



G A O

Accountability * Integrity * Reliability

Comptroller General
of the United States

United States General Accounting Office
Washington, DC 20548

August 9, 2002

The Honorable Fred Thompson
Ranking Minority Member
Committee on Governmental Affairs
United States Senate

Dear Senator Thompson:

I am pleased to respond to your request for information about GAO's use of our special human capital flexibilities. These flexibilities relate to the specific authorities granted to GAO through legislation enacted in 1980 and 2000.

1980 PERSONNEL ACT:

As a result of the GAO Personnel Act of 1980, we implemented a broad banded pay-for-performance system for GAO analysts and specialists and certain special Comptroller General appointment authorities that were granted to us by the Congress. A primary goal of our broad banded pay for performance system is to reward staff on the basis of knowledge, skills, and performance as opposed to the passage of time. It also provides managers with additional flexibility to assign and use staff in a manner that is more suitable to multi-tasking and the full utilization of available staff. Our current broad banded system for analysts and specialists places staff in three bands rather than in Grades 7 through 15. The pay ranges for each band closely approximate the GS-equivalents. For example, Band II ranges from about GS-13, step 1 to GS-14, step 10. Importantly, careful design and effective implementation is crucial to obtaining the benefits of broad-banding in an equitable and cost effective manner.

As a result of the 1980 Act, the Comptroller General has authority to direct hire up to 15 experts and consultants, on a non-competitive basis, at any level including the SES, with renewable terms up to 3 years each. GAO has used this authority in selected cases and found it to be very valuable in filling critical time-sensitive positions within the agency.

2000 PERSONNEL FLEXIBILITIES ACT:

Our October 2000 legislation gave us additional tools to realign our workforce in light of mission needs and overall budgetary constraints; correct skills imbalances; and

reduce high-grade, managerial, or supervisory positions without reducing the overall number of GAO employees. This legislation allowed us to (1) make targeted voluntary early retirement and/or buyout offers to certain employee groups, (2) create senior level positions at compensation levels and benefits consistent with Senior Executive Service (SES) positions to address our ongoing need for scientific, technical, and professional career expertise, and (3) give much greater consideration to employee performance, skills and knowledge in any reduction-in-force actions. The development of the agency's regulations involved collaboration with our Employee Advisory Council and consideration of employee comments. Since the legislation was enacted, we have

- established agency regulations and conducted our first voluntary early retirement offer. Once employees registered their interest in participating in the program, we considered a number of factors including employee knowledge, skills, performance, and competencies; the organizational unit or subunit in which an employee worked; an employee's occupational series, grade, or band level, as appropriate; and the geographic location of the employee. As authorized by the 2000 legislation, employee performance was just one of many factors we considered when deciding which employees would be granted early retirement. However, let me assure you, we did not use performance as a basis to target certain individuals. Eighty-one employees submitted applications, 57 of these applicants were approved, 6 were disapproved, and 18 employees withdrew their applications. Most employees left GAO between October 1, 2001 and January 3, 2002. The remaining employees will leave GAO no later than the end of fiscal year 2002. The positions and resources freed up from this effort are reallocated to address more critical needs of the Congress and the agency;
- not begun drafting regulations to authorize voluntary buy-outs since, due to the high cost of retirement fund contributions, we do not have any current plans to use this authority;
- developed agency regulations and established nine senior level positions, of which 7 have been filled; and
- begun drafting our reduction-in-force regulations, which will be published for comments shortly.

We believe the above tools have provided GAO with much needed flexibility to deliver on our mission in an efficient, effective and economical manner while incorporating adequate safeguards to prevent abuse of employees. For example, our use of voluntary early retirement authority helped us realign versus downsize GAO and to strengthen our efforts to have the right staff with the right skills in the right locations to better meet the needs of the Congress and the agency. These authorities benefit our employees, the Congress, and ultimately the American people by helping us improve our performance and ensure our accountability.

In addition to the above special legislative authorities, we, have implemented a number of other actions to modernize our human capital policies, procedures, and practices. While authority to take these actions is generally available to many federal agencies, they are rarely used to any significant extent. For example, we use

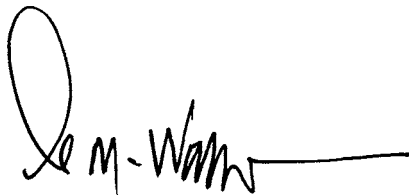
recruiting, retention and other incentives to attract and retain talented employees. We have streamlined our hiring process and used our internship program to offer permanent employment to those interns who complete 10 weeks of highly successful work experience. We also have implemented a number of innovative employee empowerment and benefit programs (e.g., Employee Advisory Council, employee surveys, transportation subsidies, child care facilities and student loan repayment). Importantly, we have also recently redesigned our performance appraisal system to better link it to our strategic plan, core values and desired outcomes. This new system will be linked to a revised pay, promotion and rewards system that is “state-of-the art” for a professional services organization.

As we engage in these important changes, we know that GAO is not perfect and we never will be. Our transformation effort is a work-in-progress for us as it is for others. Our approaches are not the only way for agencies to proceed, but they can help others identify ways to address their individual human capital challenges. In this regard, we have shared our lessons and experiences with others, and are happy to do so. We have also provided a range of tools and methodologies to “help others help themselves” in this critically important area.¹

We are striving to be in the vanguard of the federal government’s efforts to modernize human capital strategies. At GAO, our people are our most valuable asset and it is only through their combined efforts that we can effectively serve the Congress and our country. In this regard, our human capital flexibilities and our commitment to “lead by example” in transforming the way that government does business are clearly paying large dividends to the Congress and the American people as evidenced in our recent Annual Performance and Accountability Report.

I look forward to continuing to work with you, the Congress, the Office of Personnel Management, the Office of Management and Budget, agencies, and other interested parties as we jointly seek to ensure that the federal government modernizes its human capital strategies in order to maximize performance, assure accountability, transform itself, and prepare for the future.

Sincerely yours,

A handwritten signature in black ink, appearing to read "D M Walker", with a long horizontal line extending to the right.

David M. Walker
Comptroller General
of the United States

¹ For examples of the tools provided to agencies, see Human Capital: A Self-Assessment Checklist for Agency Leaders, [GAO/OGC-00-14G](#), September 2000 and A Model of Strategic Human Capital Management, [GAO-02-373SP](#), March 15, 2002.