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HUMAN CAPITAL

Key Principles for Effective Strategic Workforce Planning



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Highlights of [GAO-04-39](#), a report to congressional requesters

Why GAO Did This Study

The federal government is in a period of profound transition and faces an array of challenges and opportunities to enhance performance, ensure accountability, and position the nation for the future. Effective results-oriented management of the government's most valued resource—its people—is at the heart of this transition.

This report is part of a large body of GAO work examining issues in strategic human capital management. Based on GAO's reports and testimonies, review of studies by leading workforce planning organizations, and interviews with officials from the Office of Personnel Management and other federal agencies, this report describes the key principles of strategic workforce planning and provides illustrative examples of these principles drawn from selected agencies' strategic workforce planning experiences.

www.gao.gov/cgi-bin/getrpt?GAO-04-39.

To view the full product, including the scope and methodology, click on the link above. For more information, contact J. Christopher Mihm at (202) 512-6806 or mihmj@gao.gov.

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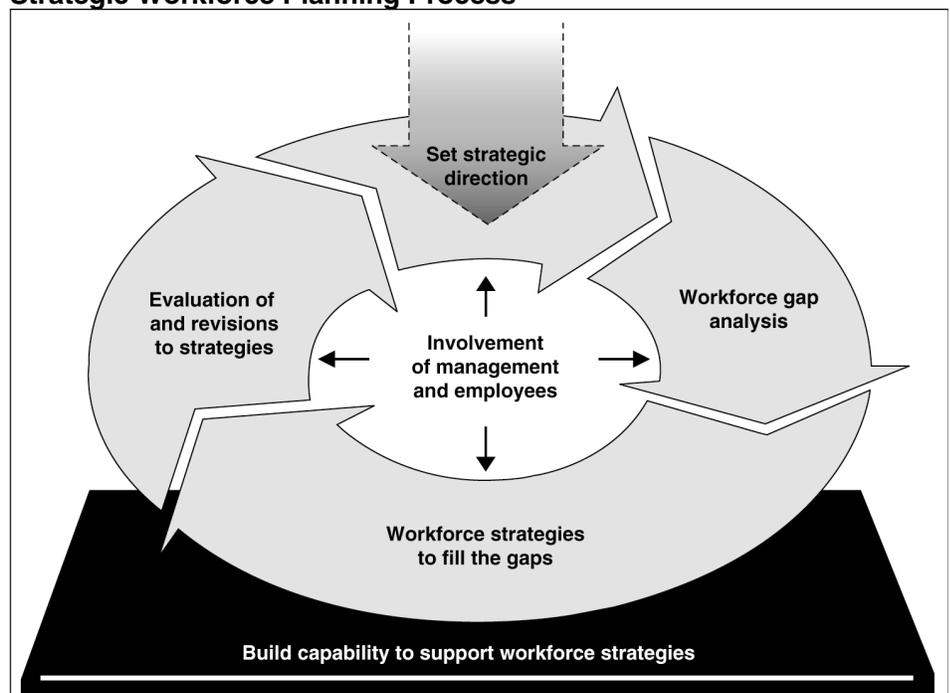
Key Principles for Effective Strategic Workforce Planning

What GAO Found

Strategic workforce planning addresses two critical needs: (1) aligning an organization's human capital program with its current and emerging mission and programmatic goals and (2) developing long-term strategies for acquiring, developing, and retaining staff to achieve programmatic goals. While agencies' approaches to workforce planning will vary, GAO identified five key principles that strategic workforce planning should address irrespective of the context in which the planning is done:

- Involve top management, employees, and other stakeholders in developing, communicating, and implementing the strategic workforce plan.
- Determine the critical skills and competencies that will be needed to achieve current and future programmatic results.
- Develop strategies that are tailored to address gaps in number, deployment, and alignment of human capital approaches for enabling and sustaining the contributions of all critical skills and competencies.
- Build the capability needed to address administrative, educational, and other requirements important to support workforce planning strategies.
- Monitor and evaluate the agency's progress toward its human capital goals and the contribution that human capital results have made toward achieving programmatic results.

Strategic Workforce Planning Process



Source: GAO.

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United States General Accounting Office
Washington, D.C. 20548

December 11, 2003

Congressional Requesters

The Homeland Security Act of 2002,¹ recent congressional hearings on proposals to reform the Department of Defense's civilian personnel reforms, and reports by the Commercial Activities Panel chaired by the Comptroller General and the National Commission on the Public Service² recognize the important contribution that a properly designed and implemented human capital program can make toward achieving an agency's mission and strategic goals. Strategic workforce planning, also called human capital planning, focuses on developing long-term strategies for acquiring, developing, and retaining an organization's total workforce (including full- and part-time federal staff and contractors) to meet the needs of the future. It is an essential element of the institutional infrastructure that each agency needs to ensure that its human capital program capitalizes on its workforce's strengths and addresses related challenges in a manner that is clearly linked to achieving the agency's mission and goals.

This report is part of a large body of work examining issues in strategic human capital management. It was initially requested by Senators Lieberman and Thompson in their capacities as Chairman and Ranking Minority Member, respectively, of the Senate Committee on Governmental Affairs, and by the chairmen and ranking minority members of the committee's two cognizant subcommittees. This report, as agreed with your offices, describes principles of human capital planning and provides illustrative agency examples that will contribute to effective agency strategic workforce plans. GAO, like other agencies across government, is in the midst of transforming how it does business. Accordingly, our internal strategic human capital planning efforts are consistent with the principles described in this report.

To develop this information, we reviewed documents from (1) organizations with governmentwide responsibilities for or expertise in

¹Pub. L. No. 107-296, November 25, 2002.

²See Commercial Activities Panel, *Improving the Sourcing Decisions of the Government* (Washington, D.C.: April 2002), and National Commission on the Public Service, *Urgent Business for America: Revitalizing the Federal Government for the 21st Century* (Washington, D.C.: Jan. 7, 2003).

workforce planning models and tools, such as the Office of Personnel Management (OPM) and the National Academy of Public Administration (NAPA), and (2) federal agencies recommended by several sources as having promising workforce planning programs. We also reviewed our own reports and testimonies on human capital issues. In addition, we met with officials from these organizations concerning existing workforce planning models and lessons learned from their workforce planning experiences. We did not evaluate the effectiveness of specific workforce planning processes being used by the agencies we contacted. Appendix I provides additional information on our scope and methodology. A list of recent GAO products related to federal agencies' management of human capital is included at the end of this report.

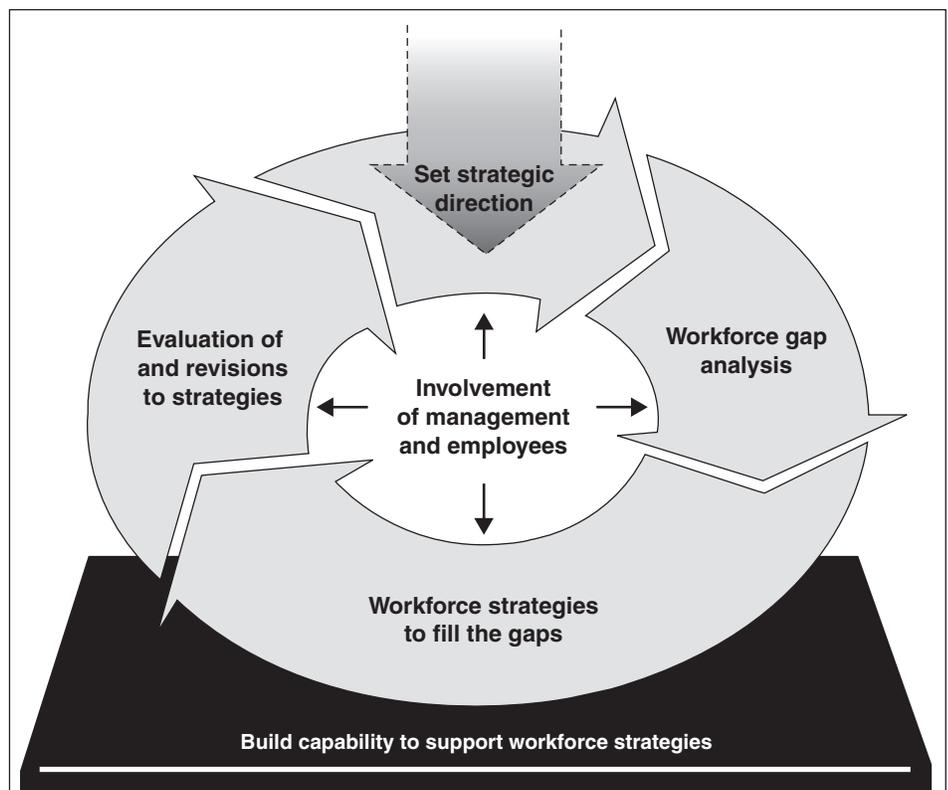
Results in Brief

Strategic workforce planning addresses two critical needs: (1) aligning an organization's human capital program with its current and emerging mission and programmatic goals and (2) developing long-term strategies for acquiring, developing, and retaining staff to achieve programmatic goals. Agency approaches to such planning can vary with each agency's particular needs and mission. The success of the workforce planning process that an agency uses can be judged by its results—how well it helps the agency attain its mission and strategic goals—not by the type of process used. Nevertheless, existing strategic workforce planning tools and models and our own work suggest that there are certain principles that such a process should address irrespective of the context in which planning is done. (See fig. 1.) These are as follows:

- involve top management, employees, and other stakeholders in developing, communicating, and implementing the strategic workforce plan;
- determine the critical skills and competencies that will be needed to achieve current and future programmatic results;
- develop strategies that are tailored to address gaps in number, deployment, and alignment of human capital approaches for enabling and sustaining the contributions of all critical skills and competencies;
- build the capability needed to address administrative, educational, and other requirements important to support workforce strategies; and

- monitor and evaluate the agency's progress toward its human capital goals and the contribution that human capital results have made toward achieving programmatic goals.

Figure 1: Strategic Workforce Planning Process



Source: GAO.

The following provides additional information on each of these principles. First, federal agencies are increasingly realizing that they must transform themselves to meet long-term fiscal, other domestic, and global challenges of the 21st century. Workforce planning that is linked to an agency's strategic goals is one of the tools agencies can use to systematically identify the workforce needed for the future and develop strategies for shaping this workforce. We have found that efforts that address key organizational issues, like strategic workforce planning, are most likely to succeed if, at their outset, agencies' top program and human capital leaders

set the overall direction, pace, tone, and goals of the effort, and involve employees and other stakeholders in establishing a communication strategy that creates shared expectations for the outcome of the process. For example, Pension Benefit Guaranty Corporation (PBGC) officials used a team of managers working under the guidance of senior directors from PBGC's budget, human resources, and other offices to involve executives, supervisors, and staff before developing a strategic workforce plan.

Second, an agency needs to define the critical skills and competencies that it will require in the future to meet its strategic program goals. Fiscal, demographic, technological, and other forces are challenging government agencies to change the activities that they perform and the goals that they must achieve, how they do their business, and even who does the government's business. To effectively meet these challenges, an agency needs to (1) consult with key congressional and other stakeholders on its strategic goals and (2) identify the workforce skills and competencies that are critical to achieving these strategic goals and how the agency will obtain these requirements, including those that the agency will need to acquire, develop, and retain to meet its goals. For example, every 5 years, the National Human Genome Research Institute (NHGRI) of the National Institutes of Health (NIH) develops new strategic goals for the project and identifies the scientific and research capability needed to achieve these goals. National and international human genome experts discuss such topics as how skills critical to achieving previous goals may change during the coming years; how NHGRI should acquire, develop, and shape these skills within universities and NHGRI research programs; and whether NHGRI will need additional managers with similar scientific and medical skills to oversee research activities. NHGRI's April 2003 strategic plan calls for the research institute to increase the number of scientists and managers with computational and clinical medical skills during the next 5 years.

Third, once an agency identifies the critical skills and competencies that its future workforce must possess, it can develop strategies tailored to address gaps in the number, skills and competencies, and deployment of the workforce and the alignment of human capital approaches that enable and sustain the contributions of all critical skills and competencies needed for the future. Strategies include the programs, policies, and practices that will enable an agency to recruit, develop, and retain the critical staff needed to achieve program goals. In short, developing such strategies creates a road map for an agency to use to move from the current to the future workforce needed to achieve program goals. When considering strategies, it is important for agencies to consider the full range of flexibilities available

under current authorities, as well as flexibilities that might need additional legislation before they can be adopted. In addition, agencies need to understand the strengths and weaknesses of their current human capital program and how the program can successfully use such flexibilities. For example, during its fiscal year 2001 preparation of fiscal year 2003 budget proposals, the Department of Labor (DOL) developed strategies for increasing the number of Master of Business Administration (MBA) graduates at the department. Its strategy, which was successfully included in its fiscal year 2003 budget, called for using recruitment bonuses and student loan repayments to recruit individuals with business degrees and a training program to acquaint those hired with the department. DOL has recently started training a second class of 17 MBA Fellows, in addition to the 13 enrolled in February 2003.

Fourth, as agencies develop tailored workforce plans and address administrative, educational, and other requirements that are important to support them, it is especially important to recognize practices that are key to the effective use of human capital authorities. These practices include educating managers and employees on the availability and use of flexibilities so that they are implemented openly, fairly, and effectively. For example, the General Services Administration (GSA) Region 3 built transparency and accountability into a newly designed award process by making lists of award amounts and frequencies (without personal identifiers) available to supervisors within the region so that they know how their use of such flexibilities compares with that of other regional supervisors.

Fifth, evaluating the contribution that the workforce plan makes to strategic results measures the effectiveness of the workforce plan and helps ensure that the strategies work as intended. This involves two activities: determining (1) how well the agency implemented its workforce plan and (2) the contribution that the implementation made toward achieving programmatic goals. These activities can also improve the effectiveness of workforce planning strategies and the overall workforce planning process by identifying shortfalls in performance and other improvement opportunities that can be incorporated into the next planning cycle. For example, the Social Security Administration (SSA) evaluated the results of its early retirement efforts to design future retirement programs that would shape the staffing levels available to attain the agency's goals.

Each of the five organizations profiled in this report provided comments on a draft. All agreed with the information presented. GSA and other agencies

also provided technical comments that we have incorporated as appropriate. In addition to its technical comments, GSA noted that our discussion of its workforce planning activities focuses on only the efforts of one GSA region. We have clarified this point in the report.

Background

Strategic human capital management is a pervasive challenge facing the federal government. In January 2001, and again in January 2003, we identified strategic human capital management as a governmentwide high-risk area after finding that the lack of attention to strategic human capital planning had created a risk to the federal government's ability to serve the American people effectively.³ As our previous reports have made clear, the widespread lack of attention to strategic human capital management in the past has created a fundamental weakness in the federal government's ability to perform its missions economically, efficiently, and effectively.⁴ In the wake of extensive downsizing during the early 1990s, done largely without sufficient consideration of the strategic consequences, agencies are experiencing significant challenges to deploying the right skills, in the right places, at the right time. Agencies are also facing a growing number of employees who are eligible for retirement and are finding it difficult to fill certain mission-critical jobs, a situation that could significantly drain agencies' institutional knowledge. Other factors such as emerging security threats, rapidly evolving technology, and dramatic shifts in the age and composition of the overall population exacerbate the problem. Such factors increase the need for agencies to engage in strategic workforce planning to transform their workforces so that they will be effective in the 21st century.

There are a variety of models of how federal agencies can conduct workforce planning. For example, in 1999 OPM published a five-step model that suggests agencies define their strategic direction, assess their current and future workforces, and develop and implement action plans for

³U.S. General Accounting Office, *High-Risk Series: An Update*, GAO-01-263 (Washington, D.C.: January 2001), and *High-Risk Series: An Update*, GAO-03-119 (Washington, D.C.: January 2003).

⁴See GAO-01-263 and U.S. General Accounting Office, *Performance and Accountability Series – Major Management Challenges and Program Risks: A Governmentwide Perspective*, GAO-01-241 (Washington, D.C.: January 2001). In addition, see the accompanying 21 reports (numbered GAO-01-242 through GAO-01-262) on specific agencies.

closing identified gaps in future workforce needs.⁵ Since then, NAPA and the International Personnel Management Association (IPMA) have reported on workforce models used by federal, state, and local governments and industry, and developed their own generic models.⁶

Comparing these models, NAPA and IPMA found that the following four steps are generally common to strategic workforce planning efforts:

- examining future organizational, environmental, and other issues that may affect the agency's ability to attain its strategic goals;
- determining skills and competencies needed in the future workforce to meet the organization's goals and identifying gaps in skills and competencies that an organization needs to address;
- selecting and implementing human capital strategies that are targeted toward addressing these gaps and issues; and
- evaluating the success of the human capital strategies.

However, they also reported that federal agencies often implement these steps differently and focus on a variety of issues based on their particular circumstances when preparing their strategic workforce plans. For example, faced with a long lead time to train employees hired to replace those retiring and an increasing workload, SSA focuses a large part of its workforce planning effort on estimating and managing retirements. Unlike SSA, PBGC officials faced a future workload that could rise or fall sharply. Consequently, PBGC focused its November 2002 workforce plan on identifying skills to manage the combined efforts of federal staff and contractors to address a volatile workload.

⁵In October 2002, OPM released a Human Capital Assessment and Accountability Framework that expands on and integrates previous guidance on workforce planning, such as the 1999 model, and other human capital elements of the President's Management Agenda.

⁶NAPA issued a 1999 report on federal workforce planning models and a 2000 report that provided guidance on implementing its version of a generic model. In 2002, IPMA published its version of a generic workforce planning model.

Principle 1: Involve Top Management, Employees, and Other Stakeholders in Developing, Communicating, and Implementing the Strategic Workforce Plan

Planning, developing, and implementing workforce planning strategies, such as those that involve reshaping the current workforce through early separations, managed attrition, or increased hiring, can cause significant changes in how an agency implements its policies and programs. Our work on the human capital experiences of leading organizations as well as organizations that are undergoing major mergers and transformations has identified numerous lessons that can help federal agencies successfully implement strategic workforce planning strategies.⁷

These lessons include the following:

- **Ensuring that top management sets the overall direction and goals of workforce planning.** Top leadership that is clearly and personally involved in strategic workforce planning provides the organizational vision that is important in times of change; can help provide stability as the workforce plan is being developed and implemented; and provides a cadre of champions within the agency, including both political and career executives, to ensure that planning strategies are thoroughly implemented and sustained over time. It can also help integrate workforce planning efforts with other key management planning efforts, such as succession planning and information technology or financial management reforms, to ensure that such initiatives work together to achieve the agency's goals. For example, we have reported that to be effective, succession planning needs the support and commitment of an organization's top leadership.⁸ In other countries, government agencies' top leadership (1) actively participates in the succession planning and management programs; (2) regularly uses these programs to develop, place, and promote individuals; and (3) ensures that these programs receive sufficient financial and staff resources and are maintained over time.

⁷See U.S. General Accounting Office, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, GAO-03-669 (Washington, D.C.: July 2, 2003); *Highlights of a GAO Forum: Mergers and Transformation: Lessons Learned for a Department of Homeland Security and Other Federal Agencies*, GAO-03-293SP (Washington, D.C.: Nov. 14, 2002); *Human Capital: Effective Use of Flexibilities Can Assist Agencies in Managing Their Workforces*, GAO-03-2 (Washington, D.C.: Dec. 6, 2002); and *Human Capital: Key Principles from Nine Private Sector Organizations*, GAO/GGD-00-28 (Washington, D.C.: Jan. 31, 2000).

⁸See U.S. General Accounting Office, *Human Capital: Insights for U.S. Agencies from Other Countries' Succession Planning and Management Initiatives*, GAO-03-914 (Washington, D.C.: Sept. 15, 2003).

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- **Involve employees and other stakeholders in developing and implementing future workforce strategies.** Agency managers, supervisors, employees, and employee unions need to work together to ensure that the entire agency understands the need for and benefits of changes described in the strategic workforce plan so that the agency can develop clear and transparent policies and procedures to implement the plan's human capital strategies. Involving employees and other stakeholders on strategic workforce planning teams can develop new synergies that identify ways to streamline processes and improve human capital strategies and help the agency recognize and deal with the potential impact that the organization's culture—the underlying assumptions, beliefs, values, attitudes, and expectations generally shared by an organization's members—can have on the implementation of such improvements. Changes that recognize how they may challenge the existing culture, and include appropriate steps to deal with potential problems, are more likely to succeed than strategies that do not.
 - **Establish a communication strategy to create shared expectations, promote transparency, and report progress.** A communication strategy is especially crucial in the public sector where a full range of stakeholders and interested parties are concerned not only with what human capital and programmatic results will be achieved by a plan, but also with the processes that are to be used to achieve those results. For example, if a workforce plan calls for employing strategies that have not been extensively used before, such as recruitment bonuses, employees may be concerned about whether the processes will be followed consistently and fairly. In general, communication about the goals, approach, and results of strategic workforce planning is most effective when done early, clearly, and often and is downward, upward, and lateral.

Figure 2 describes how PBGC adopted several of these lessons during its recent workforce planning efforts.

Figure 2: Illustration of Principles for Involving Top Management and Others: PBGC's Workforce Planning Efforts

PBGC adopted an innovative approach for involving top management that addressed its needs for both strategic workforce planning and enhanced professional development of potential executives. In 2000, we reviewed PBGC's organizational structure and reliance on contractor employees, and recommended that the corporation conduct a comprehensive review of its future human capital needs that addressed the size of its workforce; its deployment; and the knowledge, skills, and abilities needed to meet its future mission needs.^a PBGC officials agreed that it needed a strategic workforce planning study. They also believed that the corporation needed to strengthen its succession management program to prepare future managers. PBGC officials responded by creating a multifaceted program, which it calls the Leaders Growing Leaders Program, and made the program's participants responsible for developing and evaluating workforce planning information. In essence, potential future corporate leaders in the program became PBGC's strategic workforce planning team. PBGC officials believed that having its future leaders analyze planning issues and formulate corresponding strategies to address these issues provided an added incentive for the team to develop strategic workforce planning recommendations that its members, as future leaders, can successfully implement.

The planning team has completed several workforce-planning analyses to respond to our recommendations. Under the guidance of an executive steering committee, which consists of senior directors of PBGC's largest departments and its planning, budget, and human resources offices, the team has (1) studied other agencies' approaches to workforce planning; (2) examined current trends in PBGC's workload, employment, use of contractors, technology, and other factors; (3) developed for itself and the steering committee broad assumptions of how PBGC should address these issues in the future; and (4) interviewed over 100 executives, supervisors, and staff members to identify current and future skills needed in critical job occupations. PBGC officials identified these critical job occupations by analyzing the type of work conducted by PBGC and how technology and other factors were changing critical skills.

During November 2002, the PBGC planning team completed a strategic workforce plan that (1) analyzed the differences between the current and future critical competencies identified in these interviews and (2) discussed with the steering committee possible recruitment, training, and retention strategies to address needs and opportunities. For example, the team identified six groups of critical competencies, such as competencies in project and contract management and information technology, that the corporation was in the greatest danger of not having within 5 years. To address these potential gaps, the team recommended that the corporation explore such strategies as partnering with colleges and universities; using rotational assignments, mentoring, and establishing one-on-one instructional programs to expand training; and aligning performance plans and awards to its corporate goals. According to PBGC officials, by the end of 2003 the corporation will have implemented strategies to address these potential gaps and used the workforce plan to update its strategic goals for 2004 through 2008.

^aU.S. General Accounting Office, *Pension Benefit Guaranty Corporation: Contracting Management Needs Improvement*, GAO/HEHS-00-130 (Washington, D.C.: Sept. 18, 2000).

Principle 2: Determine the Critical Skills and Competencies That Will Be Needed to Achieve the Future Programmatic Results

It is essential that agencies determine the skills and competencies that are critical to successfully achieving their missions and goals. This is especially important as changes in national security, technology, budget constraints, and other factors change the environment within which federal agencies operate. For example, as discussed in our July 2003 report on the Department of Homeland Security's (DHS) international cargo container programs, DHS Customs officials have developed two new programs for increasing the security of such cargo that require recruiting and training about 270 staff to work with their foreign counterparts at more than 40

international ports and international shipping companies.⁹ To fully implement the new security programs, DHS expects to recruit and train candidates with diplomatic, language, and risk assessment (targeting) skills for 2- to 3-year permanent assignments at foreign ports. We reported that because some of these ports are in countries that our government considers hardship assignments, DHS faces a daunting challenge in attracting U.S. personnel with the necessary skills for these assignments. We recommended, among other improvements, that DHS develop human capital plans that clearly describe how the cargo security programs will meet the programs' long-term demands for skilled staff. DHS officials agreed to develop human capital plans to better ensure the programs' long-term success.

We have reported on similar human capital challenges at other agencies. For example, in June 2003, we testified that the Securities and Exchange Commission (SEC) had failed to fill most of the new staff positions it needed to examine recent high-profile corporate failures and accounting scandals.¹⁰ In our June 2002 report on the Federal Energy Regulatory Commission (FERC),¹¹ we stated that the increasing competitive nature of the natural gas and electricity markets made it critical that FERC have more staff members knowledgeable about how the energy markets work and how to regulate these markets effectively. However, FERC did not have a strategic human capital management plan to guide its efforts to transform its workforce and had not taken full advantage of the personnel flexibilities and tools available to federal agencies in addressing its human capital challenges. In April 2002, we found that the individual federal trade agencies responsible for negotiating, monitoring, and enforcing U.S. trade agreements lacked sufficient staff members with the expertise to perform the necessary economic, technical, and legal analyses for the new

⁹U.S. General Accounting Office, *Container Security: Expansion of Key Customs Programs Will Require Greater Attention to Critical Success Factors*, GAO-03-770 (Washington, D.C.: July 25, 2003).

¹⁰U.S. General Accounting Office, *Securities and Exchange Commission: Preliminary Observations on SEC's Spending and Strategic Planning*, GAO-03-969T (Washington, D.C.: July 23, 2003).

¹¹U.S. General Accounting Office, *Energy Markets: Concerted Actions Needed by FERC to Confront Challenges That Impede Effective Oversight*, GAO-02-656 (Washington, D.C.: June 14, 2002).

agreements.¹² The agencies collectively did not have sufficient expertise to adequately complete these analyses and faced problems with recruitment and high turnover rates.

The scope of agencies' efforts to identify the skills and competencies needed for their future workforces varies considerably, depending on the needs and interests of a particular agency. Whereas some agencies may decide to define all the skills and competencies needed to achieve their strategic goals, others may elect to focus their analysis on only those most critical to achieving their goals. The most important consideration is that the skills and competencies identified are clearly linked to the agency's mission and long-term goals developed jointly with key congressional and other stakeholders during the strategic planning process. If an agency identifies staff needs without linking the needs to strategic goals, or if the agency has not obtained agreement from key stakeholders on the goals, the needs assessment may be incomplete and premature.

Agencies can use various approaches for making a fact-based determination of the critical human capital skills and competencies needed for the future. For example, PBGC collected qualitative information from interviews with agency executives and managers on the factors influencing the agency's capability to acquire, develop, and retain critical skills and competencies. Another approach, used by the Department of the Army, is to collect extensive information from employee surveys on education, training, and other factors that may influence employees' skills.¹³ Information on attrition rates and projected retirement rates, fluctuations in workload, and geographic and demographic trends can also be useful. When estimating the number of employees needed with specific skills and competencies, it is also important to consider opportunities for reshaping the workforce by reengineering current work processes, sharing work among offices within the agency and with other agencies that have similar

¹²U.S. General Accounting Office, *Human Capital: Major Human Capital Challenges at SEC and Key Trade Agencies*, GAO-02-662T (Washington, D.C.: Apr. 23, 2002).

¹³In August 2003, we reported that the Department of the Army had not taken adequate steps to ensure the reliability of projections made by its Civilian Forecasting System, which is a workforce planning model that the Department of Defense (DOD) and other agencies are considering adopting. The Department of the Army is taking actions that in effect implement our recommendation to better document the model's forecasting capabilities. See U.S. General Accounting Office, *DOD Personnel: Documentation of the Army's Civilian Workforce-Planning Model Needed to Enhance Credibility*, GAO-03-1046 (Washington, D.C.: Aug. 22, 2003).

missions, and competitive sourcing. (See fig. 3 for information on NHGRI's approach for determining critical skills and competencies needed to achieve its strategic goals.)

Figure 3: Illustration of Principles for Determining Critical Skills and Competencies: NHGRI's Workforce Planning

NHGRI has identified the organizational capabilities it needs to achieve its goals in the human genome project. About every 5 years since 1990, the agency has developed new strategic goals for the project and identified the general organizational capabilities needed to meet these goals. For example, based on the advice of federal and nonfederal managers, scientists, and other stakeholders, the agency has consistently determined it needs the capability to (1) develop and use state-of-the-art genetic analysis techniques, (2) create and manage very large databases of genetic information, and (3) explore the ethics of developing detailed genetic maps of people. However, as the science has matured, NHGRI has increasingly emphasized the capability to develop medical applications of genetic discoveries. As research priorities have changed, NHGRI has also identified and developed the in-house capability to provide and manage financial grants to support pre- and postdoctoral researchers at universities and for its own in-house research program.

Accomplishing all of its agreed-upon strategic objectives, NHGRI recently reexamined the program's future research goals and associated organizational capabilities. From July 2001 through November 2002, NHGRI officials conducted a series of workshops and solicited advice from national and international experts to (1) review the U.S. program's past scientific successes, (2) define new strategic research goals and areas of emphasis, and (3) identify the scientific and research capability needed to achieve these goals. Program officials and scientists participating in the planning workshops discussed such topics as how skills critical to achieving previous goals may change during the coming years; how NIH should acquire, develop, and shape these skills within universities and NIH research programs; and whether NHGRI will need additional managers with similar scientific and medical skills to oversee research activities. According to NHGRI officials, workshop participants called for an even greater reliance in the future on scientists with computational and clinical medical skills. The program's April 2003 strategic plan includes ambitious goals for translating the wealth of existing genetic information and technology into medical applications that will significantly improve human health care and calls for an increased number of scientists with such skills.

Scenario planning is an approach that agencies have used to manage risks of planning for future human capital needs in a changing environment. As discussed in our April 2003 report on agencies' efforts to integrate human capital strategies with their mission-oriented efforts,¹⁴ scenarios can describe different future environments that agencies may face. For example, after the terrorist attacks of September 11, 2001, and during the creation and implementation of DHS, senior U.S. Coast Guard officials reexamined five long-term scenarios developed in 1999 to describe different environments that could exist in the year 2020. In 1999, these scenarios had been the basis for agency leaders and planners to create

¹⁴U.S. General Accounting Office, *Human Capital: Agency Actions to Integrate Human Capital Approaches with Strategies for Accomplishing Organizational Missions*, GAO-03-446 (Washington, D.C.: Apr. 11, 2003).

operational and human capital strategies that they thought would work well for the U.S. Coast Guard in each independent scenario. After September 11, 2001, agency officials reviewed the scenarios to determine whether additional scenarios were needed in light of the attacks and decided to (1) create new long-term scenarios to guide planning beyond 2005 and (2) generate two scenarios with an 18-month horizon to guide short-term operational and human capital planning. Similarly, to prepare its 2002 strategic workforce plan, PBGC used scenario analysis to determine how the scope and volume of its activities might change in the next 5 years. The strategic workforce plans these organizations developed identify gaps in workforce skills or competencies that they need to fill to meet the likely scenarios rather than planning to meet the needs of a single view of the future. U.S. Coast Guard and PBGC managers believe that by using multiple scenarios they gain flexibility in determining future workforce requirements.

Principle 3: Develop Strategies Tailored to Address Gaps and Human Capital Conditions in Critical Skills and Competencies That Need Attention

Our March 2002 strategic human capital model stressed the importance of agencies developing human capital strategies—the programs, policies, and processes that agencies use to build and manage their workforces—that are tailored to their unique needs. Applying this to strategic workforce planning means that agencies (1) develop hiring, training, staff development, succession planning, performance management, use of flexibilities, and other human capital strategies and tools that can be implemented with the resources that can be reasonably expected to be available and (2) consider how these strategies can be aligned to eliminate gaps and improve the contribution of critical skills and competencies that they have identified between the future and current skills and competencies needed for mission success. For example, we reported that to manage the succession of their executives and other key employees, agencies in Australia, Canada, New Zealand, and the United Kingdom are implementing succession planning and management practices that protect and enhance organizational capacity.¹⁵ Specifically, their initiatives identify high-potential employees from multiple organizational levels early in their careers as well as identify and develop successors for employees with critical knowledge and skills. In addition, because they are facing challenges in the demographic makeup and diversity of their senior executives, agencies in other countries use succession planning and

¹⁵GAO-03-914.

management to achieve a more diverse workforce, maintain their leadership capacity as their senior executives retire, and increase the retention of high-potential staff.

Also, in June 2003, we testified that although the Federal Bureau of Investigation (FBI) has taken some steps to address short-term human capital needs related to implementing its changed priorities, as well as completing a framework for a revised strategic plan, it has not completed a strategic human capital plan.¹⁶ We observed that the FBI should build a more long-term approach to human capital by completing a strategic human capital plan that outlines, among other things, the results of a data-driven assessment of its needs for critical skills and competencies. Such an analysis could become the basis for FBI officials deciding how to maximize the use of available human capital flexibilities as a strategy for recruiting and retaining agents with critical skills, intelligence analysts, and other critically needed staff.

Our 2002 strategic human capital model identifies aspects of human capital management that enable agencies to maximize their employees' contributions, such as (1) the continuing attention of senior leaders and managers to valuing and investing in their employees; (2) an investment in human capital approaches that acquires, develops, and retains the best employees; and (3) the use of performance management systems that elicit the best results-oriented performance from the staff, and indicators to measure the effectiveness of human capital approaches.^{17,18} Before beginning to develop specific workforce strategies, an agency can assess these aspects of its human capital approach, using OPM's Human Capital Assessment and Accountability Framework, which OPM developed in conjunction with the Office of Management and Budget (OMB) and GAO;

¹⁶U.S. General Accounting Office, *FBI Reorganization: Progress Made in Efforts to Transform, but Major Challenges Continue*, GAO-03-797T (Washington, D.C.: June 18, 2003).

¹⁷Our March 2002 exposure draft identified these factors, plus strategic workforce planning, as cornerstones of an effective human capital program. See U.S. General Accounting Office, *A Model of Strategic Human Capital Management*, GAO-02-373SP (Washington, D.C.: Mar. 15, 2002).

¹⁸There are also individual-related factors that affect an employee's capability to contribute to an agency's goal. For example, an agency needs individuals who have, in addition to specific skills and competencies, the motivation necessary to capitalize on their inherent skills and the resiliency to positively respond to temporary setbacks that may arise in the course of their work.

our model; and other tools. The results will help agencies develop a sense of the obstacles and opportunities that may occur in meeting their critical workforce needs. For example, an agency that attempts to develop creative and innovative strategies will have a difficult time implementing the strategies if its assessment concludes that its overall human capital approach (1) does not effectively value people as assets whose value can be enhanced and (2) is not results oriented.

Much of the authority that agencies' leaders need to tailor human capital strategies to their unique needs is already available under current laws and regulations. Therefore, in setting goals for its human capital program and developing the tailored workforce planning strategies to achieve these goals, it is important for agencies to identify and make use of all the appropriate administrative authorities to build and maintain the workforce needed for the future. As our December 2002 report states, this will involve agencies reexamining the flexibilities provided to them under current authorities, and identifying existing flexibilities that they could use more extensively, to develop workforce planning strategies.¹⁹ These flexibilities may include providing early separation and early retirement incentives authorized by the Homeland Security Act of 2002, recruitment and retention bonuses and allowances, alternative work schedules, and special hiring authorities to recruit employees with critical skills.²⁰ (See fig. 4 for information on DOL's use of flexibilities to recruit individuals with business skills.)

¹⁹GAO-03-2.

²⁰For an expanded list of human capital flexibilities available to federal agencies, see GAO-03-2 and U.S. Office of Personnel Management, *Human Resources Flexibilities and Authorities in the Federal Government* (Washington, D.C.: July 25, 2001).

Figure 4: Illustration of Principles for Selecting Targeted Human Capital Strategies: DOL's Development of an MBA Fellows Program

Like many agencies, DOL faces the challenge of acquiring needed skills and competencies to keep pace with changing conditions and to improve effectiveness of its programs. To address this challenge, it has formulated a strategy for using existing personnel flexibilities for recruiting individuals with advanced business administration skills, and presented a business case for this and other human capital initiatives in its fiscal year 2003 budget request approved by the Congress.

Specifically, early in fiscal year 2002, the Secretary of Labor determined that, to transform itself into a more business-like organization, the department needed to (1) recruit individuals who possessed extensive business skills in order to develop such critical competencies as marketing, quantitative analysis, and strategic thinking and (2) train these individuals in the intricacies of operating the department's many worker protection, compensation, and employment programs. After considering several human capital approaches for doing this, such as expanding recruiting efforts at universities to attract more business graduates and rotating individuals with business skills from other agencies to short assignments in the department, DOL officials decided to develop a program that combined aspects of both types of programs.

DOL's resulting MBA Fellows Program, which began in February 2003, includes (1) goals for the year of recruiting 15 to 20 MBA graduates and other individuals with comparable business experience, (2) strategies to facilitate recruiting these individuals, and (3) a new 2-year program designed to provide these new hires with experiences in a broad variety of departmental programs. Strategies for hiring these individuals include establishing relationships with universities and professional organizations that have strong business programs to advertise DOL's hiring program, and using existing flexibilities, such as recruitment bonuses and student loan repayments, to improve the competitiveness of the department's employment offers. The new Fellows Program includes rotation assignments throughout DOL, development of individualized plans to enhance leadership and business experiences, and matching program participants with mentors. In July 2003, DOL hired a second class of 17 MBA Fellows to join the 13 hired in February.

Principle 4: Build the Capability Needed to Address Administrative, Educational, and Other Requirements Important to Supporting Workforce Strategies

In a December 2002 report, we identified key practices that agencies need to employ to effectively take advantage of existing and new human capital authorities.²¹ Two of these practices—ensuring that the use of flexibilities is part of an overall human capital strategy and ensuring stakeholder input in developing flexibilities-related policies and procedures—are intrinsic to effective workforce planning and have already been discussed. However, as agencies plan how to implement specific workforce strategies that include flexibilities, it is important that they also consider other practices that are important to the effective use of flexibilities. These include the following:

- **Educate managers and employees on the availability and use of flexibilities.** Managers and supervisors can be more effective in using human capital strategies that involve new flexibilities, such as recruitment bonuses, if they are properly trained to identify when they

²¹GAO-03-2.

can be used and how to use the agency's processes for ensuring consistency, equity, and transparency. To avoid confusion and misunderstandings, it is also important to educate employees about how the agency uses human capital flexibilities and employee rights under policies and procedures related to human capital.²²

- **Streamline and improve administrative processes.** It is important that agencies streamline administrative processes for using flexibilities and review self-imposed constraints that may be excessively process oriented. Although sufficient controls are important to ensure consistency and fairness, agency officials developing a workforce strategy that uses flexibilities should look for instances in which processes can be reengineered.
- **Build transparency and accountability into the system.** Clear and transparent guidelines for using specific flexibilities, and holding managers and supervisors accountable for their fair and effective use, are essential to successfully implementing workforce strategies. Guidelines can be used to (1) provide well-defined and documented decision-making criteria for using flexibilities and help ensure that they are consistently applied and (2) minimize managers' and supervisors' potential reluctance to use flexibilities by addressing their concerns that without guidelines, employees may see them as unfairly applying the flexibilities. An agency can also use a results-oriented performance management system to reinforce managers' accountability for implementing human capital strategies. In October 2000, OPM amended regulations to require agencies to, among other things, appraise executive performance by balancing organizational results with areas such as employee perspective. We reported on selected agencies' implementation of a set of balanced performance expectations for senior executives and identified examples of executives' expectations.²³ Examples of these performance expectations were to "help attract and retain well-qualified employees" and "ensure workforce has skills

²²For guidance on possible education efforts, see U.S. General Accounting Office, *Human Capital: A Guide for Assessing Strategic Training and Development Efforts in the Federal Government*, GAO-03-893G (Washington, D.C.: July 1, 2003).

²³U.S. General Accounting Office, *Results-Oriented Cultures: Using Balanced Expectations to Manage Senior Executive Performance*, GAO-02-966 (Washington, D.C.: Sept. 27, 2002). See also, GAO-03-669 and U.S. General Accounting Office, *Results-Oriented Cultures: Creating a Clear Linkage between Individual Performance and Organizational Success*, GAO-03-488 (Washington, D.C.: Mar. 14, 2003).

aligned with the agency's objectives." (See fig. 5 for information on GSA Region 3's efforts to build the capacity to support its workforce strategies.)²⁴

Figure 5: Illustration of Principles for Building the Capacity to Support Workforce Strategies: GSA's Use of Human Capital Flexibilities

GSA's Philadelphia Regional Office (Region 3) has used a variety of means to educate stakeholders and managers about human capital flexibilities and to involve them in identifying ways to simplify their use. For example, it has done the following:

- Established a Human Resources Council, which is composed of the human resources director and representatives of various GSA offices, to discuss human capital policies and practices in the region, such as alternative work arrangements and incentive awards.
- Conducted Human Resources Solutions Series training to educate supervisors on the existence and use of human capital flexibilities. The training includes topics such as employee leave and work schedules, options for dealing with performance and conduct problems, and balancing managerial flexibility and accountability under merit system principles.
- Revised administrative approval processes for granting employees on-the-spot cash awards ranging from \$50 to \$2,000. Previously, agency supervisors were required to complete lengthy justifications and send these forms to the personnel office for review. According to the human resources manager, the perceived burdens of the previous administrative process led to very few awards being granted. Now, according to GSA managers and supervisors, by accessing GSA's intranet Web site, an agency supervisor can complete the award initiation process within minutes and on the next business day receive a certificate to present to the employee that shows what the award is for and when the employee can expect the money in his or her paycheck.
- Built transparency and accountability into the revised award process by making lists of award amounts and frequencies (without personal identifiers) available to supervisors within the region so that they know how their use of such flexibilities compares with that of other regional supervisors.
- Started using GSA's intranet Web site and an employee newsletter to distribute information about employees' rights and related personnel policies and procedures.

²⁴As with the other illustrative examples, the example addresses only one part of GSA's overall workforce planning efforts.

Principle 5: Monitor and Evaluate the Agency's Progress toward Its Human Capital Goals and the Contribution That Human Capital Results Have Made toward Achieving Programmatic Goals

High-performing organizations recognize the fundamental importance of measuring both the outcomes of human capital strategies and how these outcomes have helped the organizations accomplish their missions and programmatic goals. Performance measures, appropriately designed, can be used to gauge two types of success: (1) progress toward reaching human capital goals and (2) the contribution of human capital activities toward achieving programmatic goals.²⁵ Identifying both types of measures, and discussing how the agency will use these measures to evaluate the strategies before it starts to implement the strategies, helps agency officials think through the scope, timing, and possible barriers to evaluating the workforce plan.²⁶ Periodic measurement of an agency's progress toward human capital goals and the extent that human capital activities contributed to achieving programmatic goals provides information for effective oversight by identifying performance shortfalls and appropriate corrective actions.

For example, a workforce plan can include measures that indicate whether the agency executed its hiring, training, or retention strategies as intended and achieved the goals for these strategies, and how these initiatives changed the workforce's skills and competencies. It can also include additional measures that address whether the agency achieved its program goals and the link between human capital and program results. An agency's evaluation of its progress implementing human capital strategies would use the first set of measures to determine if the agency met its human capital goals and identify the reasons for any shortfalls, such as whether the agency's implementation plan adequately considered possible barriers to achieving the goals, established effective checkpoints to allow necessary adjustments to the strategy, and assigned people with sufficient authority and resources. Further evaluation may determine that although the agency achieved its workforce goals, its human capital efforts neither significantly

²⁵The Homeland Security Act of 2002 requires that OPM design a set of systems that include appropriate metrics for assessing agencies' human capital management, including metrics for closing skill gaps in mission-critical occupations and aligning human capital strategies with the missions, goals, and organizational objectives of agencies.

²⁶In creating and using performance measures, the number of measures for each strategy should be limited to the most vital. As our previous work evaluating the results of agencies' Government Performance and Results Act (GPRA) efforts has noted, those vital measures should cover the key performance dimensions that will enable an organization to assess the success of the human capital strategy. Organizations that seek to manage large numbers of performance measures may risk creating confusing excess data that will obscure rather than clarify performance.

helped nor hindered the agency from reaching its programmatic goals. This could occur if an agency misjudged the relationship between human capital and programmatic goals when developing workforce plans and consequently has mistakenly estimated the magnitude of changes in human capital strategies that were needed to achieve program goals. These results could lead to the agency revising its human capital goals to better reflect their relationship to programmatic goals, redesigning programmatic strategies, and possibly shifting resources among human capital initiatives during the next planning cycle.

Developing meaningful outcome-oriented performance goals and collecting performance data to measure achievement of these goals is a major challenge for many federal agencies.²⁷ Performance measurement tends to focus on regularly collected data available on direct products and services provided by a program, such as the number of staff trained to carry out an activity. In cases where outcomes are not quickly achieved or readily observed, such as assessing the impact a training program has on achieving an agency's goals, performance measurement is more complex.²⁸

Federal agencies in general have experienced difficulties in defining practical and meaningful measures that assess the impact human capital strategies have on programmatic results. For example, in its fiscal year 2003 performance plan, the Federal Emergency Management Agency identified goals of streamlining its organization and developing its workforce, but listed no measures to gauge progress for either goal.²⁹ In contrast, the Environmental Protection Agency's (EPA) fiscal year 2003 performance plan includes measures of the agency's efforts to achieve activity-oriented human capital goals, such as implementing a workforce planning model at five offices by the end of the year and completing a comprehensive pay review. These performance measures provide a base upon which EPA can seek to gauge how well its human capital efforts help the agency to achieve its programmatic goals.

²⁷U.S. General Accounting Office, *Results-Oriented Government: Using GPRA to Address 21st Century Challenges*, GAO-03-1166T (Washington, D.C.: Sept. 18, 2003).

²⁸GAO-03-893G.

²⁹U.S. General Accounting Office, *Performance and Accountability: Reported Agency Actions and Plans to Address 2001 Management Challenges and Program Risks*, GAO-03-225 (Washington, D.C.: Oct. 31, 2002).

The challenge faced by EPA and other agencies in using such measures is that there is not always a clear link between specific human capital strategies and strategic programmatic outcomes. This is partly because there may be multiple causes of a specific outcome, only one of which is related to a targeted human capital strategy, and unforeseen circumstances that affect implementation of a strategy. Our recent testimony on human capital challenges at the SEC and key trade agencies illustrates the practical difficulties that agencies may encounter.³⁰ We testified that during 2001, U.S. trade agencies increased staff levels to address insufficient monitoring and enforcement of trade agreements. However, we noted that measuring the effectiveness of this strategy might be difficult because the agencies' workloads in other areas continue to grow, which could cause them to shift resources intended for trade compliance to other program areas.³¹ If shifts in resources occur, the agencies may not be able to improve the effectiveness of trade compliance efforts, even though the human capital strategy initially succeeded in acquiring additional resources.

OPM's Human Capital Assessment and Accountability Framework, developed in conjunction with OMB and GAO, presents consolidated guidance on standards for success and performance indicators that agencies can refer to as they transform their strategic human capital management programs. For example, it includes such strategic workforce planning indicators as whether agencies use best practices to determine workloads and resource needs and have documented strategies for workforce planning that define roles, responsibilities, and other requirements of the strategies.³² As we stated in January 2003, the framework represents a promising step that can improve agencies' human capital systems.³³ Agencies can use its indicators as a basis for developing, implementing, and evaluating their workforce planning processes. Generally, agencies will need more specific indicators to measure the

³⁰Our review focused on the human capital challenges facing the SEC, the Office of the U.S. Trade Representative, and trade-related components of the Departments of Commerce and Agriculture.

³¹GAO-02-662T.

³²For more information on OPM's Human Capital Assessment and Accountability Framework, visit <http://apps.opm.gov/HumanCapital/tool/purpose.cfm>.

³³U.S. General Accounting Office, *Major Management Challenges and Program Risks: Office of Personnel Management*, GAO-03-115 (Washington, D.C.: January 2003).

success of their workforce plans. (See fig. 6 for information on SSA's evaluation of retirement-related workforce strategies.)

Figure 6: Illustration of Principles for Evaluating Contribution to Strategic Results: SSA's Evaluation of Retirement-Related Strategies

SSA is using the results of several studies of retirement trends in the agency to focus its voluntary retirement program. As we discussed in our February 2000 testimony, SSA conducted a study that predicted staff retirements and attrition by year from 1999 through 2020, as well as by major job position and agency component.^a Its study showed that two factors would converge by the end of the decade: an expected increase in demand for services as baby boomers reach retirement age and the imminent retirement of a large part of the agency's workforce. For example, the study projected that nearly 70 percent of managers would be eligible to retire by 2010, with the majority retiring during the peak years of 2007 through 2009. During these peak retirement years, SSA expected to lose about 3,000 employees per year, which would be more than double the average retirement rate from the previous decade. SSA officials believed that if the retirement wave were left to run its course unabated, the agency would be faced with an institutional knowledge gap coupled with an increased demand to recruit and train new employees that would be difficult and expensive to meet.

In order to have experienced employees in critical areas during the peak workload years, after the 1998 study SSA revised the eligibility requirements of its voluntary retirement program to focus on mitigating the effects of projected peak year retirements. In contrast with earlier versions of the program, which were targeted to employees in noncritical administrative and managerial positions, the redesigned early retirement program was expanded to include all employees who provide direct service to the public. However, SSA has generally excluded employees with substantial workloads and skills critical to achieving its mission, such as administrative law judges, from participating in the early retirement program.

SSA officials evaluate the combined impact of the redesigned early retirement program and other factors during both their annual assessment and strategic planning cycles. At the end of each fiscal year, SSA measures the number of actual retirements, compares it to the previously projected number, and considers how these numbers affect the future retirement wave. SSA also updates its retirement wave study triannually.^b Based on results from the annual and triannual studies, SSA determines possible strategies for managing the projected retirement wave, including again offering voluntary retirements. If it decides to offer additional voluntary retirements, SSA presents a business case to OPM demonstrating its need for early retirement authority. However, SSA officials have found that personal considerations, legislative changes in retirement systems, economic conditions, and other factors contribute to an employee's decision to retire. Because of the variety and significance of these factors, SSA has concluded that it cannot clearly identify a cause-and-effect relationship between its retirement incentives and actual retirements.

SSA's efforts to monitor the number of employees who are retiring is part of a broader effort that the agency believes will help it transition its workforce to effectively deliver services to its current and future customers. We have not evaluated SSA's implementation of its broader workforce transition effort. However, as we stated in our January 2003 report on SSA's management challenges, SSA needs to consider decisions on early retirements and other strategies to build its workforce within the context of a concrete service delivery plan that provides details on how and when it will provide service in the future.^c

^aU.S. General Accounting Office, *SSA Customer Service: Broad Service Delivery Plan Needed to Address Future Challenges*, GAO/T-HEHS/AIMD-00-75 (Washington, D.C.: Feb. 10, 2000).

^bThe most recent update, completed in 2000, shows that since the voluntary retirement program was refocused on addressing the expected retirement peak, SSA's projected number of retirements has decreased. About 37 percent of the workforce is projected to retire through 2010, compared with the 1998 projections that showed that about 42 percent would retire during the same period. Furthermore, 400 to 500 fewer employees will be retiring during the peak years of demand for SSA's services.

Concluding Observations

There is an increasing awareness that federal agencies need to transform themselves into more efficient, results-oriented organizations if they are to meet the many fiscal, management, and policy challenges of the 21st century. To meet these challenges, federal managers will need to direct considerable time, energy, and targeted investments toward efforts that make the best use of the government's most important resource—the people that agencies employ now and in the future. They will also need effective strategic workforce planning to identify and focus these investments on the long-term human capital issues that most affect their ability to attain mission results. The principles presented here can enhance the effectiveness of an agency's strategic workforce planning by helping the agency focus on the issues it needs to address, the information it needs to consider, and the lessons that it can learn from other organizations' experiences. By doing so, agencies can better ensure that their strategic workforce planning processes appropriately address the human capital challenges of the future and better contribute to the agencies' major efforts to meet their missions and goals.

Agency Comments

We provided a draft of this report to the Secretary of Labor, the Executive Director of PBGC, the Director of NIH, the Administrator of GSA, and the Commissioner of SSA. Each of these organizations provided comments on the draft report and agreed with the information presented. DOL's Director of Workforce Planning and Diversity; PBGC's Chief Human Capital Officer; and GSA's Program Management Officer, Office of the Chief People Officer, also provided written technical comments to clarify specific points regarding the information presented. Where appropriate, we have made changes to reflect those technical comments. NIH and SSA officials did not provide technical comments.

In addition to technical comments, GSA noted that while the report presents a case study on workforce planning efforts of one region, GSA has used and continues to use a robust agencywide workforce planning process. We have clarified the report to recognize that our example is limited to the activities of one GSA region and does not address the agency's overall workforce planning efforts.

We are sending copies of this report to other interested congressional parties, the Director of OPM, the Secretary of Labor, the Secretary of Health and Human Services, the Commissioner of the Social Security Administration, the Director of the National Institutes of Health, and the Executive Director of the Pension Benefit Guaranty Corporation. In addition, we will make copies available to others upon request. The report will also be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you have any questions about this report, please contact me or William Doherty on (202) 512-6806. Others who contributed to this report were Bob Lilly, Adam Hoffman, Andrew Edelson, and Candyce Mitchell.

A handwritten signature in black ink that reads "J. Christopher Mihm". The signature is written in a cursive style with a large, stylized "J" and "M".

J. Christopher Mihm
Director, Strategic Issues

List of Requesters

The Honorable Susan M. Collins
Chairman
The Honorable Joseph I. Lieberman
Ranking Minority Member
Committee on Governmental Affairs
United States Senate

The Honorable Daniel K. Akaka
Ranking Minority Member
Subcommittee on Financial Management, the
Budget, and International Security
Committee on Governmental Affairs
United States Senate

The Honorable George Voinovich
Chairman
The Honorable Richard J. Durbin
Ranking Minority Member
Subcommittee on Oversight of Government Management,
the Federal Workforce, and the District of Columbia
Committee on Governmental Affairs
United States Senate

The Honorable Thad Cochran
United States Senate

Scope and Methodology

To identify strategic workforce planning principles and illustrative agency examples, we gathered and analyzed information from a variety of sources. We reviewed our own guidance, reports, and testimonies on federal agencies' workforce planning and human capital management efforts, and guidance available through the Internet and leading human capital periodicals, such as the *Workforce Planning Resource Guide for Public Sector Human Resource Professionals* issued by the International Personnel Management Association. We also met with officials from organizations with governmentwide responsibilities for or expertise in workforce planning, such as the Office of Personnel Management and the National Academy of Public Administration, to identify additional guidance available and to obtain their recommendations of federal agencies engaged in effective workforce planning. We synthesized information from these meetings, reports, and guidance documents and our own experiences in human capital management to (1) derive five principles that appeared most important to effective strategic workforce planning and (2) identify agencies we would contact for examples of workforce planning that illustrated these principles.

We then selected five examples of agencies' workforce planning activities (one example corresponding to each of the five workforce planning principles) to present in the report. We met with human capital and program officials and analyzed documents related to these examples to more fully understand the specific workforce planning issues associated with the examples and how the agencies addressed these issues.

We selected the examples that in our judgment collectively illustrated these principles across a diverse set of federal programs. Because our review objectives did not include evaluating the effectiveness of agencies' workforce planning processes, we did not evaluate these processes nor did we require the presence of evaluations or other evidence demonstrating planning effectiveness as a criterion for selecting examples. We did exclude from consideration, however, processes that agencies were just beginning or that were not complete enough for agencies to be willing to present them as successful planning efforts.

The fact that an agency is profiled to illustrate the principles of a particular planning step is not meant to imply complete success for addressing the matter or lack of success for addressing other aspects of workforce planning. Furthermore, the efforts in the examples do not represent all the potential ways that an agency can implement workforce planning or address the specific human capital issue being discussed.

Appendix I
Scope and Methodology

We conducted our work in Washington, D.C., from March 2002 through October 2003, in accordance with generally accepted government auditing standards.

Related GAO Products

Foreign Assistance: USAID Needs to Improve Its Workforce Planning and Operating Expense Accounting. GAO-03-1171T. Washington, D.C.: September 23, 2003.

Human Capital: Insights for U.S. Agencies from Other Countries' Succession Planning and Management Initiatives. GAO-03-914. Washington, D.C.: September 15, 2003.

DOD Personnel: Documentation of the Army's Civilian Workforce-Planning Model Needed to Enhance Credibility. GAO-03-1046. Washington, D.C.: August 22, 2003.

Foreign Assistance: Strategic Workforce Planning Can Help USAID Address Current and Future Challenges. GAO-03-946. Washington, D.C.: August 22, 2003.

Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations. GAO-03-669. Washington, D.C.: July 2, 2003.

Human Capital: A Guide for Assessing Strategic Training and Development Efforts in the Federal Government. GAO-03-893G. Washington, D.C.: July 1, 2003.

Tax Administration: Workforce Planning Needs Further Development for IRS's Taxpayer Education and Communication Unit. GAO-03-711. Washington, D.C.: May 30, 2003.

Federal Procurement: Spending and Workforce Trends. GAO-03-443. Washington, D.C.: April 30, 2003.

Veterans Benefits Administration: Better Collection and Analysis of Attrition Data Needed to Enhance Workforce Planning. GAO-03-491. Washington, D.C.: April 28, 2003.

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Results-Oriented Cultures: Creating a Clear Linkage between Individual Performance and Organizational Success. GAO-03-488. Washington, D.C.: March 14, 2003.

Human Capital Management: FAA's Reform Effort Requires a More Strategic Approach. GAO-03-156. Washington, D.C.: February 3, 2003.

High-Risk Series: Strategic Human Capital Management. GAO-03-120. Washington, D.C.: January 2003.

Major Management Challenges and Program Risks: Office of Personnel Management. GAO-03-115. Washington, D.C.: January 2003.

Acquisition Workforce: Status of Agency Efforts to Address Future Needs. GAO-03-55. Washington, D.C.: December 18, 2002.

Human Capital: Effective Use of Flexibilities Can Assist Agencies in Managing Their Workforces. GAO-03-2. Washington, D.C.: December 6, 2002.

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Human Capital Legislative Proposals to NASA's Fiscal Year 2003 Authorization Bill. GAO-03-264R. Washington, D.C.: November 15, 2002.

Highlights of a GAO Forum: Mergers and Transformation: Lessons Learned for a Department of Homeland Security and Other Federal Agencies. GAO-03-293SP. Washington, D.C.: November 14, 2002.

Highlights of a GAO Roundtable: The Chief Operating Officer Concept: A Potential Strategy to Address Federal Governance Challenges. GAO-03-192SP. Washington, D.C.: October 4, 2002.

Results-Oriented Cultures: Using Balanced Expectations to Manage Senior Executive Performance. GAO-02-966. Washington, D.C.: September 27, 2002.

Human Capital Flexibilities. GAO-02-1050R. Washington, D.C.: August 9, 2002.

Results-Oriented Cultures: Insights for U.S. Agencies from Other Countries' Performance Management Initiatives. GAO-02-862. Washington, D.C.: August 2, 2002.

HUD Human Capital Management: Comprehensive Strategic Workforce Planning Needed. GAO-02-839. Washington, D.C.: July 24, 2002.

NASA Management Challenges: Human Capital and Other Critical Areas Need to Be Addressed. GAO-02-945T. Washington, D.C.: July 18, 2002.

Managing for Results: Using Strategic Human Capital Management to Drive Transformational Change. GAO-02-940T. Washington, D.C.: July 15, 2002.

Post-Hearing Questions Related to Federal Human Capital Issues. GAO-02-719R. Washington, D.C.: May 10, 2002.

Human Capital: Major Human Capital Challenges at SEC and Key Trade Agencies. GAO-02-662T. Washington, D.C.: April 23, 2002.

Managing for Results: Building on the Momentum for Strategic Human Capital Reform. GAO-02-528T. Washington, D.C.: March 18, 2002.

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Managing for Results: Human Capital Management Discussions in Fiscal Year 2001 Performance Plans. GAO-01-236. Washington, D.C.: April 24, 2001.

Human Capital: Major Human Capital Challenges at the Departments of Defense and State. GAO-01-565T. Washington, D.C.: March 29, 2001.

Human Capital: Meeting the Governmentwide High-Risk Challenge. GAO-01-357T. Washington, D.C.: February 1, 2001.

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