



Highlights of [GAO-03-156](#), a report to the Chairman, Subcommittee on Aviation, House Committee on Transportation and Infrastructure; Chairman, House Committee on Government Reform; and another requester

Why GAO Did This Study

In 1996, the Federal Aviation Administration (FAA) undertook a human capital reform effort under one of the most flexible human capital management environments in the federal government, including broad exemptions from title 5 laws governing federal civilian personnel management. GAO was asked (1) to examine the changes FAA initiated in its reform effort, including whether they required an exemption from title 5 and their implementation status; (2) determine the effects of the reform effort according to available data and the views of FAA officials, managers, and employees; and (3) assess the extent to which FAA's reform effort incorporated elements that are important to effective human capital management.

What GAO Recommends

This report makes recommendations to enable FAA to develop a more strategic approach to its reform effort. By building elements that are important to effective human capital management into its approach, FAA will be better able to evaluate the effects of its initiatives, use the evaluations as a basis for any strategic improvements, and hold agency leadership accountable. FAA will also be better able to share its results with other federal agencies and Congress.

The Department of Transportation and FAA officials generally agreed with our recommendations.

www.gao.gov/cgi-bin/gettrpt?GAO-03-156.

To view the full report, including the scope and methodology, click on the link above. For more information, contact Gerald Dillingham, Ph.D., at (202) 512-2834 or dillinghamg@gao.gov.

HUMAN CAPITAL MANAGEMENT

FAA's Reform Effort Requires a More Strategic Approach

What GAO Found

In 1996, FAA initiated human capital reform initiatives in three broad areas, some of which required exemption from title 5, and some of which have been fully implemented. FAA has not yet completed implementation of some key initiatives. For example, FAA's new compensation system remains unimplemented for about one-quarter of the agency's workforce—those staff whose unions have not reached agreements with FAA. FAA's need to implement initiatives among a workforce with a wide range of skills and to negotiate changes with multiple unions were among factors that affected the pace and extent of reform implementation.

Selected Initiatives within the Three Areas of FAA's Reform, Including Whether an Exemption from Title 5 Was Required and Implementation Status

Reform area	Initiatives	Exemption required	Status
Compensation and performance management	Broadbanded pay systems	✓	●
	Performance appraisals without ratings	✓	●
Workforce management	Workforce planning		●
	Decentralized competitive hiring	✓	●
	Delegated training management		●
	Flexible relocation policies	✓	●
Labor and employee relations	Labor partnership forums		●
	Workplace improvement policies		●

In progress ●

Completed ●

Source: GAO.

FAA had little data with which to assess the effects of its reform effort. While FAA human capital officials cited positive effects of FAA's reform effort, the views of managers and employees GAO interviewed were generally less positive.

FAA's lack of empirical data on the effects of its human capital initiatives is one indication that it has not fully incorporated elements that are important to effective human capital management into its overall reform effort. These elements include data collection and analysis, performance goals and measures, and linkage of reform goals to program goals. FAA human resource management officials said that the agency should have spent more time to develop baseline data and performance measures before implementing the broad range of reforms but that establishing these elements was a complex and difficult task. FAA has also not gone far enough in establishing linkage between reform goals and overall program goals of the organization. GAO found that the lack of these elements has been pointed out repeatedly in evaluations of FAA's human capital reform effort, but FAA has not developed specific steps and time frames by which these elements will be established and used for evaluation. Incorporation of these elements could also help FAA build accountability into its human capital management approach.