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## Transformation in the Government Workplace

### 2003 and Beyond Transformation in the Government Workplace

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# 2003 and Beyond

## *transformation*

in the GOVERNMENT WORKPLACE



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U.S. General Accounting Office

May 7, 2003



# **Trans**FORMATION

**Webster's  
definition**

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

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





## 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.

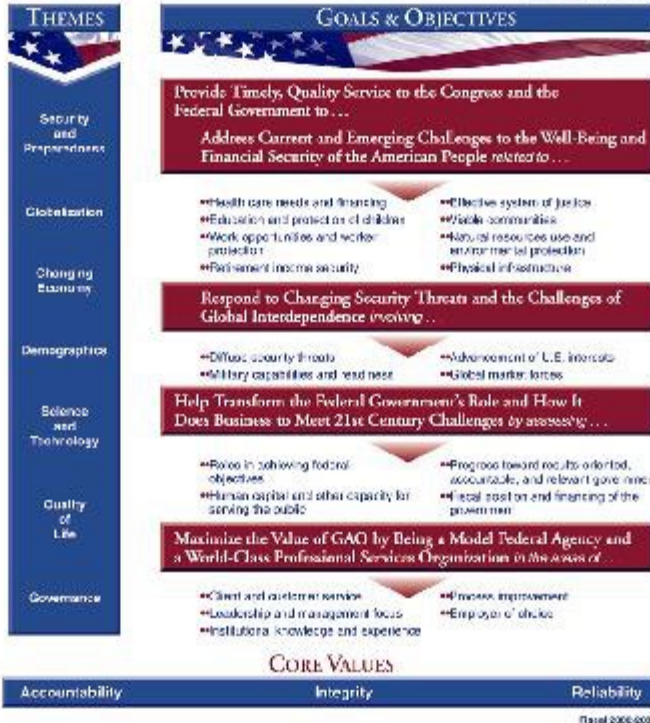


# SERVING THE CONGRESS GAO'S STRATEGIC PLAN FRAMEWORK



## 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: Leading by Example

*(Change, Performance, and Human Capital Management)*

- ♦ Mission and vision clarification
- ♦ Core values: accountability, integrity, reliability
- ♦ Strategic planning
- ♦ Organizational realignment
- ♦ Definitions of success
- ♦ 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



### Annual Performance Measures (1998 and 2002)

Performance measure	Actual	
	FY 1998	FY 2002
Financial benefits (billions)	\$19.7	\$37.7
Other benefits	537	906
Past recommendations implemented	69%	79%
Return on investment (ROI)	58:1	88:1
Financial benefits per employee (millions)	\$6.1	\$11.7
GAO's business	93%	96%



GAO's business





## 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



**Transformation is about creating the future rather than perfecting the past. Effective human capital strategy is key to any successful transformation effort.**





## People: The Key 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.



## 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 increased government-wide personnel flexibility.



## Strategic Human Capital Management: Next Steps

- ◆ Agencies Must Effectively Use Existing Tools and Flexibilities
- ◆ Congress Should Consider Targeted Human Capital Reforms
  - ◆ SES should lead the way on pay for performance
  - ◆ Agencies should have to demonstrate to OPM that they have modern, effective, credible, and validated performance management systems as appropriate, with adequate safeguards, before they can implement broad-banding or pay for performance systems for broad-based employee groups
  - ◆ Aspects of the Voinovich/Davis proposals where there is a reasonable degree of consensus
- ◆ Comprehensive civil service reform, with market-based pay, is likely in the coming years



# 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
- Student loan repayment
- Recruiting & college relations
- Training/development
- Recognition & rewards
- Flexitime & flexiplace
- Business casual dress & business cards
- Enabling technologies
- Opportunity/inclusiveness
- Mentor/buddy programs
- Commuting subsidy (pending)
- Competency-based employee appraisal system
- Human Capital Officer
- Office of Opportunity & Inclusiveness



# Efforts to Address GAO'S Human Capital Challenges

## Legislative - Past

- Broad-banding 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 (3 years)
- Revised RIF rules

## Pending

- Targeted early out and buyout authority (permanent)
- Annual pay adjustment rates
- Pay retention
- Relocation benefits
- Increased annual leave for upper level employees
- Executive exchange program
- Re-designation of "General Accounting Office" to "Government Accountability Office"



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

	FY 1989	FY 1998	FY 2001	Estimated FY 2002
<b>Mission SES/SL</b>	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 <sup>1</sup>	3.1	4.2	4.4	4.0
<b>Mission Support</b>	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:**

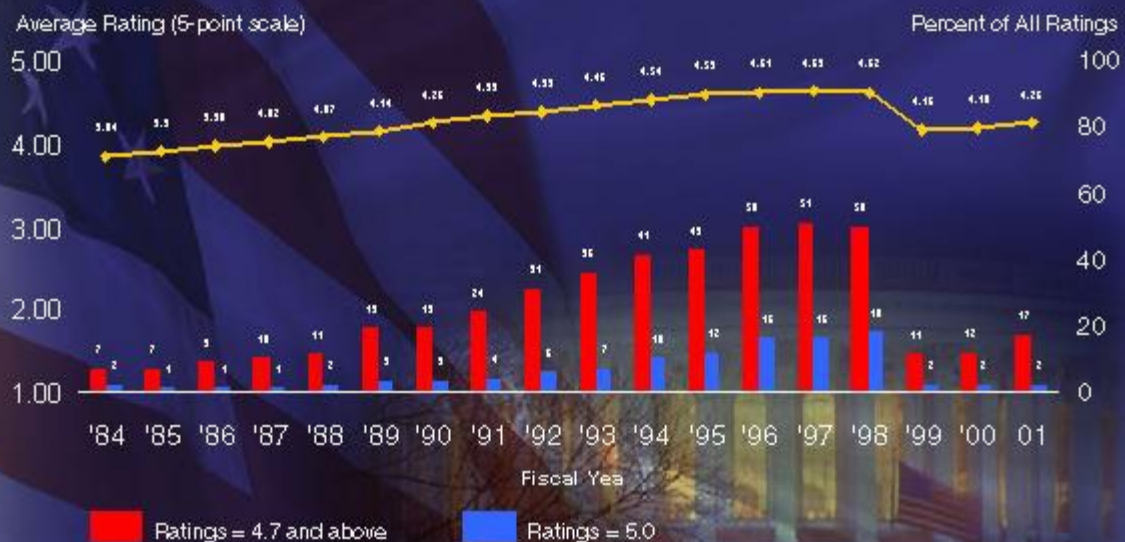
<sup>1</sup>Attorneys and criminal investigators







# Evaluator Appraisal Scores (1984-2001)



Note: Under a new performance management system, the GAO-wide average for FY 02 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





## DOD Transformation Bill's Human Capital Efforts

- ♦ DOD is in the midst of a major transformation.
- ♦ DOD's proposal recognizes that strategic human capital management must be the centerpiece of government transformation efforts.
- ♦ Many of the basic principles underlying DOD's civilian human capital proposals have merit and deserve serious consideration.
- ♦ However, given the massive size of DOD and the nature and scope of the changes that are being considered, DOD's proposal also has important precedent-setting implications for federal human capital management in general, and OPM, in particular.



## DOD Transformation Bill's Human Capital Efforts

- Should DOD and/or other agencies be granted broad-based exemptions from existing law, and if so, on what basis? Do agencies, including DOD, have the institutional infrastructure in place to make effective use of the new authorities?
- Agencies should have modern, effective, and credible performance management systems that include adequate safeguards, including reasonable transparency and appropriate accountability mechanisms, to ensure the fair, effective, and non-discriminatory implementation of new systems. OPM should certify.
- It would be more prudent and appropriate for the Congress to address certain authorities that DOD is seeking on a government-wide basis and in a manner that assures that appropriate performance management systems and safeguards are in place before the new authorities are implemented in any respective agency.
  - This approach would accelerate needed human capital reform throughout the government in a manner that assures reasonable consistency on key principles within the overall civilian workforce.
  - It also would provide agencies with reasonable flexibility while incorporating key safeguards to help maximize the chances of success and minimize the chances of abuse or significant litigation.