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Before the Subcommittee on Civil Service and Agency  
Organization, Committee on Government Reform, House  
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**SENIOR EXECUTIVE  
SERVICE**

**Enhanced Agency Efforts  
Needed to Improve  
Diversity as the Senior  
Corps Turns Over**

Statement of George H. Stalcup  
Director, Strategic Issues





# SENIOR EXECUTIVE SERVICE

## Enhanced Agency Efforts Needed to Improve Diversity as the Senior Corps Turns Over

Highlights of [GAO-04-123T](#), a testimony before the Subcommittee on Civil Service and Agency Organization, Committee on Government Reform, House of Representatives

### Why GAO Did This Study

The federal government faces large losses in its Senior Executive Service (SES), primarily through retirement but also because of other normal attrition. This presents the government with substantial challenges to ensuring an able management cadre and also provides opportunities to affect the composition of the SES.

In a January 2003 report, [GAO-03-34](#), GAO estimated the number of SES members who would actually leave service through fiscal year 2007 and reviewed the implications for diversity, as defined by gender, race, and ethnicity of the estimated losses. Specifically, GAO estimated by gender, race, and ethnicity the number of members of the career SES who will leave government service from October 1, 2000, through September 30, 2007, and what the profile of the SES will be if appointment trends do not change. GAO made the same estimates for the pool of GS-15s and GS-14s, from whose ranks the vast majority of replacements for departing SES members come, to ascertain the likely composition of that pool.

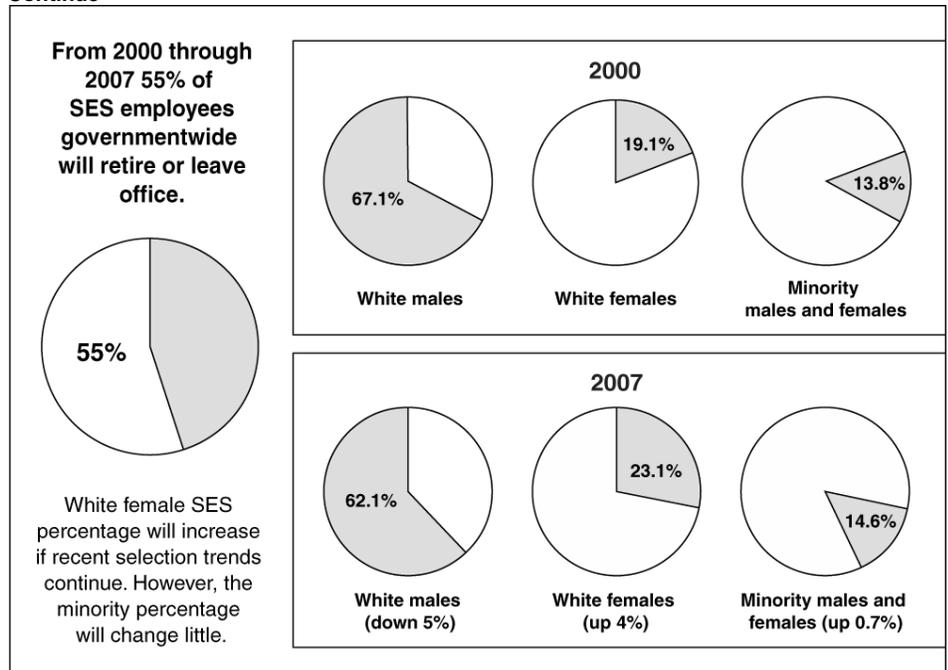
### What GAO Found

More than half of the 6,100 career SES members employed on October 1, 2000, will have left service by October 1, 2007. Using recent SES appointment trends, the only significant changes in diversity would be an increase in the number of white women and an essentially equal decrease in white men. The percentage of GS-15s and GS-14s projected to leave would be lower (47 percent and 34 percent, respectively), and we project that the number of minorities still in the GS-15 and GS-14 workforce would provide agencies sufficient opportunity to select minority members for the SES.

Estimates showed substantial variation in the proportion of SES minorities leaving between 24 large agencies and in the effect on those agencies' gender, racial, and ethnic profiles. Minority representation at 10 agencies would decrease and at 12 would increase.

Agencies have an opportunity to affect SES replacement trends by developing succession strategies that help achieve a diverse workforce. Along with constructive agency leadership, these strategies could generate a pool of well-prepared women and minorities to boost the diversity of the SES ranks.

**Projected Changes in the SES from 2000 through 2007 If Recent Appointment Trends Continue**



Source: GAO.

[www.gao.gov/cgi-bin/getrpt?GAO-04-123T](http://www.gao.gov/cgi-bin/getrpt?GAO-04-123T).

To view the full testimony, including the scope and methodology, click on the link above. For more information, contact George H. Stalcup at (202) 512-9490 or [stalcupg@gao.gov](mailto:stalcupg@gao.gov).

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Madam Chairwoman and Members of the Subcommittee:

I am pleased to have this opportunity to discuss the anticipated attrition within the Senior Executive Service (SES) and the challenges and opportunities that this attrition presents for enhancing the gender, racial, and ethnic diversity of the federal government's senior executive corps. Two weeks ago, the Subcommittee held a hearing on succession planning at the federal level. Our statement at that hearing discussed how other countries have used succession planning and management to help them build a more diverse leadership corps. My testimony today underscores the importance of such an approach to succession planning and management here in the United States and is based on the findings from our January 2003 report on the SES.<sup>1</sup>

The SES generally represents the most experienced and senior segment of the federal workforce. The expected loss of more than half of current career SES members through fiscal year 2007, as well as significant attrition in the GS-15 and GS-14 workforce—the key source for SES appointments—has important implications for federal agencies and underscores the need for effective succession planning. Demographics of the public served by the federal government are changing. Representation by women and minorities in the government's executive corps and succession pool is crucial if we expect to bring a wider variety of perspectives and approaches to bear on policy development and implementation, strategic planning, problem solving, and decision making, and to provide the organizational strength that contributes to achieving results. A number of federal organizations have oversight responsibility for federal efforts to achieve diversity in the workplace. Key among these organizations are the Equal Employment Opportunity Commission (EEOC) and the Office of Personnel Management (OPM), which help to ensure that policies, laws, and regulations designed to (1) protect federal workers from unlawful employment discrimination and other unlawful work practices and (2) promote equal opportunity, fairness, and inclusiveness, are carried out.

With these thoughts in mind, I would like to make three points today:

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<sup>1</sup>U.S. General Accounting Office, *Senior Executive Service: Enhanced Agency Efforts Needed to Improve Diversity as the Senior Corps Turns Over*, GAO-03-34 (Washington, D.C.: Jan. 17, 2003).

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First, in our January 2003 report, we estimated that 55 percent of the career SES members employed by the federal government as of October 1, 2000, will have left the service by October 1, 2007. Our estimates for attrition among the GS-15 and GS-14 workforce also indicate a significant number of departures, but a lower proportion will leave because GS-15s and GS-14s are generally younger and leave for different reasons than SES members. We estimated that about 47 percent of the GS-15s on board as of October 2000 will leave by October 2007 and that 34 percent of the GS-14s will leave. Estimates of attrition showed variations across 24 large agencies for both the SES and GS-15 and GS-14 workforce but, for most agencies, with the proportion represented by minorities generally changing very little.<sup>2</sup>

Second, while the past is not necessarily prologue, if recent governmentwide appointment trends were to continue, the only significant change in diversity by 2007 would be an increase in the number of white women from 19 percent to 23 percent and an essentially equal decrease in the number of white men from 67 percent to 62 percent. Because minorities will be leaving at about the same rate as nonminorities, the current proportion of racial and ethnic minorities in the SES would change very little if agencies replace SES members who leave with the same mix of appointments as they did during fiscal years 1995 through 2000. Our estimates by agencies varied. For 10 of the 24 large agencies, future trends, based on recent projections, show less minority representation for SES in 2007 than in 2000, while 12 agencies show increases. At most agencies, the diversity picture for the GS-15 and GS-14 workforce is better than that for the SES. Even with variations by agency, if recent promotion trends continue for the succession pool of GS-15s and GS-14s, by October 2007, this workforce would experience a slight increase in the percentage of minorities governmentwide. The increase, coupled with the residual population left after attrition, indicate that significant numbers of minority candidates for appointment to SES should be available.

Third, the wave of near-term retirements and other attrition will provide the federal government with both a challenge and an opportunity. The challenge will be to develop succession plans based on inclusive strategies

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<sup>2</sup>The 24 large agencies also are referred to as the 24 Chief Financial Officer agencies. These agencies are covered by the Chief Financial Officers Act, 31 U.S.C. § 901. Together, the 24 agencies account for about 96 percent of federal employees. Under H.R. 2886, the Department of Homeland Security would be designated as a CFO Act agency and the Federal Emergency Management Agency (FEMA) would no longer be considered a CFO Act agency.

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to help ensure that sufficient numbers of senior executives are in place to develop and implement the policies and programs of the federal government. The opportunity will be to use new appointments to enhance the diversity of the SES corps and the succession pool from which SES members are selected. Based in part on our work on the SES corps and in other human capital areas, we have seen a positive response on the part of OPM, EEOC, and other agencies. Continued leadership from OPM and EEOC, coupled with a strong commitment on the part of agency managers—through such actions as holding executives accountable for the diversity in the workforces they manage—would help ensure the diversity of senior leadership.

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## Over the Next Several Years the Federal Government Faces Significant Losses of Its Most Senior Executives

The federal government's civilian workforce faces large losses over the next several years, primarily through retirements. Expected retirements in the SES, which generally represents the most senior and experienced segment of the workforce, are expected to be even higher than the governmentwide rates. In our January 2003 report, we estimated that more than half of the government's 6,100 career SES members on board as of October 2000 will have left the service by October 2007. Estimates for SES attrition at 24 large agencies showed substantial variations in both the proportion that would be leaving and the effect of those losses on the gender, racial, and ethnic profile. We estimated that most of these agencies would lose at least half of their corps.

The key source of replacements for the SES—the GS-15 and GS-14 workforce—also showed significant attrition governmentwide and at the 24 large agencies by fiscal year 2007. While this workforce is generally younger, and those who leave do so for somewhat different reasons than SES members, we estimate that almost half, 47 percent, of the GS-15s on board as of October 2000 will have left federal employment by October 2007 and about a third, 34 percent, of the GS-14s will have left.

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## If Past Appointment Trends Continue, the Diversity of the SES Corps Would Remain Virtually Unchanged

While past appointment trends may not continue, they do present a window into how the future might look. In developing our estimates of future diversity of the SES corps, we analyzed appointment trends for the federal government and at 24 large agencies to determine the gender, racial, and ethnic representation of the SES corps in 2007 if appointment trends that took place from fiscal years 1995 through 2000 continued. We found that, governmentwide, the only significant change in diversity by 2007

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would be an increase in the number of white women, from 19.1 to 23.1 percent, and a corresponding decrease in white men, from 67.1 to 62.1 percent. The proportion of the SES represented by minorities would change very little, from 13.8 to 14.5 percent.

Table 1 presents the results by gender, racial, and ethnic groups of our simulation of SES attrition and projection of SES appointments using recent trends. The table also shows that the racial and ethnic profile of those current SES members who will remain in the service through the 7-year period will be about the same as it was for all SES members in October 2000. This is because minorities are projected to be leaving at essentially the same rate overall as white members. Thus, any change in minority representation will be the result of new appointments to the SES. However, as the last columns of table 1 show, if recent appointment trends continue, the result of replacing over half of the SES will be a corps whose racial and ethnic profile changes very little. The outlook regarding gender diversity is somewhat different—while the percentage represented by SES white women is estimated to increase by 4 percentage points, the percentage of minority women is estimated to increase by .5 percentage point—from 4.5 to 5.0 percent. While white men are estimated to decrease by 5 percentage points, minority men are estimated to increase by .2 percentage point, from 9.3 to 9.5 percent.

**Table 1: Gender, Race, and Ethnicity of Career SES Corps, Actual as of October 1, 2000; Those Estimated to Remain Employed on October 1, 2007, after Accounting for Attrition; and Estimates for October 1, 2007, if Those Departing Are Replaced at Actual Rates for Fiscal Years 1995 through 2000**

| Career SES                   | On board on<br>October 1, 2000 |              | Remaining after<br>estimated attrition<br>on October 1, 2007 |              | As of October 1, 2007,<br>with replacements at<br>appointment rates for<br>fiscal years 1995-2000 |              |
|------------------------------|--------------------------------|--------------|--|--------------|---|--------------|
|                              | Number                         | Percentage   | Number   | Percentage   | Number  | Percentage   |
| White men                    | 4,097                          | 67.1         | 1,704  | 62.7         | 3,794   | 62.1         |
| White women                  | 1,164                          | 19.1         | 648  | 23.9         | 1,409   | 23.1         |
| African American men         | 333                            | 5.5          | 144  | 5.3          | 347   | 5.7          |
| African American women       | 179                            | 2.9          | 85   | 3.1          | 205   | 3.4          |
| Hispanic men                 | 112                            | 1.8          | 48   | 1.8          | 123   | 2.0          |
| Hispanic women               | 43                             | 0.7          | 16   | 0.6          | 43  | 0.7          |
| Asian/Pacific Islander men   | 70                             | 1.1          | 26   | 1.0          | 65  | 1.1          |
| Asian/Pacific Islander women | 33                             | 0.5          | 12   | 0.4          | 39  | 0.6          |
| Native American men          | 54                             | 0.9          | 21   | 0.8          | 47  | 0.8          |
| Native American women        | 21                             | 0.3          | 8  | 0.3          | 21  | 0.3          |
| Unknown                      | 4                              | 0.1          | 4  | 0.1          | 17  | 0.4          |
| <b>Total<sup>a</sup></b>     | <b>6,110</b>                   | <b>100.0</b> | <b>2,716</b>   | <b>100.0</b> | <b>6,110</b>  | <b>100.0</b> |
| Men                          | 4,666                          | 76.4         | 1,943  | 71.5         | 4,376   | 71.6         |
| Minority men                 | 569                            | 9.3          | 239  | 8.8          | 582   | 9.5          |
| Women                        | 1,440                          | 23.6         | 769  | 28.3         | 1,717   | 28.1         |
| Minority women               | 276                            | 4.5          | 121  | 4.5          | 308   | 5.0          |

Source: GAO.

Note: Information obtained from analysis of OPM's Central Personnel Data File data.

<sup>a</sup>Percentages may not add to 100 because of rounding.

The results of our simulation of SES attrition and our projection of appointments to the SES over the 7-year period showed variation across the 24 Chief Financial Officers (CFO) Act agencies, as illustrated in table 2. However, as with the governmentwide numbers, agencies tend to increase the proportion of women in the SES, particularly white women, and decrease the proportion of white men. The proportion represented by minorities tended to change relatively little. Our estimates of SES attrition at individual agencies by gender, racial, and ethnic groups are likely to be less precise than for our overall SES estimates because of the smaller numbers involved. Nevertheless, the agency-specific numbers should be indicative of what agency profiles would look like on October 1, 2007, if recent appointment trends continue.

**Table 2: Number of SES, Percentages of Women and Minorities on October 1, 2000, and Percentages of Women and Minorities on October 1, 2007, Assuming SES Appointment Trends for Fiscal Years 1995 through 2000 Continue, by CFO Act Agency**

| CFO agency        | Number of SES | Percentage as of October 1, 2000 |            | Percentage on October 1, 2007, using current appointment trends, and percentage change from October 1, 2000 |        |            |        |
|-------------------|---------------|----------------------------------|------------|---|--------|------------|--------|
|                   |               | Women                            | Minorities | Women   | Change | Minorities | Change |
| Agriculture       | 283           | 25.4                             | 20.1       | 30.0  | +4.6   | 23.0       | +2.8   |
| AID               | 25            | 20.0                             | 20.0       | 20.8  | +0.8   | 4.2        | -15.8  |
| Commerce          | 296           | 23.3                             | 12.5       | 30.9  | +7.6   | 15.1       | +2.6   |
| Defense           | 1,144         | 16.3                             | 6.1        | 20.7  | +4.4   | 6.1        | 0.0    |
| Education         | 60            | 28.3                             | 21.7       | 32.3  | +3.9   | 21.0       | -0.7   |
| Energy            | 391           | 18.9                             | 10.7       | 25.8  | +6.9   | 9.5        | -1.3   |
| EPA               | 255           | 29.8                             | 15.3       | 35.7  | +5.9   | 23.1       | +7.8   |
| FEMA <sup>a</sup> | 32            | 21.9                             | 3.1        | 28.1  | +6.3   | 3.1        | 0.0    |
| GSA               | 84            | 28.6                             | 14.3       | 32.9  | +4.4   | 12.9       | -1.3   |
| HHS               | 399           | 36.1                             | 21.3       | 41.2  | +5.1   | 22.9       | +1.6   |
| HUD               | 73            | 28.8                             | 35.6       | 38.2  | +9.4   | 40.8       | +5.2   |
| Interior          | 191           | 31.9                             | 22.0       | 39.3  | +7.3   | 23.6       | +1.6   |
| Justice           | 407           | 22.6                             | 15.2       | 25.0  | +2.4   | 16.7       | +1.4   |
| Labor             | 132           | 28.0                             | 21.2       | 32.8  | +4.8   | 26.0       | +4.7   |
| NASA              | 394           | 19.5                             | 13.2       | 23.5  | +4.0   | 12.9       | -0.3   |
| NRC               | 139           | 13.7                             | 11.5       | 17.3  | +3.8   | 8.6        | -2.9   |
| NSF               | 79            | 30.4                             | 13.9       | 35.0  | +4.6   | 10.0       | -3.9   |
| OPM               | 36            | 41.7                             | 19.4       | 45.7  | +4.0   | 17.1       | -2.3   |
| SBA               | 39            | 33.3                             | 33.3       | 36.6  | +3.3   | 34.1       | +0.8   |
| SSA               | 118           | 35.6                             | 33.1       | 41.0  | +5.4   | 30.8       | -2.3   |
| State             | 101           | 28.7                             | 5.0        | 30.0  | +1.3   | 3.0        | -2.0   |
| Transportation    | 178           | 27.0                             | 14.5       | 29.2  | +2.2   | 17.4       | +2.8   |
| Treasury          | 537           | 23.3                             | 12.8       | 24.3  | +1.0   | 14.2       | +1.3   |
| VA                | 247           | 14.6                             | 9.7        | 21.4  | +6.8   | 11.7       | +2.0   |

Source: GAO.

Notes: AID is the Agency for International Development, EPA is the Environmental Protection Agency, GSA is the General Services Administration, HHS is the Department of Health and Human Services, HUD is the Department of Housing and Urban Development, NASA is the National Aeronautics and Space Administration, NRC is the Nuclear Regulatory Commission, NSF is the National Science Foundation, SBA is the Small Business Administration, SSA is the Social Security Administration, and VA is the Department of Veterans Affairs. Information obtained from analysis of OPM's Central Personnel Data File data.

<sup>a</sup>Under H.R. 2886, the Department of Homeland Security would be designated as a CFO Act agency and the Federal Emergency Management Agency (FEMA) would no longer be considered a CFO Act agency.

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The gender, racial, and ethnic profiles of the career SES at the 24 CFO Act agencies varied significantly on October 1, 2000. The representation of women ranged from 13.7 percent to 36.1 percent with half of the agencies having 27 percent or fewer women. For minority representation, rates varied even more and ranged from 3.1 percent to 35.6 percent with half of the agencies having less than 15 percent minorities in the SES.

Our projection of what the SES would look like if recent appointment trends continued through October 1, 2007, showed variation, with 12 agencies having increased minority representation and 10 having less. While projected changes for women are often appreciable, with 16 agencies having gains of 4 percentage points or more and no decreases, projected minority representation changes in the SES at most of the CFO Act agencies are small, exceeding a 2 percentage point increase at only 6 agencies.

At most agencies, the diversity picture for GS-15s and GS-14s is somewhat better than that for the SES. To ascertain what the gender, racial, and ethnic profile of the candidate pool for SES replacements would look like, we performed the same simulations and projections for GS-15s and GS-14s as we did for the SES. Over 80 percent of career SES appointments of federal employees come from the ranks of GS-15s.<sup>3</sup> Similarly, over 90 percent of those promoted to GS-15 are from the GS-14 workforce. Table 3 presents the results of our analysis for GS-15s, and table 4 presents the results for GS-14s. The results show a somewhat lower proportion of this workforce will leave.

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<sup>3</sup>A small number of GS-14s are promoted to SES and it is possible for GS-13s to be promoted to SES, but this is rare. The remaining SES appointments come from applicants outside of the federal government.

**Table 3: Gender, Race, and Ethnicity of GS-15s, Actual as of October 1, 2000; Those Estimated to Remain Employed on October 1, 2007, after Accounting for Attrition; and Estimates for October 1, 2007, If Those Departing Are Replaced at Actual Rates for Fiscal Years 1995 through 2000**

| GS-15                        | On board on<br>October 1, 2000 |              | Remaining after<br>estimated attrition<br>on October 1, 2007 |              | As of October 1, 2007,<br>with replacements at<br>promotion rates for<br>fiscal years 1995-2000 |              |
|------------------------------|--------------------------------|--------------|--|--------------|---|--------------|
|                              | Number                         | Percentage   | Number   | Percentage   | Number  | Percentage   |
| White men                    | 33,567                         | 64.8         | 16,731   | 61.2         | 31,383  | 60.6         |
| White women                  | 10,062                         | 19.4         | 5,884  | 21.5         | 11,399  | 22.0         |
| African American men         | 1,711                          | 3.3          | 981  | 3.6          | 2,004   | 3.9          |
| African American women       | 1,500                          | 2.9          | 909  | 3.3          | 1,799   | 3.5          |
| Hispanic men                 | 1,197                          | 2.3          | 702  | 2.6          | 1,375   | 2.7          |
| Hispanic women               | 470                            | 0.9          | 285  | 1.0          | 560   | 1.1          |
| Asian/Pacific Islander men   | 2,063                          | 4.0          | 1,090  | 4.0          | 1,872   | 3.6          |
| Asian/Pacific Islander women | 836                            | 1.6          | 500  | 1.8          | 879   | 1.7          |
| Native American men          | 278                            | 0.5          | 152  | 0.6          | 352   | 0.7          |
| Native American women        | 103                            | 0.2          | 54   | 0.2          | 116   | 0.2          |
| Unknown                      | 39                             | 0.1          | 39   | 0.1          | 88  | 0.2          |
| <b>Total<sup>a</sup></b>     | <b>51,826</b>                  | <b>100.0</b> | <b>27,327</b>  | <b>100.0</b> | <b>51,827</b>   | <b>100.0</b> |
| Men                          | 38,816                         | 74.9         | 19,656   | 71.9         | 36,986  | 71.4         |
| Minority men                 | 5,249                          | 10.0         | 2,925  | 10.7         | 5,603   | 10.8         |
| Women                        | 12,971                         | 25.0         | 7,632  | 27.9         | 14,753  | 28.5         |
| Minority women               | 2,909                          | 5.6          | 1,748  | 6.4          | 3,354   | 6.5          |

Source: GAO.

Note: Information obtained from analysis of OPM's Central Personnel Data File data.

<sup>a</sup>Percentages may not add to 100 because of rounding.

**Table 4: Gender, Race, and Ethnicity of GS-14s, Actual as of October 1, 2000; Those Estimated to Remain Employed on October 1, 2007, after Accounting for Attrition; and Estimates for October 1, 2007, If Those Departing Are Replaced at Actual Rates for Fiscal Years 1995 through 2000**

| GS-14                        | On board on<br>October 1, 2000 |              | Remaining after<br>estimated attrition<br>on October 1, 2007 |              | As of October 1, 2007,<br>with replacements at<br>promotion rates for<br>fiscal years 1995-2000 |              |
|------------------------------|--------------------------------|--------------|--|--------------|---|--------------|
|                              | Number                         | Percentage   | Number   | Percentage   | Number  | Percentage   |
| White men                    | 49,548                         | 59.6         | 31,297   | 57.1         | 47,799  | 57.5         |
| White women                  | 18,759                         | 22.6         | 12,828   | 23.4         | 19,559  | 23.5         |
| African American men         | 3,401                          | 4.1          | 2,365  | 4.3          | 3,549   | 4.3          |
| African American women       | 4,067                          | 4.9          | 2,921  | 5.3          | 4,293   | 5.2          |
| Hispanic men                 | 2,117                          | 2.5          | 1,551  | 2.8          | 2,374   | 2.9          |
| Hispanic women               | 884                            | 1.1          | 674  | 1.2          | 1,010   | 1.2          |
| Asian/Pacific Islander men   | 2,426                          | 2.9          | 1,696  | 3.1          | 2,372   | 2.9          |
| Asian/Pacific Islander women | 1,036                          | 1.2          | 775  | 1.4          | 1,144   | 1.4          |
| Native American men          | 579                            | 0.7          | 385  | 0.7          | 615   | 0.7          |
| Native American women        | 294                            | 0.4          | 200  | 0.4          | 315   | 0.4          |
| Unknown                      | 75                             | 0.1          | 75   | 0.1          | 156   | 0.2          |
| <b>Total<sup>a</sup></b>     | <b>83,186</b>                  | <b>100.0</b> | <b>54,767</b>  | <b>100.0</b> | <b>83,186</b>   | <b>100.0</b> |
| Men                          | 58,071                         | 69.8         | 37,294   | 68.1         | 56,709  | 68.2         |
| Minority men                 | 8,523                          | 10.2         | 5,997  | 11.0         | 8,910   | 10.7         |
| Women                        | 25,040                         | 30.1         | 17,398   | 31.8         | 26,321  | 31.6         |
| Minority women               | 6,281                          | 7.6          | 4,570  | 8.3          | 6,762   | 8.1          |

Source: GAO.

Note: Information obtained from analysis of OPM's Central Personnel Data File data.

<sup>a</sup>Percentages may not add to 100 because of rounding.

Minority representation among those GS-15s who remain by 2007 will be about the same as it was at the beginning of fiscal year 2001, indicating that whites and minorities will leave at about the same rates. However, the proportion of minority GS-14s would increase somewhat (by 1.5 percentage points) and the proportion of both grades represented by white and minority women will also increase. Moreover, if recent promotion trends to GS-15 and GS-14 continue, marginal gains by almost all of the racial and ethnic groups would result. Our simulation shows that significant numbers of current minority GS-15s and GS-14s will be employed through fiscal year 2007, and coupled with our projection of promotions, shows there will be substantial numbers of minorities at both the GS-15 (8,957) and GS-14 (15,672) levels, meaning that a sufficient

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number of minority candidates for appointment to the SES should be available.

With respect to gender, the percentage of white women at GS-15 is projected to increase by 2.6 percentage points to 22 percent and at GS-14 by 0.9 percentage point to 23.5 percent. The proportions of minority women will increase by 0.9 percentage point to 6.5 percent for GS-15s and 0.5 percentage point to 8.1 percent for GS-14s, while those for minority men will increase 0.8 percentage point to 10.8 percent for GS-15s and 0.5 percentage point to 10.7 percent for GS-14s. At 60.6 percent, white men will represent 4.2 percentage points less of GS-15s and, at 57.5 percent, 2.1 percentage points less of GS-14s than in fiscal year 2001. Again, our estimates for the GS-15 and GS-14 populations at individual agencies are likely to be less precise than our governmentwide figures because of the smaller numbers involved but should be indicative of what agency profiles would look like in October 2007.

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## Replacing Over Half of the SES Corps Presents a Challenge and an Opportunity for Federal Government

During fiscal years 2001 through 2007, the wave of near-term retirements and normal attrition for other reasons presents the federal government with the challenge and opportunity to replace over half of its career SES corps. The response to this challenge and opportunity will have enormous implications for the government's ability to transform itself to carry out its current and future responsibilities rather than simply to recreate the existing organizational structures.

With respect to the challenge, the federal government and governments around the world are faced with losses that have a direct impact on leadership continuity, institutional knowledge, and expertise. Focusing on succession planning, especially at the senior levels, and developing strategies that will help ensure that the SES corps reflects diversity will be important. We have gained insights about selected succession planning and management practices used by other countries that may be instrumental for U.S. agencies as they adopt succession planning and management strategies.<sup>4</sup> We found that leading organizations engage in broad, integrated succession planning and management efforts that focus on strengthening both current and future organizational capacity. As part

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<sup>4</sup>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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of this approach, these organizations identify, develop, and select their people to ensure an ongoing supply of successors who are the right people, with the right skills, at the right time for leadership and other key positions.

Succession planning is also tied to the federal government's opportunity to change the diversity of the SES corps through new appointments. Leading organizations recognize that diversity can be an organizational strength that contributes to achieving results. By incorporating diversity program activities and objectives into agency succession planning, agencies can help ensure that the SES corps is staffed with the best and brightest talent available regardless of gender, race, or ethnicity. As stated earlier, the succession pool of candidates from the GS-15 and GS-14 levels should have significant numbers of minority candidates to fill new appointments to the SES. It will be important to identify and nurture talent from this workforce and other levels in agencies early in their careers. Development programs that identify and prepare individuals for increased leadership and managerial responsibilities will be critical in allowing these individuals to successfully compete for admission to the candidate pool for the next level in the organization. Succession planning and management is starting to receive increased attention from the Office of Management and Budget (OMB) and OPM,<sup>5</sup> and we have also seen a positive response from these leadership agencies in developing and implementing programs that promote diversity.

In commenting on our January 2003 report, OPM concurred with our findings on SES attrition and diversity and said it welcomed the attention the report brings to a critical opportunity facing the federal workforce and federal hiring officials. The Director said that increasing diversity in the executive ranks continues to be a top priority for OPM and that the agency has been proactive in its efforts to help federal agencies obtain and retain a diverse workforce, particularly in the senior ranks.<sup>6</sup> Both OPM and EEOC said that our analysis was an accurate reflection of the likely future composition of the career SES if recent patterns of selection and attrition

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<sup>5</sup>OMB revised Circular A-11 to require that federal agencies' fiscal year 2005 annual performance plans prepared under the Government Performance and Results Act identify specific activities agencies plan to take to ensure leadership continuity. In addition, as part of the President's Management Agenda, OPM set the goal that continuity of leadership and knowledge is assured through succession planning and professional development programs in 25 percent of all federal agencies by July 2004.

<sup>6</sup>To promote diversity in succession planning, OPM has unveiled plans for a Candidate Development Program that targets qualified minorities.

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continue. EEOC expressed concern about the trends suggested by our analyses to the extent that they may point to the presence of arbitrary barriers that limit qualified members of any group from advancing into the SES. EEOC also stated that in the years ahead, federal agencies will need to continue their vigilance in ensuring a level playing field for all federal workers and should explore proactive strategies, such as succession planning and SES development and mentoring programs for midlevel employees, to ensure a diverse group of highly qualified candidates for SES positions. Other federal agencies told us that they also have leadership development programs in place or are establishing agencywide human capital planning and executive succession programs, which include diversity as an element. They also told us that holding executives accountable for building a diverse workforce was an element in their performance evaluation for agency executives. Continued leadership from these agencies, coupled with a strong commitment from agency management, will go a long way toward ensuring the diversity of senior leadership.

Chairwoman Davis and Members of the Subcommittee, this concludes my prepared statement. I would be pleased to answer any questions you may have.

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## Contacts and Acknowledgments

For further information, please contact George H. Stalcup on (202) 512-9490 or at [stalcupg@gao.gov](mailto:stalcupg@gao.gov). Individuals making key contributions to this testimony include Steven Berke, Anthony Lofaro, Belva Martin, and Walter Reed.

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