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Transformation in the Government Workplace, 2003 and Beyond



2003 and Beyond *transformation* in the GOVERNMENT WORKPLACE

David M. Walker
Comptroller General of the United States





TransFORMATION

**Webster's
definition**

**An act, process, or instance of change
in structure appearance, or character**

**A conversion, revolution, makeover,
alteration, or renovation**





Effects of Responses to Budgetary Cuts, Downsizing, and Outsourcing

- Lack of strategic alignment
- Inadequate accountability for performance
- Skills imbalances
- Workload imbalances for remaining skilled workers
- Succession planning challenges
- Outdated performance appraisal systems
- Reduced investments in people



The Case for Change

- **Government is on a “burning platform,” and the status quo way of doing business is unacceptable for a variety of reasons, including:**
 - Rising public expectations for demonstrable results and enhanced responsiveness
 - Selected trends and challenges having no boundaries
 - Past fiscal trends and significant long-range challenges
 - Additional resource demands due to recent terrorism events in the United States
 - Government performance/accountability and high risk challenges, including the lack of effective human capital strategies



Transformation: A New Model for Government Organizations

Government organizations will need to:

- Become less hierarchical, process-oriented, stovepiped, and inwardly focused.
- Become more partnership-based, results-oriented, integrated, and externally focused.
- Achieve a better balance between results, customer, and employee focus.
- Work better with other governmental organizations, non-governmental organizations, and the private sector, both domestically and internationally, to achieve results.



“In today’s world, organizations that do not change may find themselves headed for extinction. At the same time, every organization should have a set of core values that can stand the test of time.”



Keys to Making Change Happen

- Commitment and sustained leadership
- Demonstrated need for change
- Process (e.g., employee involvement)
- Identifiable and measurable progress over time
- Communication, communication, communication

- Several other actions needed:
 - Strategic Plan
 - Core values
 - Organizational alignment
 - Recruiting, development, and succession planning strategies
 - Performance measurement and reward systems





People: Enabler of Transformation

- ◆ In knowledge-based organizations, people:
 - ◆ Define an agency's character.
 - ◆ Drive its capacity to perform.
- ◆ Effective strategic human capital management approaches serve as the cornerstone of any serious change management initiative.
- ◆ Requires a long-term commitment to valuing human capital as a strategic asset.



Key Enablers for Effective Performance Management

- People
- Process
- Technology
- Environment

The most important of the four is
PEOPLE—an agency's human capital.



Revamp Human Capital Planning and Management Practices

- Strategic human capital management is a high-risk issue for the government. Human capital challenges threaten the capacity of some agencies to perform missions economically, efficiently, and effectively both now and in the future.
- Government employees are not the problem. The problem is a lack of strategic planning, along with outdated policies and practices.
- GAO, OMB, OPM, and Congress have underscored the importance of this issue and we are starting to see progress in addressing this challenge, but much more needs to be done.



Efforts are Beginning to Build Momentum for Change

- ◆ GAO designated strategic human capital management as a governmentwide high-risk area in 2001 and 2003.
- ◆ President Bush placed human capital at the top of his management agenda, August 2001.
- ◆ OMB “stop light” scorecard for the strategic management of human capital, October 2001.
- ◆ OMB, OPM, and GAO worked together on human capital dimensions of success, October 2002.
- ◆ Homeland Security Act of 2002 enacted in December, giving the new department government-wide flexibility and increased personnel flexibility.



Addressing the Human Capital Challenge: Shared Responsibilities

- ♦ **President**
 - ♦ Lead
 - ♦ Promote
 - ♦ Recognize
- ♦ **OMB**
 - ♦ Lead
 - ♦ Coordinate
 - ♦ Link
- ♦ **OPM**
 - ♦ Lead
 - ♦ Review
 - ♦ Advise/Assist
- ♦ **Departments/Agencies**
 - ♦ Lead
 - ♦ Design
 - ♦ Implement
- ♦ **Congress**
 - ♦ Confirm
 - ♦ Oversee
 - ♦ Legislate
- ♦ **GAO**
 - ♦ Share
 - ♦ Review
 - ♦ Recommend
- ♦ **Private Sector**
 - ♦ Partner
 - ♦ Recognize
 - ♦ Support
- ♦ **Foundations**
 - ♦ Partner
 - ♦ Research
 - ♦ Integrate
- ♦ **Academia**
 - ♦ Partner
 - ♦ Revise
 - ♦ Promote
- ♦ **Media**
 - ♦ Learn
 - ♦ Investigate
 - ♦ Report



Strategic Human Capital Management: Next Steps

- ◆ Establish human capital as a top priority
- ◆ Transition to a modern and high performance oriented human capital system
- ◆ Develop and implement updated human capital policies, practices, and information systems

Employ a three-phased approach:

- ◆ Do everything administratively possible
- ◆ Seek incremental legislative changes when necessary and base them on a sound business case
- ◆ Begin to build a consensus for comprehensive civil service reform based on an analysis of existing workforce challenges and selected demonstration projects



GAO: Leading by Example

(Change, Performance, and Human Capital Management)

- ♦ Mission and vision clarification
- ♦ Core values: accountability, integrity, reliability
- ♦ Strategic planning
- ♦ Organizational realignment
- ♦ Multi-tasking and matrix management
- ♦ Procurement, contracting, and acquisition
- ♦ Human capital
- ♦ Information technology
- ♦ Knowledge management
- ♦ Financial management
- ♦ Client service/external agency relations
- ♦ Enhanced products and services
- ♦ Constructive engagement with agencies
- ♦ Partnering with other accountability organizations



Efforts to Address GAO'S Human Capital Challenges

Administrative

- HQ realignment & field office restructuring
- Self-assessment checklist
- Human capital profile
- Workforce & succession planning
- Employee feedback survey & suggestion program
- Employee Advisory Council
- Enhanced employee communications & participation
- Skills & knowledge inventory
- Employee preference survey
- Frequent flyer miles
- Recruiting & college relations
- Training/development
- Recognition & rewards
- Flexitime & flexiplace
- Business casual dress & business cards
- Enabling technologies
- Opportunity/inclusiveness
- Mentor/buddy programs
- Commuting subsidy (pending)
- College loan repayment
- Competency-based employee appraisal system



Efforts to Address GAO'S Human Capital Challenges

Legislative

- ♦ Broadbanding system for mission staff
- ♦ Expedited hiring authority (e.g., internship program)
- ♦ Special pay rates
- ♦ Senior level for technical staff
- ♦ Targeted early out and buyout authority
- ♦ Revised RIF rules



Human Capital : The Next Steps

The Administration and the Congress should consider legislative actions that would help federal employees attract, retain, and motivate skilled employees in areas such as the following:

- ♦ Broad-banding and performance-based pay
- ♦ Phased Retirement
- ♦ Critical Occupations
- ♦ Recruiting & Teambuilding
- ♦ Fellowships
- ♦ Professional Development
- ♦ Pay Compression
- ♦ Cafeteria Benefits



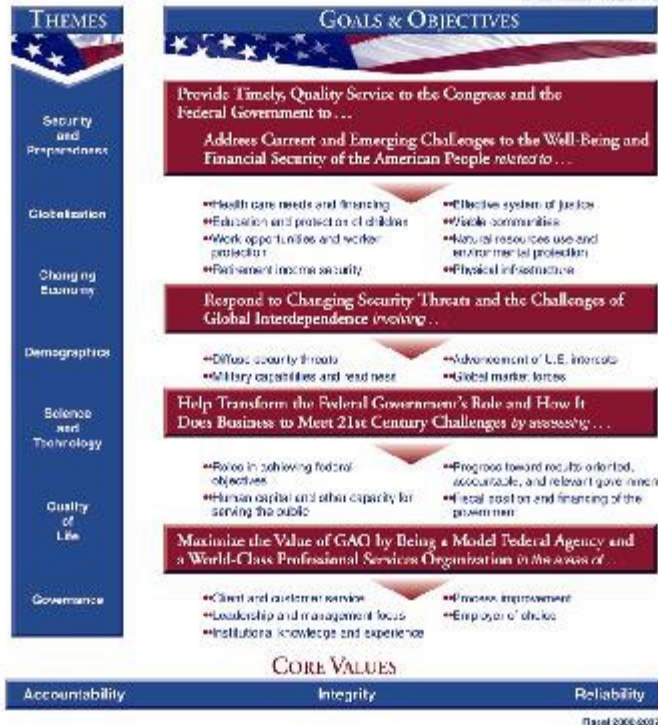


SERVING THE CONGRESS GAO'S STRATEGIC PLAN FRAMEWORK



MISSION

GAO exists to support the Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people.





GAO's Human Capital Profile FY 1989, 1998, 2001, and Estimated FY 2002

	FY 1989	FY 1998	FY 2001	Estimated FY 2002
Mission SES/SL	2.4	3.4	3.3	3.5
Band III	8.0	12.2	13.1	12.1
Band II	34.1	45.6	41.4	38.1
Band I	26.8	13.1	17.4	22.8
Other ¹	3.1	4.2	4.4	4.0
Mission Support	25.6	21.5	20.4	19.5

Figures in Percentage

Mission Staff Strength (Percent of all staff)

(FY 1989 – 74.4%)

(FY 1998 – 78.5%)

(FY 2001 – 79.6%)

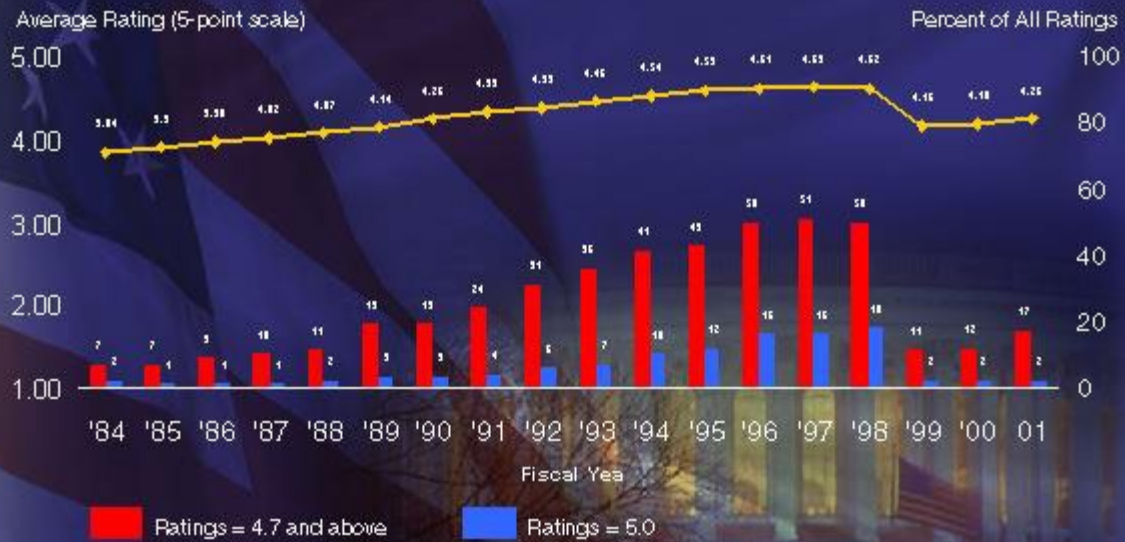
(FY 2002 – 80.5%)

Notes:

¹Attorneys and criminal investigators



Evaluator Appraisal Scores (1984-2001)



Note: Under a new performance management system, the GAO-wide average for FY02 was only 2.19, with no scores as high as 4.7.



Competency-Based Performance Appraisal

Objective of new system are to provide a:

- Clear link to our strategic plan and core values
- Fair, honest, accurate and non-discriminatory assessment of performance based on standards that are valid, properly applied, and transparent to employees
- A sound basis for enhancing the performance capacity of all staff, rewarding high-performing staff, and dealing with “below expected” performers





GAO's High Risk List	High Risk Areas	Year Designated High Risk
	Addressing Governmentwide High-Risk Areas	
	Strategic Human Capital Management	2001
	Information Security Weaknesses	1997
	Ensuring Major Technology Investments Improve Services	
	FAA Air Traffic Control Modernization	1995
	IRS Tax Systems Modernization	1995
	DOD Systems Modernization Efforts	1995
	Providing Basic Financial Accountability	
	DOD Financial Management	1995
	Forest Service Financial Management	1999
	FAA Financial Management	1999
	IRS Financial Management	1995
	Reducing Inordinate Program Management Risks	
	Medicare	1990
	Supplemental Security Income	1997
	Earned Income Credit Noncompliance	1995
	Collection of Unpaid Taxes	1990
	DOD Infrastructure Management	1997
	DOD Inventory Management	1990
	U.S. Postal Service Long-Term Outlook and Transformation	2001
	HUD Single-Family Mortgage Insurance and Rental Housing	
	Assistance Programs	1994
	Student Financial Aid Programs	1990
Asset Forfeiture Programs	1990	
Managing Large Procurement Operations More Efficiently		
DOD Weapon Systems Acquisition	1990	
DOD Contract Management	1992	
Department of Energy Contract Management	1990	
NASA Contract Management	1990	



Homeland Security: Transition and Transformation in Action

- ◆ **President Proposes the Creation of a Cabinet-level Department of Homeland Security – Congress Agrees with General Concept**
 - ◆ Primary missions:
 - ◆ Prevent terrorist attacks within the US
 - ◆ Reduce vulnerability to terrorism at home
 - ◆ Minimize damage and assist in recovery if attacked
 - ◆ Primary responsibilities and possible divisions:
 - ◆ Information analysis - Intelligence
 - ◆ Critical infrastructure protection
 - ◆ Chemical, biological, radiological and nuclear countermeasures
 - ◆ Science and Technology
 - ◆ Border and transportation security
 - ◆ Emergency preparedness and response
 - ◆ **Timetable for 2002:**
 - ◆ House adopts legislation consistent with President on July 25th
 - ◆ Senate considered, on September 3, similar legislation reported by Senate Governmental Affairs Committee on July 26th
- ◆ Goal was to achieve consensus by September 11th



Homeland Security: Implementation will be Pivotal to Success

- **GAO has identified several keys to successful implementation:**
 - Human capital strategy, including agency leadership
 - Strategic planning
 - Organizational alignment
 - Communication and partnerships
 - Performance and accountability management
 - Information management and technology
 - Knowledge management
 - Financial management
 - Acquisition management
 - Risk management
 - Change management



Provisions of Homeland Security Legislation HR 5005:

- Chief Human Capital Officer
- Direct hire authority
- Categorical ranking
- Voluntary separation incentives
- Voluntary early retirement
- Transit subsidies
- Repeal of SES re-certification
- SES total pay cap
- Payment for academic degrees