



Highlights of [GAO-07-90](#), a report to congressional requesters

Why GAO Did This Study

As the agency responsible for the federal government's human capital initiatives, the Office of Personnel Management (OPM) must have the capacity to successfully guide human capital transformations necessary to meet the governance challenges of the 21st century. Given this key role, GAO was asked to assess OPM's capacity to lead further reforms. In June 2006, GAO testified on several management challenges that OPM faces. This report—the second in a series—supplements that testimony and, using the new senior executive performance-based pay system as a model for understanding OPM's capacity to lead and implement reform, identifies lessons learned that can inform future reforms. GAO analyzed relevant laws and documents, and obtained views from the Chief Human Capital Officers (CHCO) Council and human resource directors, the Office of Management and Budget (OMB) staff, and OPM officials.

What GAO Recommends

GAO is making recommendations to the Director of OPM to improve OPM's capacity for future reforms by reexamining agencywide skills, and to address issues specific to the senior executives' pay systems, such as sharing best practices and tracking progress towards goals. In commenting on a draft of this report, OPM stated it has made progress toward achieving its operational and strategic goals, but neither agreed nor disagreed with GAO's recommendations. www.gao.gov/cgi-bin/getrpt?GAO-07-90.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Brenda S. Farrell at (202) 512-6806 or farrellb@gao.gov.

OFFICE OF PERSONNEL MANAGEMENT

Key Lessons Learned to Date for Strengthening Capacity to Lead and Implement Human Capital Reforms

What GAO Found

The congressionally authorized senior executive performance-based pay system, implemented in 2004, provides an opportunity to learn from experiences gained and apply those lessons to the design and implementation of future human capital reforms. Under the performance-based system, before an agency can receive the new pay flexibilities, OPM, with concurrence from OMB, must certify that the agency's appraisal system meets certain criteria. OPM is likely to play a similar leadership and oversight role for future reforms.

Lessons Learned from the Performance-based System and Other Human Capital Initiatives

Ensure internal OPM capacity to lead and implement reform	Executive branch agencies noted a lack of knowledge and experience among OPM staff to design and implement key human capital transformation efforts. GAO analysis of available OPM employee feedback data suggests that employees may not be receiving sufficient training to enhance their skills and competencies. OPM has begun aligning its workforce skills to meet future needs but has not conducted an agencywide skills assessment since updating its key strategic management documents. Lesson: Ensure that OPM's workforce is properly aligned to successfully design and implement human capital reforms, such as knowledge of innovative classification and pay and compensation approaches, and continue to prepare the workforce to meet changing demands of the future.
Ensure that executive branch agencies' infrastructures support reform	OPM's approach to certifying agencies' senior executive performance-based systems should more fully promote the building of the institutional infrastructure, such as robust performance management systems with adequate safeguards, within agencies needed to effectively implement the reforms. Lesson: Assist agencies in building the necessary infrastructure for a performance-based system by providing front-end and ongoing involvement—building on progress made to date.
Collaborate with CHCO Council	Executive branch agencies said the certification process was a missed opportunity for OPM to better collaborate with the CHCO Council. One agency CHCO said OPM traditionally uses council meetings to present information to the CHCOs, but does not always encourage discussions or seek input. Lesson: Cultivate effective partnerships with the CHCO Council by engaging them to solicit their ideas and suggestions during system design to build consensus and develop momentum for success.
Develop clear and timely guidance	The lack of clear and timely guidance from OPM created confusion as agencies attempted to understand and implement the broadly defined regulatory criteria for certification. Lesson: Provide agencies with clear and timely guidance—being sensitive to other ongoing human capital activities—to reach a common, consistent understanding and promote efficiency as agencies adjust to new requirements for reforms.
Share best practices	Executive branch agencies said OPM could have better facilitated sharing best practices to help them implement senior executive performance-based systems. Lesson: Facilitate the sharing of best practices for implementing human capital reforms by providing forums for agencies to learn from each others' experiences, share successful strategies, and avoid common pitfalls.
Solicit and incorporate feedback	Executive branch agencies said there was no formal mechanism, such as a customer survey, for them to provide feedback to OPM on its guidance and assistance. Lesson: Solicit feedback from executive branch agencies and incorporate to improve the implementation of human capital reforms.
Track progress to ensure accountability	OPM does not have an evaluation strategy for tracking the progress of the agencies' implementation of the new executive systems. Lesson: Develop a strategy to allow OPM, other federal agencies, and Congress to monitor progress toward achieving human capital reform goals.

Source: GAO analysis.