be careful of is that in addition to looking at individual elements like that, for example, health benefits—and I think it is important to look at that—one of the things that we also have to do when we look into those areas is to look at the overall package, because there are going to be some areas

where we do better, and there are going to be some areas where we do not do as well. The key from a portfolio standpoint is how do we do in the aggregate.

Senator DURBIN. Exactly. Let me ask your folks to please take a look at the Year 2000 Survey of Public and Private Employer Health Benefits by the Kaiser Family Foundation. This is what they found—and again, the benefit package is critical here—but assuming for a second that they are comparable, listen to the difference. The average monthly employee share for health care is $28 for single coverage in the private sector. According to OPM, the average monthly Federal employee share of cost for health insurance is $131—a phenomenal difference. The figures for family coverage are just as dramatic. The average employee in the private sector pays $138 a month; the average Federal employee pays $300 a month.

So I would appreciate it if you would take a look at that, because when we talk about compensation and benefits, if we can raise the salary, it is one thing, but if the cost of the benefits goes up dramatically and takes away that increase, then the person will say I do not have the purchasing power even though my salary looks a little better.

I hope you can take a look at that as one of those aspects.

Thank you very much, Mr. Walker.

Mr. WALKER. Thank you, Senator.

Senator DURBIN. Senator Akaka, please.

Senator AKAKA. Thank you very much, Senator Durbin.

I listened carefully to your testimony, Mr. Walker, and I looked with great interest at the charts that you have provided. I am glad to hear what you think about human capital and what it means to our government.

You pointed out that we—and when I say "we," I mean the government—do not address the people dimension enough, which you feel is very important in managing the workforce. You pointed out that there were four issues—leadership, vision, commitment, and persistence.

And you note, a Federal agency's first priority must be to provide leadership and take administrative steps using authorities already available under existing law. Agencies have the authority to recruit employees through the use of commercial recruiting firms and employment services. Agencies may provide recruiting or relocation bonuses to help, offer student loan repayment, and give retention allowances to employees.

However, we keep coming back to whether or not the level of agency appropriations is adequate. How do agencies weigh workforce needs with their annual budgetary requests, and to what extent should OMB work with agencies to develop strategic human resource goals?

Mr. WALKER. First, I think that not enough attention has historically been paid to look at this from a strategic perspective, and OMB really has not been a player at all in the area of human capital. I think that they need to be a player, but obviously, OPM is going to be involved on a day-to-day basis and in a much more extensive manner.

OMB needs to be involved from the standpoint of how do you end up coordinating at the secretary and deputy secretary level; how do you link this to overall strategic planning; how do you link this to resource allocation?

Senator Akaka, I think that, first, there will be additional money needed to deal with some of these issues. There is no question about that. At the same time, I also believe that we should not merely assume over the longer term that we need to keep everything we have and add on top of it. One thing that people must do that most have not done is take a hard look at what is their mission, what are they trying to accomplish, how many people do they need to get that done, what kind of skills and knowledge do they need to have in order to do that.

So we need to look at not just the issue of whether you need to be investing more in training, whether you need to have more money for tuition reimbursement, but we also need to be taking steps over a period of time to realign and restructure the workforce, because in the end, in some circumstances, the answer may be that you do not have as many people, but they are higher-skilled, compensated better, and compensated more for performance.

So I think that, yes, we will need more money, but we need to engage in that fundamental reassessment and workforce strategic planning, which will take a number of years in order to get to where we need to be.

Senator AKAKA. I am glad to hear that as you look at mission statements, core values, goals and strategies, these intentions should be integrated with their human capital strategies so that goals may be met, as you point out here.

My question, then, is has GAO done an assessment of short-, mid-, and long-term future needs for government employees in specific fields, such as contract specialists, secretaries, and even park rangers?

Mr. WALKER. We have done some work in that area, but we have not yet done a lot of work in that area. We did enough to satisfy ourselves as to the scope and magnitude of the challenge to make it a high-risk area governmentwide. We have done some work, for example, at the Forest Service, we have done work at the acquisition workforce at DOD, we have done some work at NASA, and we are familiar with some of the things going on at SSA.

But frankly, I think this is an example of where OPM needs to be actively involved. We are in the Legislative Branch, and the Executive Branch needs to be taking the lead in dealing with these issues. We are happy to be helpful, and we are happy to do the work that Congress asks us to do, but it is important that we not be the ones who are doing work that should otherwise be done by OMB or OPM.

Senator AKAKA. As we try to meet the challenges and define the problems, do you believe that there is a lack of recognition on the part of Federal agencies that workforce problems are serious enough to warrant adding it to the high-risk list, and if so, why?

Mr. WALKER. I can tell you that I have not had one agency disagree with our decision to put this on the high-risk list. Obviously, I have only had interactions with a few. I have had a number of

them agree that it is time that we focus more time and attention on this.

There are some people who express concern, agencies that may have direct responsibilities, that say, look, we are doing more in this area now—and I think that has to be acknowledged. For example, OPM is doing more in this area, and they have done some things to help in the last year or so. But this is such a serious and pervasive problem that we felt compelled to designate it high risk, primarily because it met our criteria and because of the pervasiveness and the serious nature of it.

The problem, Senator Akaka, from my perspective—let us take what happened in the nineties. In some cases, people celebrated—and whether they should have or not is a different question—the fact that the Federal workforce declined significantly in the nineties. But the question is at what price? In many cases, what ended up happening was that those reductions-in-force were not well-thought-out; they were not part of an overall workforce realignment or workforce planning strategy. In addition to that, in many cases, people quit hiring. People eliminated performance rewards. They cut back on training. They cut back on enabling technology. You might be able to do that for a year; you cannot do it for multiple years, because what happens is that you mortgage the future, and you undercut your capacity to perform in the future.

So that is what has happened, and it is going to take us a number of years to get to where we need to be—and hopefully, making this high risk will attract light; with light comes heat, and with heat comes action. That is what we need.

Senator AKAKA. Thank you for your responses.

Mr. Chairman, I have other questions, but I thank you.

Senator VOINOVICH. Thank you, Senator Akaka.

Mr. Walker, have you had a chance to look at any of the transition documents that the Clinton Administration turned over to the Bush Administration?

Mr. WALKER. I have not. I obviously have read what has been in the press, and I did have an extensive meeting with OMB Director Daniels, who was very interested in the work that we had done in this area and, at least at that preliminary meeting. He felt that OMB needed to be doing a lot more in the management area and felt that this was a serious issue that needed to be addressed. So I was encouraged by that, but it is early in the ball game.

Senator VOINOVICH. It would seem to me that when the baton was handed over to the new administration, one thing that you would want to do—it is the kind of thing that we prepared in our transition documents in Ohio—is acknowledge that we have some problems here, to give the new administration a heads-up. I would be interested to know—and maybe the Subcommittee could find out—whether some of those things were in those transition documents.

Mr. WALKER. For the record, Mr. Chairman, I do not know if they are, but we wanted to make sure that we did what we could within our span of control to make sure it was on the radar screen. And we did two things there: One, obviously, we put it on the high-risk list, which is justified for the reasons that I articulated, I believe; but second, on our website, which is www.gao.gov, we have

a separate section which is dedicated to Congressional and Presidential transition issues and summarizes electronically for every major department and agency and a number of functions governmentwide the work that we have done and what we see as the major challenges. That, frankly, is an extremely vuluable tool not just for the new administration but for the Congress as well that I would encourage your staff to become familiar with.

Senator VOINOVICH. We should try to see if we can get our hands on some of those transition documents to see how they have been put together. I know that OPM made a real effort in the last year and a half to move into this area, and they may have communicated that to the agencies and asked them to do it.

Mr. WALKER. I spoke with Janice Lachance on numerous occasions, and I would like to acknowledge for the record that I think OPM has done a lot more in the last year or year and a half in this area. There is no question about that. But there is so much more that needs to be done—and frankly, they cannot do it all. As this board demonstrates, they have an important role to play, but they are a piece of the overall pie. Leadership starts at the top and involves both the Executive Branch and the Legislative Branch as well as various other parties.

Senator VOINOVICH. I noticed you said that the deputy secretary is the chief administrative officer, and that is a key position in Federal agencies.

Mr. WALKER. It is. From a practical standpoint, I think the secretary is going to be focused on policy issues, the secretary is going to be focused on external affairs. Somebody at a very high level has to be focused on getting things done, and not only getting the job done today, but preparing for tomorrow. If it is not the deputy secretary, it needs to be somebody right at that level, because they have to have access to the secretary. They have to have the secretary's support. It is not something that you can expect to get done in middle management; it starts at the top.

Senator VOINOVICH. I will present your work to the chairmen of the authorizing committees before which the nominees from the departments will be coming, with questions on those agencies' high risk areas. Senator Durbin, I am sharing that information with the ranking members also, because I think that part of the problem here is that we are not tough enough on management issues in some of these confirmation hearings. You cannot do too much about the secretaries—you honor the President's choice—and I know they are going to have difficulty getting people, but it seems to me that we have an obligation to make sure that the people they are bringing into those top jobs know something about management, the problems that exist, and have some experience in dealing with them. I have observed in the 2 years that I have been in the Senate that so many of the things that we are talking about should actually be done in the agencies themselves. We should not even be bothered with these things; they should be doing them as part of their everyday work.

So I think that we can try to make sure that the appointees in this administration are aware of the problems.

You have talked to Mr. Daniels, and I have talked to Mr. Daniels, and I have heard very little about the human capital crisis.

We have heard about tax reductions and on-budget surpluses and so on, and that is usually the main thing that OMB concentrates on.

I would like to ask you how would you organize this thing from the top on down to make sure that human capital is addressed?

Mr. WALKER. I think the key player at OMB, taking OMB as an example, is probably the Deputy Director for Management. Clearly, for the Director, Mitch Daniels, it has to be on his radar screen, he has to be aware of it and focused on it, because one thing that has to happen here is that there has to be a better linkage between resource decisions on the budget side and strategic planning, including the human capital aspect, which is on the management side.

So the DDM is going to be critically important. The DDM is not going to be able to do it alone, because the DDM has responsibility for financial management, information technology, the regulatory process, so they are going to have to have some other resources—not necessarily a lot, but high-quality resources there.

I think that if you end up leveraging those resources through interagency councils—the past administration had something called the President's Management Council, which was really the deputies, the chief operating officers, who focused on key issues—that is a good idea; having one in the human capital area, making sure that we have people who are strategic players in those jobs would be a good thing to do.

My personal view is that OMB needs to be working with the various departments and agencies, and primarily it is going to be the deputy secretaries and below who are focused on it. OMB is going to be driving the effort to maximize performance and assure accountability within the context of what the government currently is, and I do not think they have been a very active player in this area in the past. Hopefully, that will change.

Senator VOINOVICH. If you were in Mitch Daniels' shoes right now, and you were aware of the fact that you had a human capital crisis, and you were going to do something short-term to try to jump-start the situation, what would you do?

Mr. WALKER. I think one of the first things that I would do, in addition to getting some additional resources and having some focus on it in OMB, is to piggyback on the current budget process they already have. Every year, you have to do a budget. Every year, agencies are presenting information to OMB about what their challenges are, what they are going to accomplish, and what resources they need in order to be able to accomplish their objectives. You could probably do more by piggybacking on that process to identify what some of the issues are and how they plan to address some of those issues while you are trying to staff up and figure out what your longer-term strategy is. At least that gets the issue on the radar screen.

Senator VOINOVICH. Well, I understand the budget that they are dealing with is the one that was submitted to them by the Clinton Administration, and now they are going over that budget themselves. So your suggestion might be as part of the review of that budget to ask the new secretaries and their teams to evaluate the human capital situation in their agencies, to look at the tools that

they have available to them, as Senator Durbin said, that they have not been utilizing because the budget has not been there, and to then try to fold that into their budget request to Congress.

Mr. WALKER. I think the other thing that could happen is that OPM could engage in a much more fundamental review of their existing guidance and where there are opportunities to streamline and simplify, and to provide more flexibility for management clarity while incorporating adequate protections for employees. In addition, OPM can do more in the area of educating people as to what they can do within the context of current law and pointing to success stories where people have been able to accomplish a lot within the context of current law. They have started to do some things in that area; I think more would be good.

Senator VOINOVICH. That is what worries me, that they will try to use these flexibilities, we will not pass a sufficiant budget, they will not have the resources to use the tools that they have, and we have lost a year.

You have OPM, you have the Office of Management and Budget. Do you think that this thing can work the way it is organized? I have found in my experience that if you have good people, and they work together in clusters, most of the time, you can get things done. But do you think the organizational structure that we have is an impediment to dealing with this problem?

In other words, we have had years and years and years of neglect, and so often in an organization, sometimes the reason why that happens is because it is laid out the wrong way, and if you had had it organized in a different way, perhaps it would not have taken place. Would you comment on the current organization and whether you think it is adequate, or do you think it would be better if we came up with a different organization that might give this issue the priority that it has not been getting?

Mr. WALKER. I do not think that the current approach has worked, and that is one reason why we have this designated as high risk.

As I said, I do not think that OMB has done enough in the "M" area, in general, and the human capital area, in particular. I do not think, quite frankly, that the departments and agencies have really been adequately focused on this, the top leadership, especially the political leadership, in part because they have a shorter horizon, and because they have a number of other things that they are trying to accomplish within the period of time that they are going to be there.

I think one of the things that we need to do is not only recognize that there is a problem, but we have to put a structure and a mechanism in place that recognizes that it is going to take a number of years to deal with this, so therefore, it is getting the attention and support of the top political leadership, but it is also making sure that we have some structure that will still be able to survive the transition when there are changes in secretaries, deputy secretaries, Presidents, or whatever, because this is a multiyear effort.

Senator VOINOVICH. Well, one thing that has happened in my State is that we adopted total quality management—we call it quality service through partnership—involving the unions, and the

success that we had with it is almost a guarantee that it will continue, because people realize how this thing works and how good it makes them feel. But it took training for 8 to 9 years to really do it right. In some of these areas, it is going to take a long time for it to become part of the tradition and fabric of the government.

Mr. WALKER. Ultimately, you have to make it a priority, you have to designate responsibility, and you have to incorporate appropriate accountability mechanisms. And it is not one single player, as this demonstrates. A lot of players have to be involved in this area in order for us to get to where we need to be.

I totally agree—you have to involve not only employees but employee organizations, and failure to do that is a prescription for failure.

Senator VOINOVICH. As I mentioned to you, one of the things that I am concerned about is that there is talk—and I do not know if Senator Durbin knows this—about eliminating an Executive order regarding labor-management partnerships, which I think are fundamental to any opportunity to move forward in some of the areas that we are talking about, because if labor and management are not working on it together, it will not happen; I know that from my past experience.

I think the other thing that would probably help would be if the President himself talked about employees being assets to be valued and not costs to be cut. As Senator Durbin said, I think there is an attitude on the part of some people that people who work in government are not as good as people who work in the private sector. You are only as good as your team. I think it is really important that it starts from the top, that the leader says this is an important issue and gets the message out to government employees that they are important, and recognizes that some of the incentives have not been there and that the government has done a lousy job of providing training money so they can upgrade their skills and that government can be an exciting place to work.

I just returned from a 2-day seminar on public health in Florida, and I was speaking with some of the people from the John F. Kennedy School of Government at Harvard University. They asked me to come and talk there, because the impression that many of their students have is that the Federal Government is not a very exciting place to work anymore. I think it was Paul Light who did a study that showed that we have had a great diminishment of people who are interested in coming to work for the Federal Government.

So this has to be, I think, a cause celebre if we are going to have a government that works. I keep talking to my private sector friends and indicating to them that if all of these regulatory agencies do not have the competent people they need to get the job done, it will negatively impact on our economy. Some people do not seem to understand how important that is.

Mr. WALKER. I think that you are exactly right, Senator, and that is why I say that the private sector has a stake in this, too. Here is the way I look at it. The people that we are talking about end up being directly responsible for doing whatever the Federal Government does with $1.9 trillion. As a taxpayer and a citizen, I sure hope that we have bright, competent, and dedicated public

servants doing that work, not only for the impact that it has on our domestic economy, but for the impact that it has on the world.

At the JFK School, for example, and many other public policy schools, one thing they are finding is that over half of their graduates are not going into government, and a higher number are going into consulting firms. Well, you can make a difference by working on government projects with consulting firms, but it is fundamentally different. It is the fundamental difference between being an advisor and being on the front line.

But we have to be able to help reinstill interest in public service. We have to recognize the importance of it, and we have to appreciate the value that is provided by people who do a good job in this area, because we have enough barriers and obstacles already to deal with.

Senator VOINOVICH. Right. But it is interesting that some of the very things we are talking about, many other private organizations in this country are experiencing, not as severely as we are, but they have their problems attracting people, too, and that means that our job is that much more difficult because we are so far behind in some of these areas where we need to be competitive.

Mr. WALKER. Many private sector organizations, quite frankly, have not treated their people as an asset, either, but they are recognizing, because they are in a competitive business and a market-based economy, that they have to. We are currently in a knowledge-based economy, and what is the source of all knowledge—people. The sooner we realize that, the better off we will be.

Senator VOINOVICH. Senator Durbin, do you have any other questions?

Senator DURBIN. No, Mr. Chairman.

Senator VOINOVICH. Mr. Walker, we thank you very much for coming today, and we look forward to working with you, and hopefully, 2 years from now, we can look back and say we made a dent in this. Thank you.

Mr. WALKER. Thank you very much.

Senator VOINOVICH. The Subcommittee is adjourned.

[Whereupon, at 11:52 a.m., the Subcommittee was adjourned.]

APPENDIX

United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia
Committee on Governmental Affairs
U.S. Senate

For Release on Delivery
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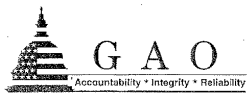
HUMAN CAPITAL

Meeting the Governmentwide High-Risk Challenge

Statement of David M. Walker
Comptroller General of the United States



GAO-01-357T

Human Capital: Meeting the Governmentwide High-Risk Challenge

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity this morning to contribute to the Subcommittee's discussion about the urgency of improving the way the federal government manages its most valuable asset—its people. High-performing organizations in the private and public sectors have long understood the relationship between effective "people management" and organizational success.[1] An organization's people—its human capital—are its most critical asset in managing for results. However, the federal government has often acted as if federal employees were costs to be cut rather than assets to be valued. After a decade of government downsizing and curtailed investments in human capital, it is becoming increasingly clear that today's federal human capital strategies are not appropriately constituted to meet the current and emerging needs of the federal government and the nation's citizens.

I would like to address two main points today:

- First, strategic human capital management is a pervasive challenge in the federal government. At many agencies, human capital shortfalls have contributed to serious programmatic problems and risks.

- Addressing the federal government's human capital challenges is a responsibility shared by many parties, including agency leaders, Office of Management and Budget (OMB), Office of Personnel Management (OPM), and Congress. Agency leaders need to make this area a priority. They should apply the tools and flexibilities already available under existing laws and regulations to make substantial progress in managing their human capital without waiting for legislative reform to occur. Ultimately, comprehensive legislative reform in this area will be necessary: however the consensus necessary to make this a reality has yet to be achieved. The valuable information that agencies can generate through their human capital initiatives can become important building blocks in developing and achieving consensus on needed human capital legislative reform.

To help focus on this critically important issue, we recently added strategic human capital management to the list of federal programs and operations we have identified as high risk.[2] We determined that the federal government's current approach to strategic human capital management met all three of the criteria we had adopted for identifying

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[1] See *Human Capital: Key Principles From Nine Private Sector Organizations* (GAO/GGD-00-28, January 31, 2000) and *Transforming the Civil Service: Building the Workforce of the Future—Results of a GAO-Sponsored Symposium* (GAO/GGD-96-35, December 20, 1995).
[2] *High-Risk Series: An Update* (GAO-01-263, January 2001).

governmentwide high-risk areas.[3] First, strategic human capital management challenges are evident at multiple agencies. Second, these challenges affect a significant portion of the government's total budget or other resources. And third, these challenges constitute a deficiency that should be monitored and addressed through individual agency actions as well as through OMB, OPM initiatives, legislative action, and/or congressional oversight.

The leadership provided by this Subcommittee and the Senate Committee on Governmental Affairs (SGA) have been especially important in focusing attention on the federal government's human capital challenges and in helping to lay a bipartisan foundation for eventual human capital legislative reform. Mr. Chairman, your recent report, aptly entitled "Report to the President: The Crisis in Human Capital," captures in compelling terms both the urgency of the government's human capital problems and the opportunity that now exists to make the federal government's "people management" a top priority for both Congress and the new administration.[4] Likewise, SGA Chairman Fred Thompson's report on human capital, issued as part of a series on management challenges facing the new administration, places human capital at the center of current discussions on how to make the federal government work better.[5]

Widespread inattentiveness to strategic human capital management has created a governmentwide risk—one that is fundamental to the federal government's ability to effectively serve the American people, both now and in the future. As our recent Performance and Accountability Series (PAS) reports make clear, serious human capital shortfalls are eroding the ability of many federal agencies—and threatening the ability of others—to economically, efficiently, and effectively perform their missions.[6] Simply stated, human capital problems often lead to programmatic problems. The federal government must give far greater attention than it has in the past to marshaling, managing, and maintaining the human capital needed to maximize government performance and ensure accountability for the benefit of the American people.

The landmark federal management reforms of the 1990s addressed most, but not all, of the essential elements of modern performance management: financial management, information technology management, and—through the Government Performance and Results Act (GPRA)—strategic planning, including results-oriented goal-setting and performance measurement. In contrast, human capital management has yet to find the broad conceptual acceptance or political consensus needed for comprehensive

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[3] Our criteria for determining which federal government programs and functions should be designated high risk, along with criteria for determining governmentwide high risks and for removing high-risk designations, appear in *Determining Performance and Accountability Challenges and High Risks* (GAO-01-159SP, November 2000).

[4] *Report to the President: The Crisis in Human Capital*, report prepared by Senator George V. Voinovich, Chairman, Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia, Committee on Governmental Affairs, United State Senate, December 2000.

[5] *Report of Senator Fred Thompson, Chairman, Committee on Governmental Affairs, on Management Challenges Facing the New Administration, Part 2: Federal Workforce Challenges*, October 2000.

[6] *Performance and Accountability Series: Major Management Challenges and Program Risks: A Governmentwide Perspective* (GAO-01-241, January 2001). In addition, see the accompanying 21 reports on specific agencies, numbered GAO-01-242 through GAO-01-262.

legislative reform to occur, and in this sense, human capital management remains the missing link in the federal management framework. I believe, however, that comprehensive federal human capital legislative reform will eventually occur. One indication of the gathering momentum is the fact that OMB, OPM, and Congress all have taken steps in the past year to underscore the importance of strategic human capital management, and that some individual agencies have begun to better address their specific human capital challenges.

Mr. Chairman, we believe that Congress will eventually want to address human capital legislative reforms similar to those discussed in your recent report—reforms in such key areas as improving the federal hiring system, providing more flexible pay approaches, enhancing career development and training, and improving employee accountability. However, we also believe that federal agency leaders cannot afford to wait for these kinds of legislative reforms to arrive. Their first priority must be to provide the leadership and take administrative steps to improve their human capital management using the authorities already available under existing laws and regulations. This will not only benefit their agencies, but give decisionmakers in the executive branch and Congress a better understanding of what works and what does not, and allow them to draw lessons from these experiences to build an eventual consensus for the needed comprehensive legislative reforms.

Our view is that the vast majority of the needed improvements in human capital management could be achieved if federal agencies took a more strategic and performance-based approach to managing their workforces—for example, performing effective workforce planning, developing performance goals and measures to address their workforce challenges, and linking employee performance to results. Agency leaders need to commit their organizations to valuing and investing in their employees, empowering and providing them the tools to do their best, and implementing the modern performance management and incentives systems needed to focus their efforts on achieving agency missions and goals. What is needed is leadership, vision, commitment, persistence, and accountability.

Now that strategic human capital management has been added to the list of high-risk areas, it is logical to ask what needs to occur for it to be removed. The answer is two-fold. First, the key players in the human capital area—agency leaders, OMB, OPM, and Congress—need to play their parts in effectuating meaningful and lasting change. Just as modern performance management principles have been brought to federal financial management, information technology management, and strategic planning/performance measurement, they must also be brought to federal human capital management. Second, we will need to see measurable and sustainable improvements in the economy, efficiency, and effectiveness with which the government as a whole and the individual agencies manage their workforces to achieve their missions and goals.

Before I outline some of the challenges that led to our designation of strategic human capital management as a governmentwide high-risk area, and some of the steps that

could be taken to help ameliorate these challenges, I would like to underscore one important point: Although federal human capital management is a high-risk area, federal employees are not the problem. Rather, the problem is the lack of a consistent strategic approach to marshaling, managing, and maintaining the human capital needed to ensure maximum government performance and accountability. The federal government's approach to people management includes a range of outmoded attitudes, policies, and practices that warrant serious and sustained attention. To view federal employees as costs to be cut rather than as assets to be valued would be to take a narrow and shortsighted view—one that is obsolete and must be changed.

Strategic Human Capital Management Is a Pervasive Challenge in the Federal Government

As our studies of private and public sector organizations have shown, high-performing organizations focus on valuing and investing in their employees and on aligning their "people policies" to support organizational performance goals.[7] However, federal agencies have not consistently made these principles a part of their strategic and programmatic approaches to mission accomplishment. As our PAS and other reports have indicated, federal agencies are experiencing human capital challenges in such key areas as (1) strategic human capital planning and organizational alignment; (2) leadership continuity and succession planning; (3) acquiring and developing staffs whose size, skills, and deployment meet agency needs; and (4) creating results-oriented organizational cultures. Just as important, our recent PAS reports frequently cited agencies' human capital shortfalls as contributing to programmatic problems and risks. These programmatic challenges are likely to go unresolved if agencies do not take steps to ensure that they have sufficient numbers of people in place with the right skills, tools, performance management systems, and incentives to get the job done right.

Strategic Human Capital Planning and Organizational Alignment

High-performing organizations establish a clear set of organizational intents—mission, vision, core values, goals and objectives, and strategies—and then integrate their human capital strategies to support these strategic and programmatic goals. However, under downsizing, budgetary, and other pressures, agencies have not consistently taken a strategic and results-oriented approach to human capital planning.

Today, human capital challenges are common across the federal landscape. (See attachment I.) For example, at the National Aeronautics and Space Administration (NASA), internal studies found that a one-third reduction in the space shuttle program's workforce had affected NASA's ability to safely support the shuttle's planned flight rate.[8] At the Department of Defense (DOD), where a Defense Science Board task force found

[7]See *Human Capital: Key Principles From Nine Private Sector Organizations* (GAO/GGD-00-28, Jan. 31, 2000); and *Transforming the Civil Service: Building the Workforce of the Future—Results of a GAO-Sponsored Symposium* (GAO/GGD-96-35, Dec. 20, 1995).
[8] *Major Management Challenges and Program Risks: National Aeronautics and Space Administration* (GAO-01-258, January 2001).

that "there is no overarching framework" for planning DOD's future workforce,[9] civilian downsizing has led to skills and experience imbalances that are jeopardizing acquisition and logistics capacities.[10] In addition, the State Department is having difficulty recruiting and retaining Foreign Service Officers, as well as staff for counternarcotics efforts. Also, staffing shortfalls in the procurement area have hampered U.S. Agency for International Development (USAID) reconstruction assistance in the wake of natural disasters.[11] Although many agencies have begun to recognize the importance of human capital to mission accomplishment and have taken steps to align their human capital with their missions, goals, and other needs, it is clear that many agencies still find themselves facing serious human capital challenges that will require the sustained attention and commitment of agency leaders.

GPRA's strategic planning requirements provide a useful framework for agencies to integrate their human capital strategies with their strategic and programmatic planning—and in particular, to identify the workforce size, skills mix, and deployment needed for mission accomplishment and to create strategies to fill the gaps. However, while agencies' fiscal year 2001 annual performance plans all included at least some discussion of human capital, the discussions varied widely in scope and specificity. Some agencies' plans provided detailed goals, objectives, and strategies for human capital management, while others merely noted the importance of human capital in general terms. In either case, agencies will need to follow up through effective implementation and assessment to determine whether their plans lead to improvements in human capital management and programmatic outcomes.

Leadership Continuity and Succession Planning

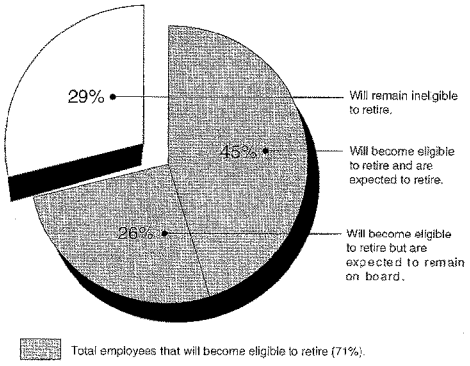
Because the transition to modern performance management will entail changes in management systems and organizational cultures that will take years to implement, it will require long-term commitment on the part of agency leaders and managers. However, whether at the top leadership levels or among managers, many agencies are plagued by turnover that could hamper these efforts. For example, the Health Care Financing Administration (HCFA), which administers the multibillion dollar Medicare program, has had 19 Administrators or Acting Administrators in its 24 years of existence—an inhibiting factor in the implementation of long-term Medicare initiatives and the pursuit of a consistent management strategy.[12] At the Department of Energy (DOE), the office responsible for the Stockpile Stewardship Program has seen the proportion of offices vacant or with acting managers rise from 17 percent in 1996 to almost 65 percent in 2000. This high turnover may help account for the fact that the

[9] *Final Report of the Defense Science Board Task Force on Human Resources Strategy*, Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, February 2000, p. viii.
[10] *Major Management Challenges and Program Risks: Department of Defense* (GAO-01-247, January 2001).
[11] *Major Management Challenges and Program Risks: Department of State* (GAO-01-252, January 2001).
[12] *Major Management Challenges and Program Risks: Department of Health and Human Services* (GAO-01-244, January 2001).

same programmatic concerns in the nuclear weapons stockpiling program are cited by GAO year after year.[13]

We have noted that successful organizations know the importance of fostering a committed leadership team and providing reasonable continuity through succession planning and executive development. The customarily high turnover rate among political appointees has been a long-standing issue at the upper levels of the executive branch.[14] But succession planning for career executives—always a challenge for federal agencies—looms especially large as the current corps of Senior Executive Service (SES) members approaches retirement age.[15] (See fig. 1.) The retirement eligibility trends suggest a loss in leadership continuity, institutional knowledge, and expertise in the SES ranks—impacts that will be felt to varying degrees among federal agencies and occupations. Agencies need to aggressively pursue the comprehensive SES succession planning and executive development actions needed to address this issue.

Figure 1: Proportion of Career SES Members Projected to Become Eligible to Retire, and Those Projected to Retire, by Fiscal Year 2005



Note: Projections are for September 30, 2005 and are calculated on the basis of the 5,981 career SES members employed as of September 30, 1998.

Source: GAO calculations based on OPM data.

[13] *Major Management Challenges and Program Risks: Department of Energy* (GAO-01-246, January 2001).
[14] *Political Appointees: Turnover Rates in Executive Schedule Positions Requiring Senate Confirmation* (GAO/GGD-94-115FS, Apr. 21, 1994).
[15] See *Senior Executive Service: Retirement Trends Underscore the Importance of Succession Planning* (GAO/GGD-00-113BR, May 12, 2000).

A related leadership issue involves executive compensation. Federal executives must often compete for talent against private sector organizations that compensate their executives at levels far above what the federal government offers. Moreover, the existing cap on SES pay has increased pay compression between the maximum and lower SES pay levels, meaning that federal executives at different levels of responsibility can receive identical salaries. Further, pay compression can create situations in which the difference between executive and nonexecutive pay is so small that the financial incentive for managers to apply for positions of greater responsibility may disappear.

Acquiring and Developing Staffs Whose Size, Skills, and Deployment Meet Agency Needs

High-performing organizations identify their current and future human capital needs—including the appropriate number of employees, the key competencies for mission accomplishment, and the appropriate deployment of staff across the organization—and then create strategies for identifying and filling the gaps.

Faced with growing retirement eligibilities—some 35 percent of the fiscal year 1998 federal workforce will be eligible for regular retirement by 2006—agencies may have difficulties replacing the loss of skilled and experienced staff. Moreover, some agencies face imposing challenges in attempting to fill certain mission-critical occupations because of increasing competition in the labor market. For example, the Nuclear Regulatory Commission (NRC) must deal with declining university enrollments in nuclear engineering and other fields related to nuclear safety.[16] A nationwide nursing shortage threatens efforts by the Department of Veterans Affairs (VA) to improve performance at VA hospitals, thereby putting veterans' care at risk. Further, the Department of the Interior and the U.S. Forest Service must maintain their firefighting capacity during catastrophic events, even as experienced fire personnel retire and prove increasingly difficult to replace.[17]

In confronting staffing challenges such as these, agencies must engage in effective recruiting and succession planning strategies. This includes attracting and retaining skilled and knowledgeable individuals whose performance meets or exceeds expectations, regardless of their age. All decisions with regard to recruiting and retention—as in every area of human capital management—must be based on clearly defined, well-documented, consistently applied, transparent criteria that are nondiscriminatory and merit-based. To deal with their recruiting and retention challenges, agencies also need to identify and use the recruiting, hiring, and retention flexibilities available to them. For example, under delegation agreements with OPM, agencies can conduct their own competitive examining for all positions; they can use commercial recruiting firms and nonprofit employment services to recruit job candidates; they can provide lump-sum recruiting or relocation bonuses to employees in

[16] *Major Management Challenges and Program Risks: Nuclear Regulatory Commission* (GAO-01-259, January 2001).
[17] *Major Management Challenges and Program Risks: Department of the Interior* (GAO-01-249, January 2001).

positions that would otherwise be difficult to fill; and, under regulations recently issued by OPM, they can help repay new employees' educational loans. Similarly, to retain needed skills, agencies have discretionary authority to provide retention allowances of up to 25 percent of salary for individual employees, and can request of OPM authority to provide similar retention allowances for groups or categories of employees.

It is also crucial for agencies to invest in training and developing staff to meet agencies' specific performance needs. In the 1990s, changes in the law added considerable flexibility to the training federal employees may receive. However, anecdotal evidence suggests that during the same period, as agencies tried to save on workforce-related costs during downsizing, they cut back not just on staff but on other human capital investments, such as the training and professional development programs they would need if their smaller workforces were to compensate for institutional losses in skills and experience. Agencies we reported on last year faced a number of challenges in this area, including a lack of staff and resources to develop training and development programs to ensure that their employees had the competencies needed to perform mission-critical activities.[18] A particularly critical area on which better investments in training should be focused is contract management, where agencies must have enough skilled staff on board to oversee the quality, cost, and timeliness of products and services delivered by third parties—and where agencies such as DOE, HCFA, and the Department of Housing and Urban Development (HUD), among others, have experienced costly performance problems.[19]

Creating Results-Oriented Organizational Cultures

In many government entities, the transition to modern performance management—and along with it, to strategic human capital management—will require a cultural transformation. Hierarchical management approaches will need to yield to partnerial approaches. Process-oriented ways of doing business will need to yield to results-oriented ones. And "siloed"or (stovepiped) organizations will need to become integrated organizations if they expect to make the most of the knowledge, skills, and abilities of their people. Agencies that expect to make the best use of their human capital will need to establish a strong performance culture—including appropriate performance measures and rewards and a focus on continuous learning and knowledge management—that supports employees in the accomplishment of their organizational missions.

Many federal agencies lack organizational cultures that promote high performance and appropriate accountability. In fact, the results of our 2000 survey of federal managers indicated that in some key areas, agencies may be losing ground in their efforts to build

[18] *Human Capital: Design, Implementation, and Evaluation of Training at Selected Agencies* (GAO/T-GGD-00-131, May 18, 2000).
[19] *Major Management Challenges and Program Risks: Department of Energy* (GAO-01-246, January 2001), *Major Management Challenges and Program Risks: Department of Health and Human Services* (GAO-01-247, January 2001), and *Major Management Challenges and Program Risks: Department of Housing and Urban Development* (GAO-01-248, January 2001).

organizational cultures that focus on results.[20] For example, in one important area—use of performance information for program management activities—a significantly lower percentage of managers reported that they were using such information to a great or very great extent in 2000 than in 1997 for five out of eight key management activities we asked about. (See table 1.) Overall, the survey findings underscored the importance of having agency leaders and managers with the skills and commitment to drive cultural change.

Table 1: Percentage of Federal Managers who Reported Using Information Obtained From Performance Measurement to a Great or Very Great Extent for Various Management Activities

Management activity	1997 Survey[a]	2000 Survey[a]	Difference
Setting program priorities	66%	56%	-10%[b]
Allocating resources	62	53	-9[b]
Adopting new program approaches or changing work processes	66	51	-15[b]
Coordinating program efforts with other internal or external organizations	57	43	-14[b]
Refining program performance measures	52	44	-8
Setting new or revising existing performance goals	58	51	-7
Setting individual job expectations for my staff	61	51	-10[b]
Rewarding staff I manage or supervise	53	53	None
Developing and managing contracts	N/A[c]	38	N/A[c]

[a]Percentages based on those respondents answering on the extent scale.
[b]Statistically significant difference.
[c]Not available; question not asked in 1997.

Source: GAO survey data.

Organizational cultures can be a barrier to high performance and make management improvement efforts more difficult. For example, a stovepiped culture at the Federal Aviation Administration (FAA) has been one of several underlying causes of acquisition problems in the agency's multibillion dollar modernization program, which has

[20]The survey was a follow-up to one conducted in 1996-1997. See *Managing for Results: Federal Managers' Views Show Need for Ensuring Top Leadership Skills* (GAO-01-127, Oct. 20, 2000), and *The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven* (GAO/GGD-97-109, June 2, 1997).

experienced cost overruns, schedule delays, and significant performance shortfalls.[21] Cultural issues have also been linked to long-standing security problems at DOE weapons laboratories, and to intractable waste, fraud, abuse, and mismanagement problems in the Social Security Administration's (SSA) high-risk Supplemental Security Income program.[22]

Agency leaders and managers have a number of strategies available to them to help them steer their organizational cultures to support agency goals. These include modern performance management and incentive approaches—directed at either individual employees or teams—to help empower and motivate staff, reward high performance, and ensure accountability. In 1995, the federal government's performance appraisal and rewards policies were substantially deregulated, with the express intent, OPM reported, of promoting decentralized employee performance management systems that conform to agencies' specific missions and cultures. Agencies have more flexibility than in previous times to develop and, with OPM approval, implement performance appraisal systems to meet their specific goals and needs. For example, performance appraisals may now incorporate performance goals and objectives measured at team and organizational levels, and take group and organizational performance into account when assigning ratings above "Unacceptable." Flexibilities such as these are important as agencies try to establish a "line of sight" between individual employees and their agencies' organizational goals and objectives. However, agencies we have studied have struggled to link employee performance expectations to agency goals; further, many have reported that they do not know whether their incentive programs are effectively motivating their employees.[23]

Human Capital Problems Will Require the Sustained Commitment of Executive and Legislative Branch Leaders

As leaders and managers in the federal government have become more acutely aware of challenges facing the government in the human capital area, some have taken steps to improve their approaches to building and maintaining human capital. However, agencies' human capital problems are invariably difficult and the associated programmatic risks continue to take their toll. The key players in the human capital area—agency leaders, OMB, OPM, and Congress—all need to play their parts in creating changes.

Agency Leaders Need to Focus on Human Capital

The key change for agency leaders who hope to improve their agencies' human capital management is to focus on people as a strategic asset. Workforce planning is an essential step. Agencies need to determine their current and future workforce needs,

[21] *Major Management Challenges and Program Risks: Department of Transportation* (GAO-01-253, January 2001).
[22] *Major Management Challenges and Program Risks: Social Security Administration* (GAO-01-261, January 2001).
[23] *Human Capital: Using Incentives to Motivate and Reward High Performance* (GAO/T-GGD-00-118, May 2, 2000).

assess how their current and anticipated future workforce compares with these needs, and develop effective strategies to fill the gaps. A useful tool for assessing overall human capital management is GAO's human capital framework, which identifies a number of human capital elements and underlying values that are common to high-performing organizations.[24] (See attachment II.) As our framework makes apparent, agencies must address a range of interrelated elements to ensure that their human capital approaches effectively support mission accomplishment. Although no single recipe exists for successful human capital management, high-performing organizations recognize that all human capital policies, practices, and investments must be designed, implemented, and assessed by the standard of how well they support the organization's vision of what it is and where it wants to go.

Although some steps that agencies might want to pursue would require legislative actions, there is nothing to prevent agencies from including in their strategic and programmatic planning the fundamental elements of human capital management that we and others have identified.[25] Rather than wait for reforms to arrive, agency leaders must take the initiative to be more competitive in attracting new employees with critical skills; in creating the kinds of performance incentives and training programs that motivate and empower employees and in building management-labor relationships that are based on common interests and the public trust.

Agencies need to become better informed about human capital management. They need to learn more about what is being done in the human capital area by agencies that have taken the initiative—what approaches have worked, what have not, and what lessons can be drawn from others' experiences and used to improve their organizations' approaches to managing their human capital. They must also learn more about the tools and flexibilities available to them and make better use of them than they have in the past. One publication that OPM developed, the *HR Innovator's Tool Kit*, includes nearly 100 tools and flexibilities at agencies' disposal, ranging from recruiting and relocation bonuses to retention allowances.[26] Agency leaders can and must take steps immediately to identify their human capital needs and create informed, forward-looking strategies to fill them.

As we noted in our PAS reports, some of the agencies whose human capital problems were mentioned earlier—such as NASA, HCFA, and NRC—already have efforts under way to address them. Similarly, OPM has cited numerous examples of effective human capital initiatives, among them the following[27]

- The Bureau of the Census has used technology to reduce hiring time. The agency has an electronic hiring system that provides managers with desktop, web-based access

[24] *Human Capital: A Self-Assessment Checklist for Agency Leaders* (GAO/OCG-00-14G, September 2000).
[25] See, for example, *Building the Workforce of the Future to Achieve Organizational Success*, National Academy of Public Administration, December 1999.
[26] *HR Innovators' Tool Kit*, U.S. Office of Personnel Management.
[27] Letter from OPM to GAO dated Dec. 11, 2000.

and an electronic applicant tracking feature that allows managers to see images of applicant resumes and transcripts within 24 hours of receipt. According to OPM, the electronic hiring system has helped the Census Bureau reduce the time required to fill computer specialist, statistician, and mathematical statistician positions from 6 months to as little as 3 days. Since September 1998, the agency has filled 1,000 vacancies using this process.

- The State Department is using existing pay flexibilities to create incentives for learning. It pays retention allowances ranging from 5 to 15 percent to certain information technology workers who obtain job-related degrees and certifications. OPM reported that after 1 year of operation, this program has helped to significantly reduce turnover and increase the skills base of State's information technology workforce.

- The Veterans Affairs Healthcare Network for Upstate New York is involving its employees in organizational goal-setting. It has taken an innovative approach to creating a clear "line of sight" between employees and organizational goals. Each employee helps to develop work unit "stretch" goals tied to accomplishing the agency's strategic goals. These goals are always at least 10 percent higher than the consensus expectation for the amount of work that should be accomplished. OPM has reported that, since the program began, the Upstate New York program has reduced costs per patient, improved customer service, and attracted more patients.

We have not examined these examples ourselves, so I cannot with certainty endorse them as "best practices." However, it is encouraging whenever we learn of agencies that are taking innovative steps to meet their human capital needs. As I mentioned earlier, for agencies to pursue human capital strategies that effectively support their specific needs and circumstances, they must identify and use the tools and flexibilities available to them under current law. As we have previously reported, some of the barriers to effective strategic human capital management in the federal government do not stem from law or regulation but are imposed by agencies on themselves. Sometimes, the source is a lack of understanding of the prerogatives that agencies have, and sometimes it is outmoded attitudes about the basic ways in which people ought to be managed.[28] However, changing times demand new approaches, and agencies need to be innovative and energetic in their use of the human capital tools and flexibilities available to them.[29]

OMB and OPM Must Be Leaders

It is clear that OMB and OPM have substantial roles to play in fostering a more results-oriented approach to strategic human capital management across government.

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[28]*Transforming the Civil Service: Building the Workforce of the Future—Results of a GAO-Sponsored Symposium* (GAO/GGD-96-35, Dec. 20, 1995).
[29]See *HR Innovators' Tool Kit*, U.S. Office of Personnel Management.

OPM has begun stressing to agencies the importance of integrating strategic human capital management into agency planning.[30] OPM has also been focusing more attention on developing tools to help agencies. For example, it is developing a workforce planning model, with associated research tools and has launched a web site to facilitate information sharing about workforce planning issues. OPM has also brought attention to the need for integrating human capital professionals into agencies' planning processes in acknowledging that a gap exists between the roles that federal human capital professionals need to perform—such as those of technical expert and strategic partner—and those that they have traditionally been given.[31] Further, OPM recently revised the SES performance management regulations so that a balanced scorecard of customer satisfaction, employee perspectives, and organizational results will be used by agencies to evaluate executive performance. In addition, OPM has recently helped to achieve incremental legislative reforms to help attract and retain federal employees, such as compensation flexibility for selected specialist positions and employee benefit enhancements.

I would suggest two areas in which OPM could make substantial additional contributions. The first would be in reviewing existing OPM regulations and guidance to determine their continued relevance and utility. OPM could ask of every major rule and regulation: Is it up-to-date? Is it clear and understandable? Does it provide agencies with the flexibilities they need while incorporating adequate protections to employees? The second area would be in making human capital flexibilities and best practices more widely known to the agencies, and in taking fullest advantage of OPM's ability to facilitate information-sharing and outreach to human capital managers throughout the federal government. An example of such an effort was OPM's Workforce Planning Conference, held in September 2000. With this as in all such leadership and information-sharing initiatives, the sustained commitment and attention of OPM will be critical to making a real difference in the way federal agencies manage their human capital.

Characterizing the most appropriate mission and role for OPM, and defining the most effective tools and strategies for accomplishing its goals in a changing civil service, have been long-standing issues facing the agency.[32] OPM's recent efforts to communicate the importance of aligning human capital with results clearly reflect the important role it can play in promoting human capital improvements. It is likely that OPM will continue moving from "rules to tools," and that its most valuable contributions in the future will come less from traditional compliance activities than from its initiatives as a strategic partner to the agencies.

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[30]See OPM's *Strategic Human Resources Management: Aligning With the Mission*, U.S. Office of Personnel Management, September 1999.

[31]*The HR Workforce: Meeting the Challenge of Change*, U.S. Office of Personnel Management, January 2000. See also *A Call to Action: A Coalition on the Future of the Federal Human Resource Management Profession*, Federal Section of the International Personnel Management Association, September 2000.

[32]See *Observations on the Office of Personnel Management's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan* (GAO/GGD-00-156R, June 30, 2000); *Civil Service Reform: Changing Times Demand New Approaches* (GAO/T-GGD-96-31, October 12, 1995); and *Managing Human Resources: Greater OPM Leadership Needed to Address Critical Challenges* (GAO/GGD-89-19, January 19, 1989).

While OPM has recently done more to promote strategic human capital management, OMB has played a limited role in this key area to date. OMB's role in setting governmentwide management priorities and defining resource allocations will be critical to inducing agencies to integrate strategic human capital management into their core business processes. In 2000, two key steps were taken that reflected OMB's potential importance in this area. First, the President's fiscal year 2001 budget gave new prominence to human capital management by making "align Federal human resources to support agency goals" a Priority Management Objective. Second, a June 2000 presidential memorandum directed the heads of the executive branch departments and agencies to integrate human resources management into their planning, budgeting, and mission evaluation processes. The memo also directed agencies to include specific human resource management goals and objectives in their strategic and annual performance plans, beginning October 1, 2000. OMB's latest Circular No. A-11 guidance on preparing annual performance plans now states that agencies' fiscal year 2002 annual performance plans should set goals in such areas as recruitment, retention, training, appraisals linked to program performance, workforce diversity, streamlining, and family-friendly programs.

These actions by OMB will prove to be useful steps if they result in a better governmentwide focus on the strategic importance of human capital. What is now required is the sustained and forceful leadership to make the promise of these initiatives a reality. This will require much greater attention by OMB to the "M" side of its mission, and specifically to agencies' strategic human capital management. OMB has the ability to ensure that agencies view strategic human capital management as a critically important element in their overall strategic planning, performance management, and budgeting efforts. Important areas for attention include benchmarking and best practices efforts within the executive branch and greater attention during resource allocation to the linkages between agency missions and the human capital needed to pursue them. OMB budget examiners can help ensure that agencies factor in their human capital needs and answer critical questions, such as whether current resources are sufficient and whether they are being allocated in the manner best suited to promote mission accomplishment. OPM can help promote human capital management improvements, but OMB must be directly involved in this area, given its importance from both a mission accomplishment and resource allocation perspective.

Congressional Leadership Will Be Critical to Improving Human Capital Governmentwide

Leadership on the part of Congress will be critical if governmentwide improvements in strategic human capital management are to occur. To raise the visibility of the human capital issue and to move toward a consensus on legislative reforms, commitment to people as an urgent federal management concern must come from both parties in both houses of Congress. As I noted earlier, among the most encouraging developments in this regard have been the efforts of this Subcommittee and SGA to draw attention to

human capital issues, including no less than six pertinent hearings by this Subcommittee in the past 2 years.

Through its creation over the past decade of the performance management framework, Congress has been the institutional champion for improving the management of the federal government. On an agency-specific basis as well, support from Congress has been indispensable to instituting and sustaining management reforms. Congress has opportunities available through its confirmation, oversight and appropriations, and legislative roles to ensure that agencies recognize their responsibilities and have the needed tools to manage their people for results.

First, Congress can draw wider attention to the critical role of human capital in the performance management paradigm. One means of focusing on the critical link between people management and program results is through the appointment and confirmation process, where the Senate has an opportunity to make clear its commitment to sound federal management and to explore what prospective nominees plan to do to ensure that their agencies recognize and enhance the value of their people.[33]

As part of the oversight and appropriations processes, Congress can examine whether agencies are managing their human capital to improve the effectiveness, efficiency, and economy of their programs and deliver better performance for the American people. Congress can also encourage more agencies to identify the flexibilities available to them under current law and to reexamine their approaches to strategic human capital management in the context of their individual missions, goals, and other organizational needs.

Further, Congress can play a defining role in determining the scope and appropriateness of additional human capital flexibilities agencies may seek through legislation. For agencies that request legislative exceptions from current civil service constraints, Congress can require that they make a sound business case based on rational and fact-based analyses of their needs, the constraints under which they presently operate, and the flexibilities available to them. For example, before we submitted human capital legislative proposals for GAO last year, we applied the due diligence needed not only to identify in our own minds the flexibilities we needed to better manage our human capital, but also to give Congress a clear indication of our needs, our rationale, and the steps we were committed to taking in order to maximize the benefits while managing the risks. The process we followed included a thorough analysis of our human capital needs and flexibilities, clear standards for implementation, and multiple opportunities for employee involvement and feedback. The legislative flexibilities we eventually received, tailored as they were to our specific needs, may not be appropriate for other federal employers. However, the process we followed in identifying and making a sound

[33]Toward this end, we recently developed a set of questions for political appointees that the Senate may use during the confirmation process. See *Confirmation of Political Appointees: Eliciting Nominees' Views on Leadership and Management Issues* (GAO/GGD-00-174, Aug. 11, 2000).

business case for these flexibilities is one that would be sensible for other agencies to follow.

To address the federal government's emerging human capital challenges, Congress may wish to consider a variety of targeted investments or new flexibilities while maintaining appropriate safeguards to prevent abuse. Our view is that any legislative proposals involving federal human capital management should be considered in light of the same modern performance management principles that Congress applied in reforming federal financial, information technology, and results-oriented management. In short, will such changes help federal agencies improve their ability to economically, efficiently, and effectively serve the American people? For example, when Congress recently passed amendments to legislation to enable federal agencies to provide some education-related debt relief in exchange for government service, it recognized that for federal agencies to maintain the diverse and knowledgeable workforce they need for mission accomplishment, they must be able to compete effectively with the private sector for educated recruits.

Additional legislative actions could be considered, including the areas in which you, Mr. Chairman, made proposals in your report, such as improving the federal hiring system, providing more flexible pay approaches, enhancing career development and training, and improving employee accountability. A variety of proposals could be considered that might help the federal government compete for new employees and better manage the ones it has. These are just examples for the sake of discussion, but they reflect a range of areas in which opportunities exist to better equip federal employers. For example, Congress might address federal pay compression, perhaps by unlinking federal executive compensation from congressional pay, or perhaps by putting a higher cap on executive performance bonuses. Congress might address some of the succession planning issues associated with the rise in retirement eligibilities by considering phased retirement (also called "retreat into retirement"), whereby employees with needed skills could change from full-time to part-time employment rather than retire all at once. Congress could explore greater flexibilities for federal agencies to enhance their skills mix by leveraging the expertise of private sector employees through innovative executive exchange programs, fellowships, or other arrangements with business or academic professionals. Congress might even consider legislative action to allow federal employees who travel on government business to keep their "frequent flyer" miles—a small benefit but one that private sector employers commonly provide their people as part of a mosaic of competitive employee benefits.

Ultimately, Congress may wish to consider comprehensive legislative reform in the human capital area to address the missing link in the performance management portfolio, giving agencies the tools and reasonable flexibilities they need to manage effectively while providing appropriate safeguards to prevent abuse. As part of this effort, Congress may also wish to consider the extent to which traditional "civil service" approaches—structures, oversight mechanisms, rules and regulations, and direction-

setting—make sense for a government that is largely a knowledge-based enterprise that has adopted and is now implementing modern performance management principles.

Summary

People are the federal government's most valuable asset in managing for results. The importance of human capital is underscored by the numerous links we have identified between agencies' human capital shortfalls and their programmatic challenges. As noted earlier, a consensus has yet to emerge on broad-based federal human capital legislative reform. However, even in the absence of fundamental legislative reform, federal agencies need to take a more strategic and integrated approach to human capital management and to maximize their efforts in such areas as workforce planning, recruiting and retention, succession planning, training and professional development, and performance management and rewards, within the context of current law. Just as modern performance management principles have been brought to federal financial management, information technology management, and results-oriented goal-setting and performance measurement, so they must be brought to federal human capital management. Congress, OMB, OPM, the agencies, and other interested parties should work together to make this happen.

Mr. Chairman, this concludes my prepared statement. I would be pleased to answer any questions you or other Members of the Subcommittee may have at this time.

Contact and Acknowledgments

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ATTACHMENT I

Examples of Federal Agencies with Human Capital Challenges

Agency	Human capital challenges
Agriculture	Organizational culture problems, including resistance from affected USDA agencies and employees, have hampered departmentwide reorganization and modernization efforts. Further, the nation's food safety system, in which USDA plays a major role, continues to suffer from inconsistent oversight, poor coordination, and inefficient deployment of resources.
Bureau of Indian Affairs	Untrained and inexperienced staff hamper effective management of $3 billion in Indian trust funds.
Commerce	A lack of sufficient numbers of experienced staff with the right expertise limits the ability of Commerce and two other trade agencies to monitor and enforce trade agreements.
DOD	In the past two years, the military services have struggled to meet recruiting goals. Attrition among first-time enlistees has reached an all-time high. The services face shortages among junior officers, and problems in retaining intelligence analysts, computer programmers, and pilots. On the civilian side, skills and experience imbalances following downsizing are jeopardizing acquisitions and logistics capabilities.
Energy	Headquarters and field staff have lacked contract management skills to oversee large projects, such as the cleanup of radioactive and hazardous waste sites.
EPA	EPA has not yet implemented any systematic means of determining the right size, skills needs, or deployment of its workforce to carry out its mission and achieve its strategic goals and objectives, despite the demand for new skills due to technological changes and the shift in EPA's regional environmental responsibilities to the states, as well as growing retirement eligibilities in its workforce.
FAA	Air traffic control modernization is fraught with cost, schedule, and performance problems due in part to an organizational culture that impaired the acquisition process.

ATTACHMENT I

Agency	Human capital challenges
Health Care Financing Administration	Medicare's leadership problems include the lack of any official whose sole responsibility it is to run the program. Further, frequent leadership changes at HCFA have hampered long-term Medicare initiatives and the pursuit of a consistent management strategy. HCFA's workforce lacks skills needed to meet recent legislative requirements. The mismatch between HCFA's administrative capacity and its mandate could leave Medicare unprepared to handle future population growth and medical technology advances.
HUD	As HUD's reorganization moves into its final phases, workload imbalances pose programmatic challenges to several specialty centers and field offices. Single family mortgage insurance programs administered by HUD's Federal Housing Administration have been marked by a number of human capital challenges, including insufficient staff. Further, insufficient or inexperienced staff led to problems in quality assurance reviews for 203(k) home rehabilitation loans and oversight of appraisers and mortgage lenders.
Immigration and Naturalization Service	Lack of staff to perform intelligence functions and unclear guidance for retrieving and analyzing information hamper efforts to combat the growing problem of alien smuggling.
Interior and U.S. Forest Service	Difficulties replacing experienced fire personnel threaten firefighting capabilities during catastrophic events.
IRS	IRS lacks reliable cost and operational information to measure the effectiveness of its tax collection and enforcement programs and to judge whether it is appropriately allocating its staff resources among competing management priorities.
NASA	Staff and skills losses following downsizing pose potentially serious problems for the safety and planned flight rate of the space shuttle.
National Park Service	Historically, the Park Service's decentralized priority-setting and accountability systems left it without the means to monitor progress toward achieving its goals or hold park managers accountable for the results of park operations. The park concessions program continues to face management problems, including inadequate qualifications and training of the agency's concession specialists and concessions contracting staff. Insufficient fire safety training has contributed to fire safety risks at visitor centers, hotels, and other national park buildings.

ATTACHMENT I

Agency	Human capital challenges
Nuclear Regulatory Commission	NRC's organizational culture is struggling with the agency's new "risk-informed" regulatory approach. Further, NRC's ability to maintain the skills needed to achieve its mission and fill the gaps created by growing retirement eligibilities could be threatened by the decline in university enrollments in nuclear engineering and other fields related to nuclear safety.
Pension Benefit Guaranty Corporation	Because the agency did not adequately link its contracting decisions to long-term strategic planning, it may not have the cost-effective mix of contractor and federal employees needed to meet future workload challenges. Further, PBGC employees who monitor contractors lack adequate guidance and policies essential to monitoring contractor performance.
SSA	Increasing demand for services, imminent retirement of a large part of its workforce, changing customer expectations, and mixed success in past technology investments will challenge SSA's ability to meet its service delivery demands, which include faster and more accurate benefit claims determinations and increased emphasis on returning the disabled to work.
State	Issues related to the quality of life at overseas posts, career development opportunities, and talent management are hampering recruitment and retention of Foreign Service Officers. Efforts to determine the right size and composition of overseas posts have begun, but State faces challenges in aligning its workforce with new economic, political, security, and technological requirements. Also, staffing shortfalls are hampering counternarcotics programs and efforts to combat visa fraud.
USAID	Staffing shortfalls in the procurement area have hampered the agency's ability to initiate and monitor contracts, thus delaying reconstruction assistance in the wake of natural disasters in Central America and the Caribbean.
Veterans Affairs	A national nursing shortage could adversely affect VA's efforts to improve patient safety in VA facilities and put veterans at risk. Further, VA's training and recruitment programs may not be adequate to ensure a sufficient workforce of competent claims processors, which would likely undermine efforts to improve current problems of claims processing backlogs and errors.

Source: GAO's *Performance and Accountability Series*, numbered GAO-01-241 to 262, January 2001.

ATTACHMENT II

GAO's Human Capital Framework

GAO's Human Capital Framework

Strategic Planning: Establish the agency's mission, vision for the future, core values, goals and objectives, and strategies.
- Shared vision
- Human capital focus

Organizational Alignment: Integrate human capital strategies with the agency's core business practices.
- Improving workforce planning
- Integrating the "HR" function

Leadership: Foster a committed leadership team and provide for reasonable continuity through succession planning.
- Defining leadership
- Building teamwork and communications
- Ensuring continuity

Talent: Recruit, hire, develop, and retain employees with the skills needed for mission accomplishment.
- Recruiting and hiring
- Training and professional development
- Workforce deployment
- Compensation
- Employee-friendly workplace

Performance Culture: Empower and motivate employees while ensuring accountability and fairness in the workplace.
- Performance management
- Performance incentives
- Continuous learning and improvement
- Managers and supervisors
- Job processes, tools, and mission support
- Information technology
- Inclusiveness
- Employee and labor relations

Source: *Human Capital: A Self-Assessment Checklist for Agency Leaders* (GAO/OCG-00-14G, September 2000).

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HUMAN CAPITAL:

Meeting the Governmentwide High-Risk Challenge

David M. Walker
Comptroller General of the United States

GAO
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Addressing the Human Capital Challenge: Opportunities Under Current Laws

- Workforce planning
- Skills and knowledge inventories
- Recruiting/college relations
- Training and professional development programs
- Succession planning
- Inclusiveness
- Performance appraisals/ rewards
- Employee/labor relations
- Employee suggestions/ preferences
- Employee compensation/ benefits
- Flexitime
- Flexiplace

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Addressing the Human Capital Challenge: Shared Responsibilities

- **President**
  - Lead
  - Promote
  - Recognize
- **OMB**
  - Lead
  - Coordinate
  - Link
- **OPM**
  - Lead
  - Review
  - Advise/Assist
- **Departments/Agencies**
  - Lead
  - Design
  - Implement

- **Congress**
  - Confirm
  - Oversee
  - Legislate
- **GAO**
  - Share
  - Review
  - Recommend

- **Private Sector**
  - Partner
  - Recognize
  - Support
- **Foundations**
  - Partner
  - Research
  - Integrate
- **Academia**
  - Partner
  - Revise
  - Promote
- **Media**
  - Lead
  - Investigate
  - Report

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