

# GAO Highlights

Highlights of [GAO-14-723T](#), a testimony before the Subcommittee on the Federal Workforce, U.S. Postal Service and the Census, Committee on Oversight and Government Reform, House of Representatives

## Why GAO Did This Study

Strategic human capital management plays a critical role in maximizing the government's performance and assuring its accountability to Congress and to the nation as a whole.

GAO designated strategic human capital management as a government-wide high-risk area in 2001 because of a long-standing lack of leadership. Since then, important progress has been made. However, retirements and the potential loss of leadership and institutional knowledge, coupled with fiscal pressures underscore, the importance of a strategic and efficient approach to acquiring and retaining individuals with needed critical skills. As a result, strategic human capital management remains a high-risk area.

This testimony is based on preliminary findings of GAO's ongoing work on the classification system and a body of GAO work primarily from 2012 to 2014 and focuses on the progress made by OPM and executive branch agencies in key areas of human capital management, including: (1) how the GS classification system compares to the attributes of a modern, effective classification system, (2) the status of performance management and efforts to address poor performance, (3) progress addressing critical skills gaps, and (4) strategies to address human capital challenges in an era of highly constrained resources.

## What GAO Recommends

Over the years, GAO has made numerous recommendations to agencies and OPM to improve their strategic human capital management efforts. This testimony discusses some actions taken to implement key recommendations.

View [GAO-14-723T](#). For more information, contact Robert Goldenkoff at (202) 512-6806 or [goldenkoffr@gao.gov](mailto:goldenkoffr@gao.gov).

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## FEDERAL WORKFORCE

### Human Capital Management Challenges and the Path to Reform

## What GAO Found

Serious human capital shortfalls can erode the capacity of federal agencies and threaten their ability to cost-effectively carry out their missions. While progress has been made, continued attention is needed to ensure agencies have the human resources to drive performance and achieve the results the nation demands. Specifically, additional areas needing to be addressed include:

### Classification

GAO's preliminary work has found eight key attributes of a modern, effective classification system, such as: internal and external equity, transparency, and simplicity. The attributes require trade-offs and policy choices to implement. In concept, the General Schedule's (GS) design reflects some of the eight attributes, but falls short of achieving them in implementation. For example, the GS system's grade levels provide internal equity by making it easy to compare employees in the same occupation and grade level across different agencies. However, the number of grade levels can reduce transparency because making clear distinctions between the levels may be nuanced, as the basis for them hinges on, for example, how officials determine the complexity of the work.

### Performance management

Effective performance management systems enable managers to make meaningful distinctions in performance in order to reward top performers and deal with poor performers. In 2011, five agencies piloted the Goals-Engagement-Accountability-Results (GEAR) framework to help improve performance management. GEAR addressed important performance management practices, such as aligning individual performance with organizational goals. However, while Office of Personnel Management (OPM) officials said they are working with the Chief Human Capital Officer's Council to promote GEAR, it is unclear if any additional agencies have adopted the GEAR framework.

### Critical skills gaps

Since GAO included identifying and addressing government-wide critical skills gaps as a high-risk area in 2011, a working group led by OPM identified skills gaps in six government-wide mission critical occupations including cybersecurity and acquisition, and is taking steps to address each one. To date, officials reported meeting their planned level of progress for three of the six occupations. Additional progress will depend on the extent to which OPM and agencies develop the infrastructure needed to sustain their planning, implementation, and monitoring efforts for skills gaps, and develop a predictive capacity to identify newly emerging skills gaps.

### Strategies for an era of highly constrained resources

Agency officials have said that declining budgets have created the impetus to act on management challenges and a willingness to consider creative and nontraditional strategies for addressing human capital issues. GAO identified strategies related to (1) strengthening coordination of the federal human capital community, (2) using enterprise solutions to address shared challenges, and (3) creating more agile talent management that can address these challenges.