

October 2009

## FEDERAL AVIATION ADMINISTRATION

Human Capital System  
Incorporates Many  
Leading Practices, but  
Improving Employees'  
Satisfaction with  
Their Workplace  
Remains a Challenge





Highlights of GAO-10-89, a report to the Ranking Member, Committee on Transportation and Infrastructure, House of Representatives

## Why GAO Did This Study

Aviation is critical to the nation's economic well-being, global competitiveness, and national security. The Federal Aviation Administration's (FAA) 48,000 employees guide aircraft, oversee safety, and maintain air traffic control equipment. FAA will need these skills and additional expertise to address evolving missions. As requested, GAO reviewed (1) how FAA's human capital system compares with practices of leading organizations and (2) how FAA employees' workplace satisfaction compares with that of other federal government employees. GAO reviewed documents and relevant studies, and interviewed FAA officials who implement human capital procedures and union representatives. GAO also reviewed survey data on workplace satisfaction.

## What GAO Recommends

GAO makes recommendations in this report to the Secretary of Transportation aimed at improving diversity management by incorporating leading practices and establishing accountability for increasing employees' satisfaction with their workplace. In commenting on a draft of this report, the Department of Transportation generally agreed to consider GAO's recommendations and provided technical corrections, which GAO incorporated as appropriate.

[View GAO-10-89 or key components.](#)  
For more information, contact Gerald Dillingham, Ph.D., at (202) 512-2834 or [dillingham@gao.gov](mailto:dillingham@gao.gov).

October 2009

## FEDERAL AVIATION ADMINISTRATION

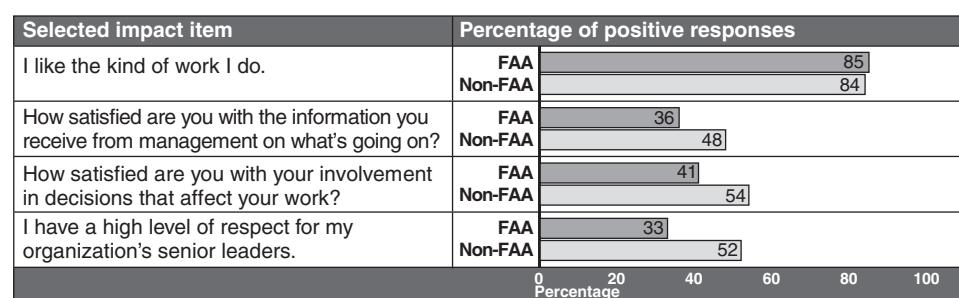
### Human Capital System Incorporates Many Leading Practices, but Improving Employees' Satisfaction with Their Workplace Remains a Challenge

## What GAO Found

FAA's human capital system incorporates many practices used in leading organizations, but the agency's placement near the bottom in best places to work rankings, published by the Partnership for Public Service and American University's Institute for the Study of Public Policy Implementation, could pose challenges to employee recruitment, motivation, and retention. As part of strategic workforce planning, FAA determines the critical skills needed in its workforce and assesses individual worker skill levels. It also follows leading practices in performance management, but FAA officials and union representatives questioned the system's fairness, echoing concerns that they have raised in the past. FAA follows fewer leading practices in diversity management, but has an opportunity to strengthen its efforts as it updates diversity outreach plans. Despite these efforts, FAA ranked 214<sup>th</sup> out of 216 agencies in 2009 as the best place to work in the federal government, similar to its ranking in 2007. These low rankings could pose obstacles to FAA's efforts to retain its existing workforce and recruit staff with the requisite skills needed to implement the Next Generation Air Transportation System. By fiscal year 2013, FAA projects that 38 percent of its employees who perform work that is critical to FAA's mission will be eligible to retire.

While FAA employee responses to governmentwide surveys indicate that they like their work, their responses are considerably less positive than the rest of the federal government regarding other factors that have an impact on employee recruitment, motivation, and retention (see figure). The percentage of FAA employees' positive responses regarding communications, involvement in decisions that affect their work, and respect for their leaders were up to 19 points below those of the rest of the federal government (see figure). FAA has developed an action plan to improve leadership and create a performance-based culture that could improve employees' workplace satisfaction. However, FAA has not established accountability for the plan's success.

#### FAA and Non-FAA Positive Responses to a 2008 Governmentwide Survey



Source: GAO analysis of Federal Human Capital Survey data.

---

# Contents

---

<b>Letter</b>		1
Background		2
FAA Incorporates Many Leading Human Capital Practices, but Its Low Ranking in Best Places to Work Could Pose Challenges in Recruitment, Motivation, and Retention		10
FAA Is Considerably behind the Rest of the Federal Government in Key Measures of Workplace Satisfaction, and Is Taking Steps Aimed at Improvement		22
Conclusions		33
Recommendations for Executive Action		33
Agency Comments		34
<b>Appendix I</b>	<b>Scope and Methods</b>	35
<b>Appendix II</b>	<b>Key Leading Practices and FAA's Activities in Strategic Workforce Planning, Training, Recruitment and Hiring, and Performance Management</b>	37
<b>Appendix III</b>	<b>GAO Contact and Staff Acknowledgments</b>	43
<hr/>		
<b>Tables</b>		
Table 1: FAA Human Resources Functions and Title 5 Exemptions		5
Table 2: Retirement Eligibility Projections in FAA's Mission-Critical Occupations		8
Table 3: Key Leading Practices in Strategic Workforce Planning, and Examples of FAA Activities		11
Table 4: Key Leading Practices in Training, and Examples of FAA Activities		13
Table 5: Key Leading Practices in Recruitment and Hiring, and Examples of FAA Activities		15
Table 6: Key Leading Practices in Performance Management, and Examples of FAA Activities		16

---

## Figures

Figure 1: Percentage of Positive Responses to Impact Items on  
OPM's Survey from Employees at FAA and the Rest of the  
Federal Government in 2008 24

Figure 2: FAA's Leadership Competencies 26

---

## Abbreviations

AFSCME	American Federation of State, County, and Municipal Employees
ATO	Air Traffic Organization
EEO	equal employment opportunity
FAA	Federal Aviation Administration
ISPPPI	Institute for the Study of Public Policy Implementation
MSPB	Merit Systems Protection Board
NAPA	National Academy of Public Administration
NATCA	National Air Traffic Controllers Association
NextGen	Next Generation Air Transportation System
OPM	Office of Personnel Management
OSI	Organizational Success Increase
PASS	Professional Aviation Safety Specialists
SCI	superior contribution increase

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.



**United States Government Accountability Office**  
**Washington, DC 20548**

October 28, 2009

The Honorable John L. Mica  
Ranking Member  
Committee on Transportation and Infrastructure  
House of Representatives

Dear Mr. Mica:

Aviation is critical to the nation's economic well-being, global competitiveness, and national security. The Federal Aviation Administration (FAA) is tasked with ensuring that our nation's airspace system operates safely and efficiently. FAA's 48,000 employees<sup>1</sup> apply specialized skills to guide aircraft, ensure safety, install and maintain air traffic control systems, and coordinate with other countries. As significant portions of its employees retire in the coming years, FAA will need to replace these skills and also recruit employees with specialized acquisitions, systems integration, and program management skills required to support the transition of the current air traffic control system to the Next Generation Air Transportation System (NextGen), which will rely more on satellites and automation, than today's ground-based radars and aircraft-by-aircraft control. Additionally, FAA will also need to hire several thousand air traffic controllers to replace those who were hired in the years following a strike in 1981 and will become eligible to retire in the coming decade. A human capital system should provide the framework for recruiting, motivating, and retaining a talented and diverse workforce to enable an agency to achieve its missions and goals. However, FAA placed near the bottom of the ranking of the *Best Places to Work in the Federal Government*<sup>2</sup> in 2007 and 2009. Additionally, FAA employees' expressed dissatisfaction with many facets of their workplace that the Office of Personnel Management (OPM) has determined affect recruitment, motivation, and retention of employees. This raises a concern about FAA's ability to recruit, motivate, and retain the talented employees needed to accomplish its mission.

---

<sup>1</sup>FAA's total employee count, including temporary employees, as of September 12, 2009.

<sup>2</sup>The Partnership for Public Service and American University's Institute for the Study of Public Policy Implementation publish rankings of the *Best Places to Work in the Federal Government* using data from the Office of Personnel Management's biennial Federal Human Capital Survey.

---

As you requested, this report reviews FAA's human capital system and discusses some of its key human capital challenges. We address the following questions: (1) How do FAA's human capital practices compare with those of leading organizations? and (2) How does FAA employees' workplace satisfaction compare with that of other federal government employees, and what areas, if any, are most in need of improvement? To address these questions, we compared the FAA's human capital practices with leading practices—those that we have identified through previous work as being present in public and private organizations that are viewed as leaders in strategic human capital management and managing for results. We reviewed FAA documents and regulations, and relevant studies by other organizations, and interviewed key FAA operating officials who have responsibility for implementing human capital procedures within FAA's major organizational entities. We also interviewed FAA's human resource management officials and obtained the perspectives of organized labor through semistructured interviews with union representatives. This report provides examples of FAA activities that mirror leading practices and discusses leading practices that FAA has not implemented. We did not evaluate the effectiveness of FAA's implementation of its human capital system. To compare FAA employees' workplace satisfaction with that of other federal government employees, we analyzed the results of OPM's Federal Human Capital Survey. Appendix I contains more detailed information on our scope and methodology.

We conducted this performance audit from June 2008 to October 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We also conducted reliability assessments of the data we obtained electronically and determined those data to be of sufficient quality to be used for the purposes of this report.

---

## Background

### Human Capital Systems

Federal agencies need effective human capital systems to support enhanced performance, ensure accountability, and help achieve their missions. Through our past work, we have identified five key components of human capital systems.

- 
- *Strategic workforce planning:* The steps an agency takes to (1) align its human capital program with its current and emerging mission and programmatic goals and (2) develop long-term strategies for acquiring, developing, and retaining staff to achieve programmatic goals.<sup>3</sup>
  - *Training:* Developing a strategic approach to establish training priorities and leveraging investment in training to achieve agency results; identifying specific training initiatives that improve individual and agency performance; ensuring effective and efficient delivery of training opportunities in an environment that supports learning and change; and demonstrating how training efforts contribute to improved performance and results.<sup>4</sup>
  - *Recruitment and hiring:* Developing and implementing strategies to advertise positions and attract top candidates; assessing applicants' relative competencies or knowledge, skills, and abilities against job-related criteria to identify the most qualified candidates; using a variety of candidate assessment tools, such as interviews, to make a selection; and coordinating the process of bringing a new hire on board.<sup>5</sup>
  - *Performance management:* Planning work and setting individual performance expectations, monitoring performance throughout the year through ongoing feedback, developing individuals' capacities to perform, and rating and rewarding individual performance.<sup>6</sup>

---

<sup>3</sup>GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, [GAO-04-39](#) (Washington, D.C.: Dec. 11, 2003).

<sup>4</sup>GAO, *Human Capital: A Guide for Assessing Strategic Training and Development Efforts in the Federal Government*, [GAO-04-546G](#) (Washington, D.C.: March 2004).

<sup>5</sup>Merit Systems Protection Board, *Reforming Federal Hiring: Beyond Faster and Cheaper* (Washington, D.C.) and GAO, *Human Capital: Transforming Federal Recruitment and Hiring Efforts*, [GAO-08-762T](#) (Washington, D.C.: May 8, 2008); and *Human Capital: Additional Collaboration Between OPM and Agencies Is Key to Improved Federal Hiring*, [GAO-04-797](#) (Washington, D.C.: June 7, 2004).

<sup>6</sup>GAO, *Results-Oriented Cultures: Creating a Clear Linkage between Individual Performance and Organizational Success*, [GAO-03-488](#) (Washington, D.C.: Mar. 14, 2003).

- 
- *Diversity management:* A process intended to create and maintain a positive work environment where the similarities and differences of individuals are valued, so that all can reach their potential and maximize their contributions to an organization's strategic goals and objectives.<sup>7</sup>

An agency's human resources organization, the agency's leaders, and staff have roles to play in implementing these components. For example, the human resources organization, with the participation of agency management, would develop performance management policies and procedures, but the agency's leaders implement those policies and procedures. Additionally the agency's leaders identify a requirement to recruit and the skill set needed to fill a vacancy, but the human resource organization performs the mechanics of posting the vacancy and ensuring that agency procedures are followed in reviewing applications and making the selection. The agency's staff may be involved in vetting new system proposals or participating in process improvement teams. In FAA, the Office of Human Resource Management has the primary responsibility for developing and implementing the agency's human capital system. However, senior officials in each of FAA's four major entities, called lines of business, oversee the implementation of human capital procedures within their respective organizations.

---

## FAA's Human Capital Reform

In September 1993, the National Performance Review concluded that federal budget, procurement, and personnel rules prevented FAA from reacting quickly to the needs of the air traffic control system. In response to a congressional mandate resulting from this review, the Secretary of Transportation prepared a report<sup>8</sup> in 1995 that concluded that the most effective reform would be to exempt FAA from most federal personnel rules and procedures contained in title 5 of the *United States Code*. On November 15, 1995, Congress exempted FAA from a number of title 5 rules and procedures (see table 1) and directed the FAA Administrator to develop and implement a new personnel management system.<sup>9</sup> The law also required that FAA's new personnel management system address the

---

<sup>7</sup>GAO, *Diversity Management: Expert-Identified Leading Practices and Agency Examples*, [GAO-05-90](#) (Washington, D.C.: Jan. 14, 2005).

<sup>8</sup>Federal Aviation Administration, *Background Paper: Personnel Management Reform for the Federal Aviation Administration* (Washington, D.C.: August 1995).

<sup>9</sup>Department of Transportation and Related Agencies Appropriations Act, Pub. L. No. 104-50, § 347.

---

unique demands of the agency's workforce and, at a minimum, provide greater flexibility in the compensation, hiring, training, and location of personnel. Subsequent legislation added the requirement for FAA to negotiate with its labor unions any changes made to its personnel management system.<sup>10</sup> On April 1, 1996, FAA introduced its new personnel management system and, over the next several years, initiated a number of efforts to address the following reform objectives:

- FAA acquires, develops, and deploys required expertise (people) where and when needed.
- Human resource systems support employees' achievement of goals.
- FAA has effective leadership and management.
- FAA is perceived as a desirable place to work.
- Human resource management systems are efficient and adaptable.

---

**Table 1: FAA Human Resources Functions and Title 5 Exemptions**

<b>Title 5 exempt</b>	<b>Title 5 non-exempt</b>
• Staffing	• Labor Relations
• Compensation	• Strike Prohibition
• Performance Management	• Whistleblower Protection
• Training and Development	• Veteran's Preference
• Reduction-in-Force	• Retirement Systems
• Employee Relations - Discipline and Removal	• Employee Relations - Appeals
• Executive Systems	• Prohibition of Discrimination
• Permanent Change of Station	• Health, Life, Workers' Compensation and Unemployment Insurance
• Human Resource Information System Technology	• Restrictions on Certain Political Activities
• Follow Merit System Principles (done voluntarily by FAA)	
• Most Prohibited Personnel Practices	

Source: Adapted from FAA.

---

<sup>10</sup>49 U.S.C. § 40122(a).

---

In 2003, we reported that FAA had implemented many of its reform initiatives, but changes to its compensation system, workforce planning initiatives, and implementation of a new performance management system remained incomplete.<sup>11</sup> FAA had (1) developed a new broadband-based, performance-based pay structure aimed at providing a wider range of pay and greater managerial flexibility to recruit, retain, and motivate employees and (2) implemented the pay structure in varying forms for about 75 percent of its workforce. FAA had planned to cover the remainder of the workforce under the new compensation plan as it negotiated new labor agreements with unions representing those workforces. As of July 2009, 88 percent of FAA's workforce was under one or more components of performance-based compensation. However, FAA and the National Air Traffic Controllers Association (NATCA)—the union representing FAA's air traffic controllers—agreed to a new contract in September 2009 that removed nearly 16,000 employees from performance-based compensation, thereby reducing the percentage of the workforce under performance-based compensation to about 55 percent.<sup>12</sup>

As part of its reform efforts, FAA also developed a new performance management system consisting of a narrative evaluation of employees' performance against performance standards combined with feedback and coaching. FAA began developing its new performance management system in 1999 and first implemented it within segments of the agency in 2001. At the time of our 2003 report, about 20 percent of FAA's workforce was under the new performance management system. As of July 2009, FAA had expanded the performance management system's coverage to more than 95 percent of its workforce. Under FAA's new contract with NATCA, air traffic controllers continue to be covered by the new performance management system. While the contract requires that controllers' performance be evaluated against written standards, and that the supervisor and controller discuss the evaluation, the contract does not provide for interim or midpoint performance feedback during the performance appraisal cycle.

FAA also sought, received, and implemented flexibilities in hiring, relocating, and training employees. However, at the time of our 2003

---

<sup>11</sup>GAO, *Human Capital Management: FAA's Reform Effort Requires a More Strategic Approach*, GAO-03-156 (Washington, D.C.: Feb. 3, 2003).

<sup>12</sup>This percentage is based on FAA's total employee count, including temporary employees, as of September 12, 2009.

---

report, FAA had not completed efforts to incorporate these flexibilities into strategic workforce plans. Workforce planning should include developing strategies for integrating hiring, recruiting, training, and other human capital activities in a manner that meets the agency's long-term objectives to ensure that appropriately skilled employees are available when and where they are needed to meet an agency's mission. We reported that FAA had established agencywide corporate policies and guidance for developing workforce plans for executives, managers, and supervisors and for specific occupations, but these initiatives were at varying degrees of implementation. As we discuss later in this report, FAA has developed workforce plans for its major organizational segments and for specific workforces.

In 2003, we also noted that FAA lacked baseline data against which to measure the impact of its initiatives, and that FAA had not adequately linked initiative goals to the agency's mission goals. While FAA's human resource officials maintained that the new compensation system addressed recruitment and retention objectives, FAA could not support this assertion with data because the agency did not establish any baseline data from which to measure improvements. Consequently, we were unable to evaluate the effectiveness of FAA's reform efforts. We recommended that FAA develop empirical data and establish performance measures, develop linkages between human capital reform initiatives and program goals, establish time frames for data collection and analysis, and hold managers accountable for the results of human capital management efforts. FAA has implemented these recommendations.

---

### FAA's Workforce Demographics and Expertise Requirements

In the coming years, FAA risks losing significant amounts of institutional knowledge as its employees retire. The dramatic shifts that are occurring in the nation's population are reflected in FAA's workforce, where more than three-fourths of its employees are age 40 or older. By fiscal year 2013, FAA projects that 38 percent of its employees who perform work that is critical to FAA's mission will be eligible to retire (see table 2).<sup>13</sup> For example, in the next 5 years, 42 percent of air traffic controllers, who ensure the safe and smooth movement of air traffic in the air and on the ground at airports; 31 percent of airway transportation system specialists, who install and maintain air traffic control systems; and 48 percent of aviation safety inspectors, who perform critical safety oversight of the

---

<sup>13</sup>FAA's projections are based on end of fiscal year 2008 data.

aviation industry and air operators, are projected to be eligible to retire.<sup>14</sup> However, the current economic downturn could affect FAA's retention and recruitment. FAA's losses from retirement and other causes, for all occupations, declined by 27 percent during the first 4 months of fiscal year 2009, compared with the corresponding months of the prior fiscal year. Additionally, a July 2009 vacancy announcement for controllers attracted nearly 9,000 applications and a recruitment fair for people with disabilities was successful.

**Table 2: Retirement Eligibility Projections in FAA's Mission-Critical Occupations**

Title	Employees (end of fiscal year 2008)	Employees eligible to retire by 2013	Percentage of employees eligible to retire by 2013
Air traffic controllers	15,381 <sup>a</sup>	6,447	42%
Airway transportation system specialists	6,084	1,886	31
Aviation safety inspectors	4,162	1,991	48
Engineers	2,893	845	29
Information technologists	1,845	485	26
Security/Certification/Compliance inspectors	452	154	34
Human resources specialists	420	176	42
Contract specialists	244	90	37
Community planners	29	9	31
<b>Total</b>	<b>31,510</b>	<b>12,083</b>	<b>38%</b>

Source: FAA.

<sup>a</sup>This number does not include about 4,000 air traffic controllers who do not actively control aircraft. These employees are traffic management coordinators, supervisors, instructors at the FAA Academy, and staff specialists and those in leadership positions in headquarters and regions.

In addition to replacing institutional knowledge, FAA will need to obtain expertise to support the transition of the national airspace system to NextGen. NextGen envisions a fundamental change in air traffic management by moving to a structure that is adaptable to growth in operations as well as shifts in demand, and that is network-centric, meaning everyone using the system has easy access to the same information at the same time. NextGen will entail a number of

---

<sup>14</sup>FAA's operational air traffic controllers—those who are actively involved in the separation and control of aircraft—are eligible to retire at age 50 with 20 years of service and cannot control air traffic after age 56 without a special waiver.

---

transitions—from ground-based to satellite-based navigation and surveillance; from voice communications to digital data exchange; from a fragmented weather forecast delivery system to a system that uses a single, authoritative source; and from limited operations in poor visibility conditions to more operations that can proceed in adverse weather. While FAA plays a central role in these transitions, the Departments of Defense, Commerce, and Homeland Security; the National Aeronautics and Space Administration; and the White House Office of Science and Technology Policy also participate. In previous work, we questioned whether FAA had the required systems integration expertise, given the complexity of this effort.<sup>15</sup> FAA responded by engaging the National Academy of Public Administration (NAPA) to identify (1) the skills needed to accomplish the transition to NextGen and (2) strategies for acquiring the necessary workforce competencies. NAPA assembled a panel of experts (NAPA Panel) to perform the study and reported on the panel's findings in September 2008.<sup>16</sup>

The NAPA Panel found that acquisitions will be an important element in NextGen. FAA defines its acquisition workforce broadly, following the Office of Management and Budget's guidance, to include program and project managers, researchers and engineers, business and financial analysts, contracting officers and specialists, contracting officer's technical representatives, integrated logistics specialists, test and evaluation personnel, and other specialized support. Consequently, the acquisition workforce includes individuals who determine requirements; plan acquisition strategies; establish business relationships to obtain needed goods and services; and ensure that the government's needs are met by testing, evaluating, and monitoring contractor performance. FAA's acquisition workforce also includes experts in subject matter areas, such as finance, who support the business process. FAA recently estimated that it will need to hire several hundred additional staff to implement NextGen, and most of these staff will be part of the acquisition workforce. However, as FAA attempts to hire these staff, it will be competing with a projected governmentwide hiring surge. For example, the Partnership for Public

---

<sup>15</sup>GAO, *Next Generation Air Transportation System: Progress and Challenges Associated with the Transformation of the National Airspace System*, GAO-07-25 (Washington, D.C.: Nov. 13, 2006).

<sup>16</sup>National Academy of Public Administration, *Volume 1: Identifying the Workforce to Respond to a National Imperative...the Next Generation Air Transportation System (NextGen)* (Washington, D.C.: September 2008). The report states that the views expressed are those of the panel and do not necessarily reflect the views of NAPA as an institution.

---

Service's survey, "Where the Jobs Are 2009," indicates that from fiscal years 2010 through 2012, the federal government could hire more than 16,000 employees to fill needs in general administration/program management; engineering (electrical, aerospace, and computer); finance; and contracts.<sup>17</sup> FAA is developing a 5-year acquisition workforce plan that the agency expects will address, among other things, challenges and strategies to address workforce requirements. FAA expects to complete the plan in October 2009.

---

## FAA Incorporates Many Leading Human Capital Practices, but Its Low Ranking in Best Places to Work Could Pose Challenges in Recruitment, Motivation, and Retention

### FAA Incorporates Many Leading Human Capital Practices in Strategic Workforce Planning, Training, Recruitment and Hiring, and Performance Management

FAA's human capital system employs many leading practices in strategic workforce planning, training, recruitment and hiring, and performance management. FAA has implemented few leading diversity management practices, but is developing a diversity outreach plan. The agency's consistent placement near the bottom in published best places to work rankings could pose challenges in recruiting, motivating, and retaining employees to replace those retiring and to meet current and future mission requirements.

FAA's human capital system mirrors many leading human capital practices in strategic workforce planning, training, recruitment and hiring, and performance management, but FAA officials with responsibility for implementing human capital procedures in major segments of the agency and union representatives criticized FAA's practices in performance management. Union representatives also criticized FAA's training practices. Pending legislation to reauthorize FAA contains provisions related to a number of these practices.

---

<sup>17</sup>Partnership for Public Service, *Where the Jobs Are 2009: Mission-Critical Opportunities for America*, available at <http://data.wherethejobsare.org/wtja/home> (last accessed on Sept. 9, 2009).

---

Strategic Workforce Planning	This practice focuses on developing long-term strategies for acquiring, developing, and retaining an organization's total workforce to meet the needs of the future. Such planning is essential to ensure that an agency's human capital program uses its workforce's strengths and addresses related challenges in a manner that is clearly linked to achieving missions and goals. Table 3 lists the key leading strategic workforce management practices that we identified in our past work and examples of FAA's activities. See appendix II for an expanded list of FAA's activities that align with key leading practices.
------------------------------	---

---

**Table 3: Key Leading Practices in Strategic Workforce Planning, and Examples of FAA Activities**

Key leading practice	Examples of FAA activities
Involve top management, employees, and other stakeholders in developing, communicating, and implementing the strategic workforce plan.	FAA executives sign workforce planning documents for the workforces under their purview. Executives were actively engaged in developing and leading implementation of the plans for the controller and acquisition workforces.
Determine the critical skills and competencies that will be needed to achieve current and future programmatic results.	FAA has identified 16 leadership competencies and is using these competencies to, among other things, select employees for leadership development programs. FAA also contracted with NAPA to help determine the workforce competencies needed to transition to and implement NextGen.
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.	FAA assesses the skill levels of its nonsupervisory and supervisory workforces to identify gaps between target and actual skill levels and formulates strategies to close the gaps. FAA establishes its goals in its strategic plan, known as the "Flight Plan," and develops workforce plans for major organizational segments and specific workforces, such as air traffic controllers. These plans detail the demographics of the workforce and strategies to address agency goals and missions and future workforce challenges.
Build the capability needed to address administrative, educational, and other requirements important to support workforce planning strategies.	Building capability includes providing clear and transparent guidelines and holding managers accountable for following them. FAA has a Human Capital Planning Council that serves as an internal community of practice for workforce planning in the agency and a focal point for sharing best practices and disseminating guidance. FAA has established a system of accountability that holds the organization, managers, and human resource officers accountable for efficient and effective human resource management. Accountability and measurement is one of FAA's leadership competencies.
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.	FAA has established performance metrics for human capital goals, tracks performance, and posts the results on its Web site.

Sources: GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, GAO-04-39 (Washington, D.C.: Dec. 11, 2003) and GAO analysis of FAA practices.

---

FAA has made progress in strategic workforce planning since 2003, when we issued our previous report. FAA has established an agencywide strategic human capital plan that lays out human capital goals, and strategies and initiatives under each goal. FAA annually updates its strategies and initiatives to maintain alignment with the strategic plan—the Flight Plan—and to reflect emerging or changing mission demands. FAA has also established workforce plans for each of its four major entities, called lines of business—the Air Traffic Organization (ATO), Aviation Safety, Airports, and Commercial Space Transportation—and has established plans to manage specific workforces, such as air traffic controllers, and technical operations.

The House has passed and the Senate Committee on Commerce, Science, and Transportation has reported out FAA reauthorization bills that would require the agency to undertake additional workforce planning.<sup>18</sup> For example, the bills would require FAA to (1) study and prepare a report to Congress on the frontline manager staffing requirements at air traffic control facilities, taking into account, among other things, the facility type and complexity of air traffic handled and managerial responsibilities, and (2) develop a staffing model for safety inspectors. Additionally, the bills would require FAA to make the appropriate arrangements with the National Academies of Science for studies of the assumptions and methods used to determine the staffing needs for controllers and airway transportation systems specialists.

## Training

Training and development programs can assist the agency in achieving its mission and goals by improving individual and, ultimately, organizational performance. In our past work, we identified numerous leading training practices, which we have segmented into the four key components shown in table 4, along with examples of FAA's activities that align with these key components. See appendix II for an expanded list of FAA's activities that align with key leading practices.

---

<sup>18</sup>The House passed H.R. 915, titled "FAA Reauthorization Act of 2009." The Senate Committee on Commerce, Science, and Transportation has reported out S. 1451, titled "FAA Air Transportation Modernization and Safety Improvement Act."

---

**Table 4: Key Leading Practices in Training, and Examples of FAA Activities**

<b>Key leading practice</b>	<b>Examples of FAA activities</b>
Planning/Front-End Analysis: Strategically link training and development programs to agency goals and to the skills and competencies needed for the agency to perform effectively.	FAA requires that training be based on a systematic analysis of knowledge, skills, and abilities required to achieve the organization's mission. FAA determines gaps between desired and current organizational performance; determines if training is the appropriate solution; and, if so, addresses those learning needs in annual business plans. For example, FAA's Human Resource Management business plan has a strategic initiative to identify leadership skill gaps for managers on the basis of the FAA Managerial Success Profile and to promote continuing managerial training to address these gaps.
Design: Conduct the appropriate analyses when designing training and development efforts.	To determine whether to design training programs internally or use an external source, FAA developed criteria on the basis of industry Instructional Design Standards. Additionally, consistent with the standards, FAA conducts analyses to choose among different mixes of training delivery mechanisms. FAA officials noted that FAA is moving to a more "blended approach" to training delivery, including the use of computer-based training where possible.
Implementation: Agency leaders communicate the importance of training and developing employees and foster an environment conducive to effective training and development.	FAA's leadership promotes participation in training programs by encouraging employees to develop annual learning plans—identifying occupational performance requirements, job- and career-related learning needs, and learning strategies for meeting them—in conjunction with their annual performance plans. Additionally, FAA has communicated its commitment to ensuring that adequate funds will be set aside for position-essential training.
Evaluation: Systematically plan for and evaluate the effectiveness of agency training and development efforts, using the appropriate analytic approaches and performance data.	According to FAA officials, the agency evaluates training at several levels. First, FAA evaluates the satisfaction of the training participant. Second, FAA evaluates whether the training improved the participant's skill, knowledge, or abilities by comparing pre- and posttraining test scores. According to FAA officials, the agency is working toward evaluating how the training affected the use of learning on the job.

Sources: GAO, *Human Capital: A Guide for Assessing Strategic Training and Development Efforts in the Federal Government, GAO-04-546G* (Washington, D.C.: March 2004) and GAO analysis of FAA practices.

In 2005, we reviewed FAA's technical training for aviation safety inspectors and found that the program followed some leading practices. For example, the training efforts are intended to support FAA's goals for improving aviation safety, and FAA has established clear accountability for ensuring that inspectors have access to technical training. Additionally, the technical training program contains an evaluation component. However, we made several recommendations aimed at, among other things, improving the timeliness of training, improving FAA's identification of gaps in inspectors' technical knowledge, and developing measures of the impact of training on achieving organizational goals. FAA has implemented most of these recommendations. For example, FAA has taken steps to deliver training in a more timely manner, such as developing new Web-based courses that inspectors can complete when the training is needed. Additionally, in 2007, FAA conducted a feasibility analysis that explored different methods to measure training's impact on achieving organizational goals. In August 2009, FAA was working to address the remaining recommendations by providing more guidance on when

---

accepting training for in-kind services is appropriate and revising inspector guidance to clarify that free training does not preclude FAA from fulfilling its oversight and enforcement role. The Senate's FAA reauthorization bill would require FAA to report on the training provided to safety inspectors.

Union representatives provided comments regarding how FAA designs and implements training. The President of the Professional Aviation Safety Specialists (PASS)—the union representing, among others, FAA employees who maintain air traffic control equipment—said that the technical training for airway systems specialists is often unnecessarily time-consuming and costly, because FAA customizes the training to make it unique to FAA and then requires that employees travel to the FAA Academy to receive technical training. The union President said that FAA could streamline the process by allowing staff to take training courses from private vendors who offer the same training at locations closer to their home office. FAA noted that the academy is the only location that replicates every piece of equipment that aviation systems safety specialists use, and that equipment in air traffic control facilities cannot be taken off-line for training. However, FAA's Director of Technical Training and Development told us that FAA is exploring how to validate locally provided courses for equivalency to the training provided at the FAA Academy. Additionally, FAA is increasing the availability of Web-based training, simulations, and other alternative training methodologies that will allow greater opportunities for on-site training, according to another FAA training official. We are currently reviewing airway transportation system specialist training under another engagement.

NATCA representatives criticized how FAA implements controller training. In their opinion, FAA relies too much on memorandums and other impersonal methods, rather than in-person training that would allow staff to directly pose questions to instructors and engage in open discussion on topics that require clarification. FAA's Director of Technical Training and Development believes this criticism to be an overstatement, and noted that FAA offers many specialized courses at the FAA Academy and fills the spaces allocated.

NATCA representatives also believe that controllers have fewer opportunities to attend training because there are not enough experienced controllers to handle air traffic while others attend training. A 2008 report from the Department of Transportation Inspector General questioned whether FAA had sufficient numbers of experienced controllers to train the large numbers of new controllers that it was hiring. The report noted

that the hiring process was outpacing the capabilities of many air traffic facilities to efficiently process and train new hires. The Inspector General made a number of recommendations, and FAA agreed or partially agreed with most of them.<sup>19</sup> FAA notes that the agency continues to monitor its hiring and training programs to achieve a balance between a facility's trainees and the facility's training capacity,<sup>20</sup> and to help ensure that trainees progress through each stage of training while ensuring safety. The House and Senate FAA reauthorization bills would require that FAA study the adequacy of training provided to air traffic controllers.

## Recruitment and Hiring

In a highly competitive job market, having an effective hiring process can help an agency compete for talented people who have the requisite knowledge and up-to-date skills to accomplish missions and achieve goals. Table 5 lists the key recruitment and hiring practices that we have identified in our past work and provides examples of FAA's activities. See appendix II for an expanded list of FAA's activities that align with key leading practices.

**Table 5: Key Leading Practices in Recruitment and Hiring, and Examples of FAA Activities**

Key leading practice	Examples of FAA activities
Evaluate recruitment strategies to attract applicants.	FAA sets performance targets in the strategic planning process and reports on the extent to which these targets have been met in annual performance and accountability reports.
Ensure that the best candidates are selected by refining assessment tools.	FAA refined vacancy announcements for aviation safety inspector positions to better incorporate key competencies against which officials evaluate applicants.
Use an automated hiring process, including computerized systems to prescreen, rate, and rank applicants.	For most externally advertised vacancies, FAA uses its Automated Staffing and Application system. The system automates vacancy announcement posting, the application process, applicant rating and ranking, and the selection process.
Use available flexibilities to recruit, hire, and manage workforces.	FAA's hiring flexibilities include on-the-spot hiring and monetary incentives for recruitment, retention, and relocation.

Sources: Merit Systems Protection Board, *Reforming Federal Hiring: Beyond Faster and Cheaper*, (Washington, D.C.); GAO, *Human Capital: Transforming Federal Recruitment and Hiring Efforts*, GAO-08-762T (Washington, D.C.: May 8, 2008) and *Human Capital: Additional Collaboration Between OPM and Agencies Is Key to Improved Federal Hiring*, GAO-04-797 (Washington, D.C.: June 7, 2004); and GAO analysis of FAA practices.

In recent years, FAA has used its flexibilities mostly to hire, relocate, and retain air traffic controllers. However, FAA also has used flexibilities to hire expertise in other fields, such as program management, aerospace

<sup>19</sup>Department of Transportation, Office of the Inspector General, *Review of the Air Traffic Controller Facility Training Program*, AV-2008-055 (Washington, D.C.: June 5, 2008).

<sup>20</sup>A facility's training capacity is affected by the number of experienced controllers, training contractors, and simulators.

engineering, and environmental protection. The House and Senate FAA reauthorization bills would require FAA to increase the number of safety-related positions, such as safety inspectors, commensurate with available funding.

## Performance Management

An effective performance management system can be a strategic tool to drive internal change and achieve desired results. Our work has identified numerous leading practices in performance management, which we summarize in table 6. The table also provides examples of FAA's activities that align with these key leading practices. See appendix II for an expanded list of FAA's activities that align with key leading practices.

**Table 6: Key Leading Practices in Performance Management, and Examples of FAA Activities**

<b>Key leading practice</b>	<b>Examples of FAA activities</b>
Align individual performance expectations with organizational goals.	FAA requires that each supervisor and employee develop a performance plan that describes employee tasks and responsibilities and provides a line of sight from those items to the goals in FAA's Flight Plan.
Define competencies that individuals need to effectively contribute to organizational results.	FAA uses performance standards—which include necessary skills and supporting behaviors—to describe each employee's major responsibilities and expected outcomes.
Provide and routinely use objective performance information to track progress toward achieving organizational priorities.	At the organizational level, FAA tracks progress toward multiple agency performance targets, as outlined in the Flight Plan, and reports its performance in annual performance reports. FAA officials told us that each organizational unit rolls up subordinate levels of individual performance progress to ultimately determine organizational progress toward meeting the agency's performance targets, and reports the status annually in performance and accountability reports, which FAA posts on its Web site.
Make meaningful distinctions in individual performance; link pay to organizational and individual performance.	FAA uses a two-phased process to make distinctions in performance and distribute performance-based compensation linked to organizational and individual performance. However, FAA and union officials told us that implementation of the performance management system does not make meaningful distinctions in performance.
Involve employees and other stakeholders in the development of the performance management system.	During the development of its current performance management system, FAA involved its employees to verify employee survey results and obtain employee suggestions for improvements in the system.
Employ safeguards to ensure the transparency of the performance management system.	FAA publishes information on internal Web sites about the results of pay decisions, such as the average pay increase.

Sources: GAO, *Results-Oriented Cultures: Creating a Clear Linkage between Individual Performance and Organizational Success*, GAO-03-488 (Washington, D.C.: Mar. 14, 2003) and GAO analysis of FAA practices.

FAA officials responsible for implementing human capital procedures within the lines of business, as well as representatives of several unions, criticized components of FAA's performance management system. For example, because FAA's system calls for a performance rating of either "meets expectations" or "does not meet expectations," an official from FAA's largest line of business and union officials characterized the system

---

as “pass/fail.” Because nearly everyone is rated “meets expectations,” they believe that the system does not make distinctions above the “meets expectations” level.<sup>21</sup>

For employees who have met expectations, FAA further distinguishes performance by distributing performance-based “superior contribution increases” (SCI). FAA distributes the SCI based on supervisors’ summaries of employee performance that are based on (1) personal observations of employees’ performance and contributions and (2) the employees’ self-assessments. The supervisor’s summary focuses on three areas: collaboration, customer service, and impact on organizational success. A fourth area, management and leadership, applies only to managers. Up to 65 percent of employees who meet expectations can receive either a 1.8 percent or 0.6 percent SCI.

FAA’s practice of awarding pay increases based on employee contributions aligns with its reform objective that human resource systems support employees’ achievement of organizational goals, but FAA officials with responsibility for implementing human capital procedures in the ATO, Aviation Safety, and Airports lines of business, as well as union representatives, expressed fairness concerns about the impacts of these increases, similar to the concerns on which we reported in 2003.<sup>22</sup> The FAA officials believe that the SCI is not large enough to motivate performance, and because more than one-half of the employees receive the increase, it creates morale problems among those employees whom officials believe are solid performers, but received no SCI. Union representatives said that, from the employee’s perspective, it is not clear how supervisory recommendations are translated into decisions about which employees receive these increases. Union representatives also expressed fairness concerns in saying that, in some cases, the same employees receive the increases every year and that, in other cases, increases appear to be given on a rotating basis, without respect to level of performance.

All employees who meet expectations also receive an Organizational Success Increase (OSI), which FAA provides when the agency has met at least 90 percent of its performance targets. The total funding pool for the

---

<sup>21</sup>During fiscal year 2008, 33 of about 45,000 FAA employees did not meet expectations.

<sup>22</sup>The ATO, Aviation Safety, and Airports lines of business include about 43,000 of FAA’s 48,000 employees.

---

OSI consists of the amount of the governmentwide General Schedule increase for a given year, plus an additional 1 percent. As with the SCI, the OSI aligns with the reform objective of supporting employees' achievement of organizational goals. However, FAA and union officials criticized the OSI component of performance pay because, in their opinion, it rewards or penalizes employees for organizational performance that they cannot influence. For example, FAA may withhold a portion of the OSI because the agency did not achieve its target for reducing operational errors, even though there are many employees, such as contract specialists, whom FAA officials and union representatives believe have no influence over such activities.

FAA has taken actions to improve the implementation of its performance management system. For example, in 2008, FAA issued a memorandum to senior leadership and managers emphasizing policy requirements for, and reiterating the importance of, midcycle progress reviews. Additionally, one FAA organization is developing guidance for managers on providing feedback and, according to FAA officials, managers receive automatic notifications that midpoint feedback and end-of-cycle reviews are due to help ensure that these activities take place. FAA also recently initiated a series of briefings for employees and managers regarding the performance management and pay for performance systems.<sup>23</sup> Additionally, FAA is assessing the percentage of employees who receive midterm feedback to identify whether corrective action is needed. Recently, FAA developed an action plan aimed, in part, at creating a performance culture within the agency. The plan contains steps to improve managers' use of the performance management system. We discuss this action plan in more detail later in this report.

---

## FAA Has Implemented Few Leading Diversity Management Practices

Diversity management is a process intended to create and maintain a positive work environment where the similarities and differences of individuals are valued, so that all can reach their potential and maximize their contributions to an organization's strategic goals. The concept of managing diversity focuses on inclusion, which involves engaging the talents, beliefs, backgrounds, and capabilities of individuals and groups working toward common goals and therefore serves as a complement to equal employment opportunity (EEO). Implementing effective diversity

---

<sup>23</sup>The sessions will be offered at headquarters, in each of the nine regions, and at the Mike Monroney Aeronautical and William J. Hughes Technical Centers.

---

management helps an organization foster a work environment in which people are enabled and motivated to contribute to mission accomplishment and provide both accountability and fairness for all employees. Through our past work, we identified the following key practices that experts agree are leading diversity management practices.<sup>24</sup>

- Develop a diversity strategy and plan that are developed and aligned with the organization's strategic plan.
- Establish a recruitment program that attracts a supply of qualified, diverse applicants for employment.
- Encourage employee involvement to drive diversity throughout the organization.
- Ensure that top leadership provides a vision of diversity that it demonstrates and communicates throughout an organization.
- Conduct diversity training to inform and educate management and staff about diversity.
- Establish a set of quantitative and qualitative measures of the impact of various aspects of an overall diversity program.
- Establish a means to ensure that leaders are held accountable for diversity by linking their performance assessment and compensation to the progress of diversity initiatives.
- Include in succession planning an ongoing, strategic process for identifying and developing a diverse pool of talent for an organization's potential future leaders.
- Link diversity to performance by understanding that a more diverse and inclusive work environment can yield greater productivity and help improve individual and organizational performance.

Rather than emphasizing the broad range of these leading practices, FAA's diversity plans and activities more narrowly focus on recruitment activities and compliance with EEO. In response to a congressional concern about diversity in FAA's controller and aviation safety

---

<sup>24</sup>[GAO-05-90](#).

---

workforces, FAA has prepared plans and annual updates aimed at increasing diversity in these workforces.<sup>25</sup> FAA's recruiting efforts, as described in these plans and other FAA documents, focus on attracting a supply of qualified, diverse applicants for employment and FAA has implemented efforts that could serve to expand its applicant pool. Additionally, FAA officials told us that they have partnered with the League of United Latin American Citizens through which information pertaining to FAA careers can be forwarded throughout the league's leadership network, and that they have reached out to other groups, such as the Professional Society of Black Engineers. FAA also provides training to newly appointed managers on EEO-related topics such as antidiscrimination laws, sexual harassment awareness and prevention, and the administrator's policy on nondiscrimination.

FAA's actions are important steps toward creating a more diverse workforce, but they fall short of the full range of leading diversity management practices that we have observed in high performing organizations. For example, rather than focusing training on EEO-related topics, diversity training would provide employees with an awareness of their differences—including cultural, work style, and personal presentation—and an understanding of how diverse perspectives can improve organizational performance. Diversity training would also teach employees about the importance of the organization's diversity goals and the skills required to work effectively in a diverse workforce. Without diversity training, FAA is missing an opportunity to maximize performance by drawing on the strengths of employees at all levels and of all backgrounds. Insights from the efforts of agencies that we profiled in our diversity management report,<sup>26</sup> as well as the nine leading practices that we have previously listed, could be instructive to FAA as it develops annual updates to its plans to increase diversity in its controller and aviation safety workforces.

---

<sup>25</sup>House Report 110-238, which accompanied the Departments of Transportation and Housing and Urban Development, and Related Agencies Appropriations Bill, 2008, contained an expectation that FAA would prepare plans to increase diversity in the controller and aviation safety workforces, submit these plans to the House and Senate Committees on Appropriations, and provide annual updates of the plans. See Federal Aviation Administration, *Aviation Outreach Plan, Air Traffic Controller Workforce, Fiscal Year 2008* (Washington, D.C.: Apr. 23, 2008); and *Aviation Safety Diversity Plan, Fiscal Year 2008* (Washington, D.C.: undated). As of October 19, 2009, the 2009 updates of these plans were being reviewed by the Secretary of Transportation.

<sup>26</sup>GAO-05-90.

---

## FAA's Low Ranking in *Best Places to Work* Could Pose Challenges in Recruitment, Motivation, and Retention

FAA's ranking near the bottom in *Best Places to Work in the Federal Government* in 2007 and 2009, as published by the Partnership for Public Service (the Partnership) and American University's Institute for the Study of Public Policy Implementation (ISPPI), could present a barrier to recruiting, motivating, and retaining the talented employees that FAA needs to meet future mission requirements. The Partnership and ISPPI develop their ranking on the basis of analysis of OPM's biannual Federal Human Capital Survey results. The survey contains over 80 items that gauge employee satisfaction with pay, leadership, and collaboration, among other things. The Partnership and ISPPI ranked FAA 204<sup>th</sup> out of 222 agencies in 2007 and 214<sup>th</sup> out of 216 agencies in 2009.<sup>27</sup>

These published rankings are important to FAA because an agency's reputation is a key factor in recruiting and hiring applicants. A recent Partnership report noted that a good reputation is the most frequently mentioned factor in choosing potential employers, and agencies with high satisfaction and engagement scores were seen as desirable by college graduates seeking employment.<sup>28</sup> The Partnership report also noted that college students are rating some government agencies as ideal employers.

Similarly, the Merit Systems Protection Board (MSPB) reported that employees' willingness to recommend the federal government or their agency as a place to work can directly affect an agency's recruitment efforts, the quality of the resulting applicant pool, and the acceptance of employment offers.<sup>29</sup> In 2005, compared with 1989, MSPB found that considerably more federal employees would recommend the government as a place to work, and that more federal employees reported satisfaction with their pay. Moreover, the job security that federal employment offers is a major selling point in the current economic downturn. While FAA generally follows leading recruitment and hiring practices, FAA may be able to take only limited advantage of these favorable trends, since only about one-half of FAA employees' responses to the OPM survey item, "I

---

<sup>27</sup>In 2005, the Partnership and ISPPI did not publish the rankings of subagencies (e.g., FAA), that ranked in the bottom half of all ranked subagencies. FAA was in the bottom half in the 2005 subagency rankings, according to a Partnership official.

<sup>28</sup>Partnership for Public Service, *Great Expectations: What Students Want in an Employer, and How Federal Agencies can Deliver It* (Washington, D.C.: January 2009).

<sup>29</sup>Merit Systems Protection Board, *The Federal Government: A Model Employer or a Work in Progress? Perspectives from 25 Years of the Merit Principles Survey* (Washington, D.C.: September 2008).

---

would recommend my organization as a good place to work," were positive in 2008.<sup>30</sup> About 65 percent of the employees in the rest of the federal government responded positively, putting FAA about 15 percentage points behind other agencies. Moreover, MSPB noted that prospective employees would rather work for an agency billed as one of the best places to work as opposed to an agency at the bottom of the list. Clearly, when Congress passed legislation allowing FAA to implement a new personnel management system, FAA recognized the importance of this point by establishing the reform objective that FAA be perceived as a desirable place to work. However, FAA's low rankings in 2007 and 2009 would not indicate to prospective applicants that FAA is perceived as a desirable place to work.

---

## FAA Is Considerably behind the Rest of the Federal Government in Key Measures of Workplace Satisfaction, and Is Taking Steps Aimed at Improvement

FAA employee responses to OPM's 2008 Federal Human Capital Survey placed the agency well behind the rest of the federal government in overall job and organizational satisfaction, as well as satisfaction with their leaders and their leaders' competencies in communications and building teamwork and cooperation. FAA is taking steps that could improve employee satisfaction, but has not established accountability for improvements.

---

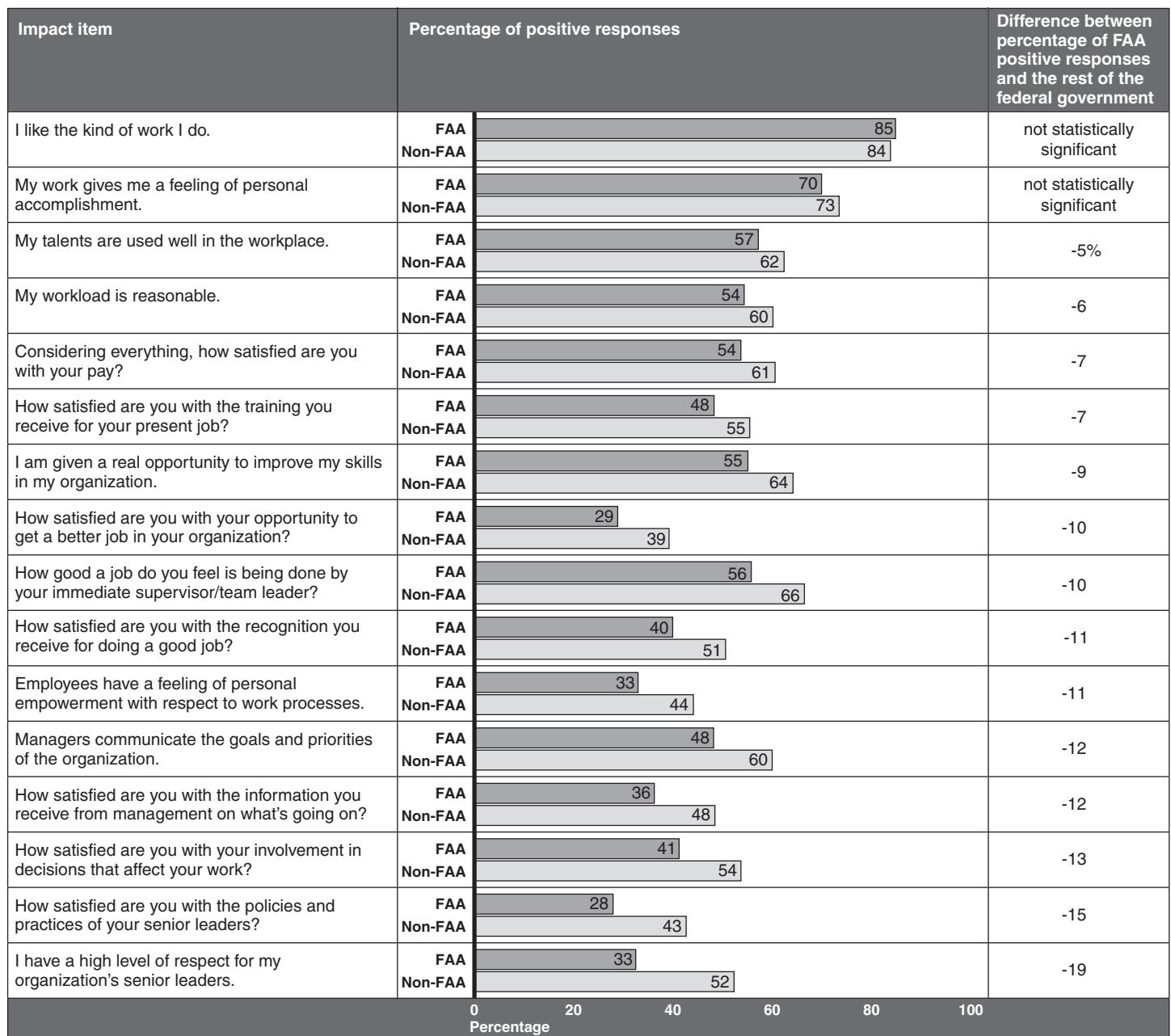
<sup>30</sup>Positive responses, as discussed in this report, are aggregates of the top two most positive responses, such as strongly agree and agree; very good and good; and very satisfied and satisfied.

---

## **FAA Employees Indicated Less Satisfaction Than the Rest of the Federal Government with Their Jobs; Organization; and Items That Affect Recruitment, Motivation, and Retention**

Compared with employees in the rest of the federal government, FAA employees indicated less satisfaction with key items in OPM's 2008 Federal Human Capital Survey. FAA employees provided 59 percent positive responses regarding overall job satisfaction—9 percentage points lower than employees in the rest of the federal government, and 41 percent positive responses regarding overall satisfaction with their organization—17 percentage points lower than employees in the rest of the federal government. Moreover, FAA employees were less positive concerning many of the items that OPM has identified as indicators of an agency's ability to recruit, motivate, and retain employees. On the basis of its analysis of its past two Federal Human Capital Surveys, OPM determined that responses to 16 items—called “impact items”—really make a difference in whether people want to come, stay, and contribute their fullest to an agency. FAA's percentage of positive responses to these impact items and the difference between FAA's percentage of positive responses and that of the rest of the federal government appear in figure 1.

**Figure 1: Percentage of Positive Responses to Impact Items on OPM's Survey from Employees at FAA and the Rest of the Federal Government in 2008**



Source: GAO analysis of Federal Human Capital Survey data.

---

Note: All percentage estimates have 95 percent confidence intervals of within +/- 3.1 percentage points of the estimate. Percentage differences between FAA and the rest of government are statistically significant, except where noted.

FAA responses to the top two items in figure 1 indicate that FAA employees said they like the work they do and derive considerable satisfaction from it; and FAA employees' satisfaction on these topics was close to that of employees in the rest of the federal government. However, for the remainder of the items, FAA employees expressed less satisfaction than employees in the rest of the federal government. These lower levels of workplace satisfaction represent potential hurdles when competing for talent with other federal agencies. FAA's strained labor-management relations could be contributing to the low percentages of positive responses. Several bargaining units have had contract negotiations stretch over many years with no settlement. For example, nearly 4,000 employees, represented by PASS, remain under the provisions of contracts that date back to 1988 and 1993, while new contracts are under negotiations. Additionally, in 2006, FAA encountered difficulties in negotiating a new labor contract with NATCA, which represents about one-third of FAA employees.<sup>31</sup> In May 2009, FAA and NATCA began mediated bargaining to reach agreement on a new contract. In September 2009, FAA and NATCA signed a new 3-year contract. FAA and NATCA reached agreement on most contract items, but required binding decisions from the mediators for some items, including compensation. FAA views the new contract as a framework for helping to meet the challenges of implementing NextGen.

While improvement in any of the impact items that OPM identified could help FAA improve its attractiveness as an employer of choice, the items for which FAA is farthest behind the rest of the federal government provide a focus for FAA to target its improvement efforts. Those items revolve around employee perceptions of their leaders and the leadership competencies of communication and building teamwork and cooperation.

---

<sup>31</sup> 49 U.S.C § 40122 (a)(2) provides that if FAA and labor cannot reach an agreement, and mediation is not successful, FAA's proposed changes to the human capital system may not become effective until 60 days after FAA sends the proposed change to Congress, along with labor's objections and the reasons for the objections. After an unsuccessful period of mediation, FAA sent its proposal to Congress, and it became legally effective 60 days later, in June 2006. However, FAA did not implement the terms until September 3, 2006, due to the programmatic changes necessary to effectuate them. The changes resulted in lower pay bands for newly hired controllers. Incumbent controllers retained their pay levels, but if their pay levels were above the maximum of the new pay bands, they received performance pay as a bonus, rather than as a permanent pay increase.

---

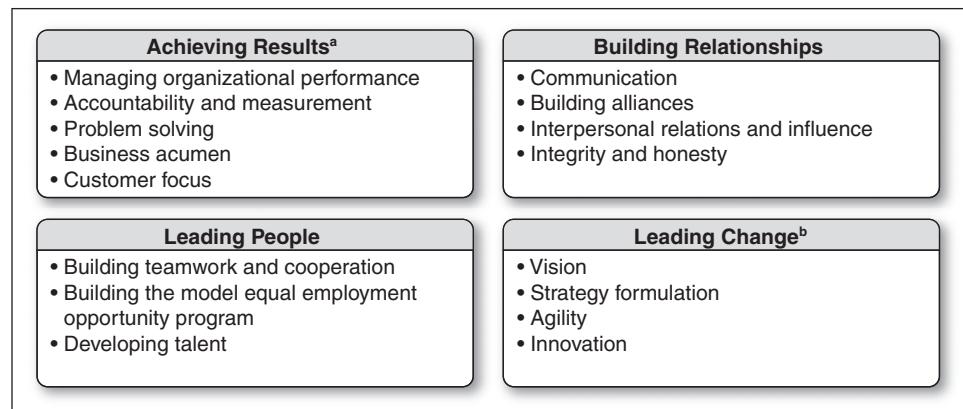
Research has shown that employees who are led by strong leaders are more satisfied, engaged, and loyal than employees with weak leaders.<sup>32</sup>

FAA employees provided 28 percent positive responses regarding satisfaction with the policies and practices of senior leaders, and 33 percent positive responses regarding having a high level of respect for senior leaders. These two items were the farthest behind the positive responses to impact items from the rest of the federal government. Additionally, positive responses to “How good a job do you feel is being done by your immediate supervisor or team leader?” were 10 percentage points behind the positive responses from the rest of the federal government.

Consistent with FAA’s reform objective, FAA has identified 16 leadership competencies grouped under 4 dimensions (see fig. 2).<sup>33</sup>

---

**Figure 2: FAA’s Leadership Competencies**



Source: FAA.

<sup>a</sup>Listed as “Achieving Operational Results” in the Executive Success Profile.

<sup>b</sup>Listed as “Leading Strategic Change” in the Executive Success Profile.

---

<sup>32</sup>P. Berenthal and R. S. Wellins, *Leadership Forecast: 2003-2004* (Bridgeville, Pa.; Development Dimensions International, Inc.: 2004), cited in Robert M. Fulmer, Ph.D., and Jared L. Bleak, Pepperdine University, Graziadio School of Business and Management, *Strategic Leadership: Part 1: Applying Lessons Learned from Research about Strategic Leadership Development*, <http://gbr.pepperdine.edu/072/leadership.html> (downloaded June 3, 2009).

<sup>33</sup>Although the dimensions and competencies are essentially the same for managers and executives, the behavioral indicators listed for each competency differ somewhat between those for managers and those for executives.

---

FAA's assessed the competency levels of its leaders in 2005, 2007, 2008, and 2009. The results showed that the communications competency approached or slightly exceeded the agency target level each year. However, as figure 1 shows, employee perceptions of communications from managers remained 12 percentage points behind the rest of the federal government, suggesting that further work remains. The senior executives who assisted the NAPA Panel<sup>34</sup> also perceived a need for FAA's leaders to improve communications about NextGen. They pointed out that FAA's leaders will need to better communicate a clear vision for NextGen, better define what it is, and get support and buy-in from staff at all levels of the organization. FAA officials believe that the NextGen Implementation Plan, issued in January 2009, addresses these concerns.<sup>35</sup> In developing the plan, FAA's objective was to allow a broad audience to gain a common understanding of NextGen. The plan provides technical information in its appendixes, which officials said address the needs of specific stakeholders.

The way leaders communicate with their employees can impact employees' perceptions of leaders' honesty and integrity, which, in turn, can affect the level of employees' respect for their senior leaders—another impact item among those for which FAA's responses were farthest behind the rest of the federal government. The president of a local union of the American Federation of State, County, and Municipal Employees (AFSCME) provided an example that he believes demonstrates the relationship between these competencies.<sup>36</sup> The union representative said that FAA provided little information to employees between 2003 and 2004 as FAA planned for and implemented a sweeping reorganization that created the 36,000 employee ATO. After the reorganization, FAA management characterized ATO as a model organization, but after the first

---

<sup>34</sup>NAPA held two colloquia to seek advice from senior executives with broad experiences in the public and private sectors about the knowledge requirements, skills, and leadership competencies needed to deliver NextGen. The participants included government executives, executives from aerospace and information technology industries, as well as academia.

<sup>35</sup>Federal Aviation Administration, *FAA's NextGen Implementation Plan 2009* (Washington, D.C.: Jan. 30, 2009).

<sup>36</sup>At the time of our interview, AFSCME had a number of local unions that represented different groups of FAA employees. The representative who provided this information was president of one of those local unions. Since that time, AFSCME consolidated several local unions. As of October 5, 2009, the former president was designated as a local point of contact, pending establishment of a structure within the consolidated unit.

---

Chief Operating Officer departed, FAA reorganized the responsibilities of ATO's Vice Presidents.<sup>37</sup> The representative believes that FAA's lack of communications regarding these reorganizations likely contributed to a decline in trust of FAA management.

FAA employees also provided fewer positive responses for impact items related to the supervisory competency, building teamwork and cooperation. The survey items related to teamwork and cooperation are "How satisfied are you with your involvement in decisions that affect your work?" and "Employees have a feeling of personal empowerment with respect to work processes." We and others have reported on this as an area of governmentwide concern under topics such as empowerment, collaboration, teamwork, and employee engagement. For example, we have reported that empowering employees plays a crucial role in establishing a results-oriented culture. Additionally, as we previously noted in this report, a leading diversity management practice is to understand that a more diverse and inclusive workforce can yield greater productivity, and that diversity training could provide an awareness of how diverse perspectives can improve organizational performance. Moreover, MSPB has concluded that further engaging the federal workforce is critical as agencies attempt to improve their operations within budget constraints, and as they face increasing numbers of retirement-eligible employees in a labor market where there is intense competition for top talent.<sup>38</sup> MSPB found that engaged employees have less intention to leave their current agency, use less sick leave, and work in agencies that produce better programmatic results. For the purposes of this report, we use collaboration to include teamwork, cooperation, employee engagement, and employee empowerment.

Improving collaboration has implications for FAA's successful implementation of NextGen, because 98 percent of FAA's employees who are eligible to be members of a bargaining unit are represented by a union. The NAPA Panel noted that although FAA's labor-management relations had been strained for years, FAA had no clear strategy to engage the unions. In the past, FAA's failure to collaborate with the ultimate users early in a system's design contributed to cost growth and schedule

---

<sup>37</sup> FAA's Chief Operating Officer is the head of the ATO.

<sup>38</sup> Merit Systems Protection Board, *The Power of Federal Employee Engagement* (Washington, D.C.: September 2008).

---

delays.<sup>39</sup> The panel concluded that FAA's success in leading the transition to NextGen will depend, in part, on its willingness to review its past efforts and learn from challenges and mistakes.

Although controllers will be end users of NextGen's technology, NATCA representatives told us they perceive that FAA management has little interest in collaboration. NATCA testified to Congress (1) that NextGen will only be successful if it is done with complete participation and agreement from government, labor, and industry groups and (2) that collaboration will help FAA to identify and address potential issues early on in the process, thereby saving time, money, and resources and avoiding safety risks.

In FAA's view, the agency has always desired to include end users in developing NextGen technology and procedures. According to FAA, a dispute arose over whether FAA or NATCA would make the final determination concerning the specific union members who would serve as subject matter experts. At the present time, FAA is using controllers as subject matter experts in testing and developing new technology and procedures, but NATCA has not endorsed their participation, according to a senior FAA official.

Other union representatives discussed collaboration in more general terms. A PASS representative described a culture in which employees speak only when asked, and said that speaking up and suggesting solutions to problems is not encouraged. The representative also said that many supervisors feel frustrated because they would like to change this culture, but FAA does not provide any encouragement to do so. A representative of the American Federation of Government Employees said the union had been optimistic years ago about a 1996 contract that had an emphasis on partnership, but nothing materialized in subsequent years.

The following section of this report describes several actions that FAA is taking to improve elements of workplace satisfaction, including

---

<sup>39</sup>We reported that FAA's failure to include stakeholders during the development phase of the Standard Terminal Automation Replacement System, also known as STARS, contributed to unplanned work, which, in turn, contributed to cost growth, schedule delays, and eventually a reduction in the number of systems to be deployed. See GAO, *National Airspace System: Transformation will Require Cultural Change, Balanced Funding Priorities, and Use of All Available Management Tools*, GAO-06-154 (Washington, D.C.: Oct. 14, 2005).

---

collaboration. Additionally, the Senate FAA reauthorization bill contains provisions aimed at increasing collaboration with employee groups. For example, the bill would require FAA to establish a process for collaborating with employees, who are selected by the bargaining unit, in planning and developing projects that would affect them.

---

### FAA Is Working to Address Workplace Satisfaction, but Has Not Established Accountability for Improvement

FAA is taking actions that could improve employee satisfaction with their leaders over time. In 2007, FAA established its Senior Leadership Development Program to provide a pipeline of senior managers qualified to fill executive-level vacancies. To identify emerging leaders among its nonsupervisory employees, FAA initiated the Program for Emerging Leaders in 2009. FAA evaluates applicants for these programs on the basis of their demonstration of the leadership competencies shown in figure 2. Over time, as more of FAA's leaders graduate from these programs, perspectives of employees about their leaders could change for the better.

Evaluating the outcome of FAA's leadership development programs will help FAA assess its progress in meeting its reform objective to improve leadership and management. To evaluate the outcome of its leadership development programs, FAA collects evaluations of participants' satisfaction with the training and the classroom experience and obtains progress reviews that focus on the demonstrated achievement of developmental objectives. FAA is also measuring overall programmatic outcomes tied to succession planning goals, such as the ratio of candidates in development to projected vacancies, number of graduates appearing on best-qualified lists, and graduates placed in leadership positions. However, because FAA has so far graduated 1 cohort of 16 participants from its leadership development programs, substantial data are not yet available. To measure the impact of these programs on leadership within the agency, FAA is beginning to track movement in the results of its periodic leadership competency assessments.

FAA also has recently taken some steps to create a more collaborative climate. For example, in February 2009, FAA invited NATCA to collaborate on the implementation phase of the En Route Automation Modernization system—a key component of the NextGen transition. According to NATCA, FAA and the union have held several constructive negotiation sessions on the system's implementation. In another example, FAA agreed, in collaboration with NATCA, to provide immunity from discipline for employees who report safety issues under certain conditions, through program implementation by a joint union-management committee. FAA credits this agreement for allowing significant strides toward a safety

---

management culture, with the support of organized labor. FAA also used a collaborative approach to reach agreement in 2008 on a contract covering headquarters employees represented by AFSCME. This was the first successful contract negotiation since the units were first certified in 1999. A representative of PASS also noted some positive initiatives. He said the union recently attended a few meetings regarding development of ATO's 5-year strategic plan, suggesting that FAA management is starting to embrace the idea that collaboration with union groups results in a better product.

Additionally, FAA's new Administrator is emphasizing employee engagement.<sup>40</sup> FAA has established an Employee Engagement Steering Committee comprised of FAA executives. According to FAA, these executives will engage, listen to, and act upon the issues, ideas, suggestions, and recommendations made by employees to improve the FAA work environment, management practices, and organizational culture, with the goal of becoming one of the best places in government to work. Moreover, the Administrator has expressed his commitment to employee engagement in a speech to one of the agency's largest unions and sent an e-mail to all FAA employees describing a number of initiatives aimed at hearing what employees are thinking. According to FAA Human Resource Management officials, the Administrator also plans to provide monetary awards to individuals and teams that make significant contributions to improving workplace satisfaction.

FAA's actions, as we have previously described, align with governmentwide initiatives to improve workplace satisfaction. OPM, in collaboration with the Office of Management and Budget, has requested agencies to develop action plans to increase employee satisfaction in areas where the Federal Human Capital Survey indicated low satisfaction, and to include their plans as part of their fiscal year 2011 budget submissions. FAA has developed a Federal Human Capital Survey 2009-2010 Action Plan, which it intends to include with its 2011 budget submission.

FAA's action plan focuses on improving FAA's positive response rates to selected survey items related to leadership and creating a performance culture. Some of these items are among those that OPM has identified as affecting an agency's recruitment, motivation, and retention. FAA has included the activities envisioned for the Employee Engagement Steering

---

<sup>40</sup>J. Randolph (Randy) Babbitt was sworn in as FAA's 16<sup>th</sup> Administrator on June 1, 2009.

---

Committee, as we have previously described, as part of its plan to improve leadership. These activities could help increase positive responses regarding employee empowerment and employees' involvement in decisions that affect their work. FAA's positive responses for these items were, respectively, 11 and 13 percentage points behind the rest of the federal government in the 2008 Federal Human Capital Survey.

Additionally, the section of the plan focused on creating a performance culture contains actions aimed at improving the performance management system's effectiveness, which FAA officials and union representatives criticized. For example, the plan includes providing training on effectively applying the performance management system, with the expectation of achieving a better understanding of how to use the system so that employees and managers establish clear performance expectations as a basis for ongoing performance feedback and coaching. The plan also includes improving FAA's policies and evaluation process to better ensure that the performance management system is used effectively.

These efforts represent a good start. MSPB noted that among the steps that agencies can take to improve collaboration is recruiting supervisors on the basis of their supervisory abilities, something that FAA has already begun to do. FAA is also striving to create a line of sight between an employee's work and the goals of the agency, which is another step toward increased employee engagement, according to MSPB. Also, MSPB encourages agencies to ensure a good person-to-job fit. Based on survey responses, FAA appears to have achieved some success in this area. As figure 1 shows, the impact items "I like the kind of work I do," "My work gives me a feeling of personal accomplishment," and "My talents are used well in the workplace" received the three highest percentages of positive responses from FAA employees and were the closest to the percentage of positive responses from employees in the rest of the federal government.

However, FAA has not established accountability for the plan's success. Although the action plan sets a goal of a 7 percent improvement in positive response rates to the eight selected survey items, FAA has not made successful achievement of this goal a performance expectation for managers, according to FAA Human Resource Management officials. Because strong leadership is key to creating a performance culture, adding an expectation for improvement in survey responses could increase chances for success. Disclosing the plan and its actions, goals, and outcomes in publicly available reports to Congress, such as the annual performance and accountability report, would also help to ensure accountability.

---

## Conclusions

FAA has made good progress in developing a human capital system that addresses many of its reform objectives and has structures and processes that exhibit leading practices. FAA's efforts to increase its workforce diversity by developing an expanded applicant pool are important, but they do not embrace the full range of leading diversity management practices. FAA could take steps to move beyond recruitment activities and toward diversity management by incorporating leading practices in future updates of its congressionally directed plans to increase diversity in the controller and aviation safety workforces.

FAA employees' dissatisfaction with their workplace, expressed in their responses to OPM's Federal Human Capital Survey, suggests that FAA has not achieved the reform objective to be perceived as a desirable place to work, and could hinder FAA's effort to recruit, motivate, and retain the workforce it needs for current and future missions. FAA's Federal Human Capital Survey Action Plan represents a positive step to reach beyond the structures and processes of its human capital system and address the underlying causes of employee dissatisfaction with their workplace. Establishing accountability within FAA, and externally to Congress and the American people, represents the next step to increase the probability of the plan's success.

---

## Recommendations for Executive Action

To ensure that FAA can hire, motivate, and retain the talented staff it needs to operate the national airspace system and implement the transition to NextGen, we recommend that the Secretary of Transportation direct the FAA Administrator to take the following three actions:

1. ensure that key leading practices in diversity management are incorporated in future updates of FAA's plans to increase diversity in the controller and aviation safety workforces;
2. hold its managers accountable for the outcomes of the Federal Human Capital Survey Action Plan by establishing a performance expectation that FAA managers will achieve the plan's stated increases in positive responses to designated survey items; and
3. hold the agency accountable to Congress and the American people by disclosing the plan, actions, goals, and outcomes in publicly available reports to Congress, such as the annual performance and accountability report.

---

## Agency Comments

In commenting on a draft of this report, the Department of Transportation generally agreed to consider GAO's recommendations and provided technical corrections that GAO incorporated as appropriate.

---

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution until 14 days from the report date. At that time, we will send copies of this report to interested congressional committees, the Secretary of Transportation, the Administrator of the Federal Aviation Administration, and other parties. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-2834 or [dillingham@gao.gov](mailto:dillingham@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix III.

Sincerely yours,



Gerald L. Dillingham, Ph.D.  
Director, Physical Infrastructure Issues

---

# Appendix I: Scope and Methods

---

To determine how the components and practices of the Federal Aviation Administration's (FAA) human capital system compare with those of leading organizations, we reviewed FAA documents and regulations—which detailed FAA policies and practices in the functional areas of workforce planning, training, recruiting and hiring, performance management, and diversity management. We also reviewed relevant studies by other organizations, including the National Academy of Public Administration. We discussed the structure and processes of FAA's human capital system, and how the system is addressing FAA's challenges, with officials from the Office of Human Resource Management and the Office of Civil Rights, and with FAA officials who have responsibility for implementing human capital procedures within each line of business—Commercial Space Transportation, Aviation Safety, Airports, and the Air Traffic Organization. We conducted our interviews with FAA officials at FAA headquarters in Washington, D.C., and, via teleconference, Oklahoma City, Oklahoma. Additionally, we obtained perspectives of organized labor on the human capital system through semistructured interviews with representatives of FAA's four largest unions—the National Air Traffic Controllers Association (about 19,000 members); the Professional Aviation Safety Specialists (about 11,100 members); the American Federation of State, County, and Municipal Employees (about 2,200 members); and the American Federation of Government Employees (about 1,800 members)—which, collectively, represent about three-fourths of FAA's workforce. We conducted a high-level comparison of FAA's practices to leading practices. More detailed comparisons could disclose specific leading practices that FAA is not following, beyond those discussed in this report. We did not assess the effectiveness of FAA's human capital system, because other factors—outside of FAA's human capital system—may also affect FAA's performance.

To determine how FAA employees' workplace satisfaction compares with that of other federal government employees, and what steps FAA is taking to improve workplace satisfaction, we reviewed FAA employee responses to the Office of Personnel Management's (OPM) biennial Federal Human Capital Surveys for 2004, 2006, and 2008. We specifically analyzed the responses to 16 "impact items" that, according to OPM, make a difference in employee recruitment, motivation, and retention. Through document review and interviews with FAA officials, we determined FAA's actions and plans to improve employee satisfaction for those items for which FAA employee satisfaction was the farthest behind the rest of the federal government.

We conducted this performance audit from May 2008 to October 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We also conducted reliability assessments of the data we obtained electronically and determined those data to be of sufficient quality to be used for the purposes of this report.

# Appendix II: Key Leading Practices and FAA's Activities in Strategic Workforce Planning, Training, Recruitment and Hiring, and Performance Management

Key leading practices	FAA activities
<b>Strategic workforce planning</b>	
Involve top management, employees, and other stakeholders in developing, communicating, and implementing the strategic workforce plan.	<ul style="list-style-type: none"><li>• Works with stakeholders in annually reviewing and updating the Federal Aviation Administration (FAA) Human Capital Plan.</li><li>• Has executives sign workforce planning documents for the workforces under their purview.</li></ul>
Determine the critical skills and competencies that will be needed to achieve current and future programmatic results.	<ul style="list-style-type: none"><li>• Develops workforce plans for major organizational segments and for specific workforces, such as air traffic controllers; plans provide workforce demographics and strategies to address workforce challenges.</li><li>• Strives to achieve strategic alignment among people, goals, and mission accomplishments when annually updating workforce plans.</li><li>• Examines human capital challenges to determine the extent to which the current workforce, systems, and practices meet future business requirements and determines where challenges exist.</li><li>• Developed a 16-competency leadership success profile and revalidates it every 2 years through a managementwide survey.</li><li>• Mandates annual skill assessments for all managers and establishes recurring management training requirements.</li><li>• Uses a competency model for human resource specialists that includes numerous technical and general competencies.</li><li>• Enlisted the National Academy of Public Administration (NAPA) for assistance in determining the workforce competencies needed to lead and implement NextGen.</li><li>• Bases its human capital planning framework on guidance from the Office of Management and Budget, GAO, and the Office of Personnel Management (OPM).</li><li>• Developed an acquisition workforce plan that officials said will include acquisitions competencies, based in part on information from the NAPA Panel's review.</li><li>• Partnered with agencies across the federal government to establish a federal certification program for program and project managers based on recognition of common, essential competencies.</li></ul>
Develop strategies that are tailored to address gaps in the number, deployment, and alignment of human capital approaches for enabling and sustaining the contributions of all critical skills and competencies.	<ul style="list-style-type: none"><li>• Established a Senior Leadership Development Program to provide a pipeline of candidates to compete for leadership positions; uses leadership competencies to evaluate candidates for the program.</li><li>• Established a Program for Emerging Leaders to assess, develop, and demonstrate candidates' management potential; provide structured training; and provide a corporate perspective of FAA; uses leadership competencies to evaluate candidates for the program.</li><li>• Participates in several governmentwide competency analysis efforts for mission critical workforces, such as information technologists, engineers, community planners, and human resource specialists.</li><li>• Identifies gaps in workforce competencies and formulates closure strategies.</li></ul>

---

**Appendix II: Key Leading Practices and FAA's Activities in Strategic Workforce Planning, Training, Recruitment and Hiring, and Performance Management**

<b>Key leading practices</b>	<b>FAA activities</b>
Build the capability needed to address administrative, educational, and other requirements important to support workforce planning strategies.	<ul style="list-style-type: none"><li>• Established a Human Capital Planning Council to serve as an internal community of practice for workforce planning and to provide a focal point for sharing best practices and disseminating guidance.</li><li>• Engages in knowledge transfer by partnering with OPM, the Department of Transportation, the Chief Human Capital Officers Council, NAPA, GAO, and other government agencies; learning institutions; and the private sector to ensure that the best possible decisions are made through shared lessons learned, feedback, and expertise.</li><li>• Uses a six-stage process that includes aligning human capital policies, practices, and initiatives with the Flight Plan; scanning external trends to identify those that can affect the organization; scanning trends in workforce supply; and establishing and measuring progress against human capital goals.</li><li>• Established a system of accountability that holds the organization, managers, and human resource officers accountable for efficient and effective human resources management.</li><li>• Included accountability as a leadership competency.</li></ul>
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.	<ul style="list-style-type: none"><li>• Established performance metrics in the Flight Plan for the time to fill vacancies, workplace injury rates, grievance processing time, and meeting staffing targets for air traffic controller and safety workforces.</li><li>• Uses an automated system to track performance.</li><li>• Administrator reviews progress on initiatives against performance targets and goals in monthly meetings.</li><li>• Posts performance results against the human capital goals on its Web site.</li><li>• Analyzes the results of employee surveys and takes action to improve specific areas.</li></ul>
<b>Training</b>	
Planning/Front-End Analysis: Strategically link training and development programs to agency goals and to the skills and competencies needed for the agency to perform effectively.	<ul style="list-style-type: none"><li>• Establishes training programs that align with agency goals.</li><li>• Requires that training be based on a systematic analysis of the knowledge, skills, and abilities required to achieve the organization's mission.</li><li>• Determines gaps between desired and current organizational performance, determines if training is the appropriate solution, and, if so, addresses those learning needs in annual business plans.</li><li>• Incorporates training strategies as a significant part of workforce planning efforts by, for example, establishing corporate employee training programs to build leadership competence within the FAA workforce, support professional development, and promote continuous learning.</li></ul>

---

**Appendix II: Key Leading Practices and FAA's Activities in Strategic Workforce Planning, Training, Recruitment and Hiring, and Performance Management**

<b>Key leading practices</b>	<b>FAA activities</b>
Design: Conduct the appropriate analyses when designing training and development efforts.	<ul style="list-style-type: none"><li>• Developed criteria based on industry Instructional Design Standards to determine whether to design training programs internally or use an external source. FAA officials stated that these criteria also capture FAA's processes for developing training internally.</li><li>• Uses a mixed approach to centralizing management of training programs.<ul style="list-style-type: none"><li>• Conducts managerial and leadership training on an agencywide basis to enable consistent training across the agency.</li><li>• Conducts technical or professional training on a decentralized basis to accommodate subordinate organizations' unique requirements. For example, officials from the Commercial Space line of business noted that, because much of its work is very technical and different from that of other lines of business, it designs and conducts much of its training internally.</li></ul></li><li>• Conducts analyses to choose among different mixes of training delivery mechanisms. For example, FAA officials noted that FAA is moving to a more "blended approach" to training delivery, using computer-based training where possible, which can help ensure that an agencywide audience receives the same message.</li></ul>
Implementation: Agency leaders communicate the importance of training and developing employees and foster an environment conducive to effective training and development.	<ul style="list-style-type: none"><li>• Encourages employees to work with their supervisors in creating individual development plans—identifying occupational performance requirements, job- and career-related learning needs, and learning strategies for meeting them—in conjunction with their annual performance plans.</li><li>• Communicates management team commitment to ensuring that adequate funds will be set aside for position-essential training and has noted that funding for training in support of employees' career development will be provided when possible.</li><li>• Vests accountability for the enhanced performance of the workforce in the Office of Corporate Learning and Development and with line of business executives.<ul style="list-style-type: none"><li>• The Office of Corporate Learning and Development is responsible for managerial/leadership training and is accountable for improvements in that area.</li><li>• The lines of business are responsible for developing technical and professional training and are accountable for employee technical performance. The Air Traffic Organization, for example, has several layers of training accountability for air traffic controller technical training, starting with the Vice President of Technical Training, who is responsible for Air Traffic technical training.</li></ul></li></ul>

---

**Appendix II: Key Leading Practices and FAA's Activities in Strategic Workforce Planning, Training, Recruitment and Hiring, and Performance Management**

<b>Key leading practices</b>	<b>FAA activities</b>
Evaluation: Systematically plan for and evaluate the effectiveness of agency training and development efforts using the appropriate analytic approaches and performance data.	<ul style="list-style-type: none"><li>• Evaluates learning and development activities to determine how well these activities meet short- and long-range program needs.</li><li>• Establishes standards that address the quality of learning and development activities and delivery systems, achievement of learning objectives, impact on performance, accomplishment of organizational requirements and expectations, and written end-of-activity evaluation.</li><li>• Uses performance data from end-of-course evaluations to assess participant reaction, vendor and instructor performance, transfer of learning, learning outcomes, and the effectiveness of participatory learning techniques.</li><li>• Compiles training evaluation results for use in future planning.</li><li>• Assesses leadership skills every spring and uses the results of these assessments to refine the leadership curriculum for the following year.</li><li>• Requires lines of business and staff organizations to plan and justify their training needs as part of the regular budget process.</li><li>• Lines of business are responsible for maintaining records of all training activities, expenditures, and plans.</li><li>• Manages costs through electronic delivery of Web-based courses.</li></ul>
<b>Recruitment and hiring</b>	
Evaluate recruitment strategies to attract applicants.	<ul style="list-style-type: none"><li>• Monitors the effectiveness of the Air-Traffic Selection and Training tool—the screening test for air traffic controller applicants—and has commenced a study aimed at assessing the effectiveness of the tool over the long term.</li><li>• Uses the Chief Human Capital Officers Council Management Satisfaction survey to obtain hiring manager feedback on the hiring process and the quality of applicants.</li><li>• Evaluates the success of its strategies by setting performance targets and reporting on its success in meeting them in annual performance and accountability reports.</li></ul>
Ensure that the best candidates are selected by refining assessment tools.	<ul style="list-style-type: none"><li>• Refines vacancy announcements so that they better incorporate key competencies and evaluates applicants against these competencies.</li><li>• Uses feedback collected from job applicants to redesign its systems to improve usability.</li></ul>
Use an automated hiring process, including computerized systems to prescreen, rate, and rank applicants.	<ul style="list-style-type: none"><li>• Uses its Automated Staffing and Application system for most externally advertised vacancies to post vacancy announcements, obtain applications, rate and rank applicants, and complete the selection process.</li></ul>
Use available flexibilities to recruit, hire, and manage workforces.	<ul style="list-style-type: none"><li>• Uses on-the-spot hiring authority based on factors such as the number of applications received and the adequacy of job advertising efforts.</li><li>• Uses recruitment incentives when extreme difficulty has existed for a prolonged period of time in attracting an adequate number of candidates, or when necessary to attract a candidate with unique competencies critical to an important agency mission.</li><li>• Pays retention incentives when the unique qualifications of the employee or a special need for the employee's services makes it essential to retain the employee and the employee would be likely to leave the federal service in the absence of a retention incentive.</li></ul>

---

**Appendix II: Key Leading Practices and FAA's Activities in Strategic Workforce Planning, Training, Recruitment and Hiring, and Performance Management**

---

<b>Key leading practices</b>	<b>FAA activities</b>
<b>Performance management</b>	
Use performance management system to improve performance by helping individuals see the connection between their daily activities and organizational goals and encouraging individuals to focus on their roles and responsibilities to help achieve these goals.	<ul style="list-style-type: none"> <li>• Aligns individual performance expectations with organizational goals by requiring that each supervisor and employee develop a performance plan that describes employee tasks and responsibilities and provides a line of sight from those items to the goals in the Flight Plan.</li> <li>• Clearly defines and widely communicates FAA's performance expectations for the organization in FAA's Flight Plan and business plans, and for individuals in employee performance plans.</li> <li>• Ties performance-based pay increases to an employee's "Impact on Organizational Success." <ul style="list-style-type: none"> <li>• Rates employees on their ability to successfully set priorities and complete work that directly affects the ability of the organization to meet its performance objectives and deliver high-quality products and services.</li> </ul> </li> </ul>
Use competencies to examine individual contributions to organizational results. Competencies, which define the skills and supporting behaviors that individuals are expected to exhibit to carry out their work effectively, can provide a fuller picture of an individual's performance.	<ul style="list-style-type: none"> <li>• Uses two types of performance standards to describe employee's major responsibilities and expected outcomes. <ul style="list-style-type: none"> <li>• Uses "common" or "generic" performance standards when the work is repetitious in nature and is characterized by consistent processes, standard outcomes and expectations, and is task- or procedurally based. These plans contain standardized outcomes and expectations that apply to all employees doing the same or similar job(s). For example, all air traffic controllers are expected to recognize adverse and emergency situations and take timely corrective actions.</li> <li>• Uses a customized plan that applies to specific individuals for their specific duties when work is programmatic in nature and is characterized by unique processes and diverse outcomes, and expectations are project-oriented.</li> </ul> </li> </ul>
Provide objective performance information to individuals to show progress in achieving organizational results.	<ul style="list-style-type: none"> <li>• Tracks progress toward multiple agency performance targets, as outlined in the Flight Plan, and issues periodic performance reports.</li> <li>• Reports the status quarterly on the agency Web site and annually in performance and accountability reports.</li> </ul>
Create pay, incentive, and reward systems that clearly link employee knowledge, skills, and contributions to organizational results. A key aspect of implementing such a system is making meaningful distinctions in individual performance and appropriately rewarding those who perform at the highest level.	<ul style="list-style-type: none"> <li>• Uses a two-phased process to appraise the performance of most employees and distribute performance-based pay increases.</li> <li>• Uses a secondary pay decision process to make more meaningful performance distinctions in determining performance-based pay increases.</li> <li>• Provides monetary awards for outstanding performance in categories such as ensuring safety, customer service, and leadership. <ul style="list-style-type: none"> <li>• Granted over \$5 million in cash awards and over 64,000 hours of time off under the incentive awards program in fiscal year 2007.</li> </ul> </li> </ul>
Provide the necessary information and documentation to deal with poor performers.	<ul style="list-style-type: none"> <li>• Established procedures to deal with unacceptable performers, which require that supervisors provide employees with an opportunity to improve before taking performance-based action. Employees are placed on a performance improvement plan, called an "Opportunity to Demonstrate Performance," for a period of time as specified in the governing labor agreement and, if the employee remains on the plan at the end of the performance cycle, the employee does not receive a performance-based increase.<sup>a</sup></li> </ul>

---

**Appendix II: Key Leading Practices and FAA's Activities in Strategic Workforce Planning, Training, Recruitment and Hiring, and Performance Management**

<b>Key leading practices</b>	<b>FAA activities</b>
Provide candid and constructive feedback to help individuals maximize their contribution and potential in understanding and realizing the goals and objectives of the organization.	<ul style="list-style-type: none"><li>• Requires that supervisors conduct meetings with their employees halfway through the performance cycle and provide ongoing, informal feedback on the employee's progress against the performance plan and identify opportunities for improvement.</li><li>• Provides automatic notifications to managers that midpoint feedback and end-of-cycle reviews are due, to help ensure that these activities take place.</li><li>• Disseminated a broadcast message to all FAA managers to remind them of the midcycle review requirement, the due date, and the reasons for the review.</li></ul>
Actively involve employees and stakeholders, such as unions or other employee associations, when developing results-oriented performance management systems in order to help improve employees' confidence and belief in the fairness of the system and increase their understanding and ownership of organizational goals and objectives.	<ul style="list-style-type: none"><li>• Involved employees in Performance Management System design by conducting over 50 focus groups with more than 500 total participants across all lines of business, unions, and pay grades to verify employee survey results and to obtain employee suggestions for improving the system.</li><li>• Provided training for supervisors, managers, and employees when originally implementing its performance management system, by developing a variety of classroom training modules and interactive video sessions.</li><li>• Developed an instructional guide for employees on the performance management system.</li><li>• Developed a desk guide for managers on distributing superior contribution increases.</li><li>• Recently conducted a series of briefings regarding the pay for performance system.</li></ul>
Provide adequate safeguards that help to ensure transparency, which can improve the credibility of the performance-based pay system by promoting fairness and trust.	<ul style="list-style-type: none"><li>• Established a process for handling disputes in its performance management system. The process is designed to be collaborative in nature, beginning with the jointly developed performance plans. FAA uses a grievance procedure or bargaining unit contracts, whichever apply, to resolve disputes and/or disagreements that are not resolved through the initial efforts.</li><li>• Publishes information for employees on internal Web sites about the results of performance pay decisions.</li></ul>

Sources: GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, GAO-04-39 (Washington, D.C.: Dec. 11, 2003); *Human Capital: A Guide for Assessing Strategic Training and Development Efforts in the Federal Government*, GAO-04-546G (Washington, D.C.: March 2004); *Human Capital: Transforming Federal Recruitment and Hiring Efforts*, GAO-08-762T (Washington, D.C.: May 8, 2008); *Human Capital: Additional Collaboration Between OPM and Agencies Is Key to Improved Federal Hiring*, GAO-04-797 (Washington, D.C.: June 7, 2004); *Results-Oriented Cultures: Creating a Clear Linkage between Individual Performance and Organizational Success*, GAO-03-488 (Washington, D.C.: Mar. 14, 2003); Merit Systems Protection Board, *Reforming Federal Hiring: Beyond Faster and Cheaper* (Washington, D.C.); and GAO analysis of FAA practices.

<sup>a</sup>The performance tool option does not apply to temporary employees or to employees in a probationary period. However, supervisors are encouraged to use the other elements of the system to mentor or counsel these employees or supervisors early in the process if their performance declines.

---

# Appendix III: GAO Contact and Staff Acknowledgments

---

## GAO Contact

Gerald L. Dillingham, Ph.D., (202) 512-2834 or [dillinghamg@gao.gov](mailto:dillinghamg@gao.gov)

---

## Staff Acknowledgments

In addition to the contact named above, Maria Edelstein, Assistant Director; Edmond Menoche, Senior Analyst; Sherwin Chapman; Peter DelToro; Jessica Evans; Colin Fallon; Cynthia Heckmann; Bert Japikse; Janice Latimer; Steven Lozano; Grant Mallie; Belva Martin; Sara Ann Moessbauer; Carol Petersen; Colleen Phillips; Mark Ramage; Beverly Ross; and Kiki Theodoropoulos made significant contributions to this report.

---

## GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

---

## Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site ([www.gao.gov](http://www.gao.gov)). Each weekday afternoon, GAO posts on its Web site newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to [www.gao.gov](http://www.gao.gov) and select "E-mail Updates."

---

## Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's Web site, <http://www.gao.gov/ordering.htm>.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

---

## To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: [www.gao.gov/fraudnet/fraudnet.htm](http://www.gao.gov/fraudnet/fraudnet.htm)

E-mail: [fraudnet@gao.gov](mailto:fraudnet@gao.gov)

Automated answering system: (800) 424-5454 or (202) 512-7470

---

## Congressional Relations

Ralph Dawn, Managing Director, [dawnr@gao.gov](mailto:dawnr@gao.gov), (202) 512-4400  
U.S. Government Accountability Office, 441 G Street NW, Room 7125  
Washington, DC 20548

---

## Public Affairs

Chuck Young, Managing Director, [youngc1@gao.gov](mailto:youngc1@gao.gov), (202) 512-4800  
U.S. Government Accountability Office, 441 G Street NW, Room 7149  
Washington, DC 20548

