

**A MESSAGE FROM ACTING OPM DIRECTOR MICHAEL W. HAGER
CHAIRMAN, CHIEF HUMAN CAPITAL OFFICERS COUNCIL**

As Chairman of the Chief Human Capital Officers (CHCO) Council, I am pleased to present our Fiscal Year (FY) 2008 annual report to Congress.

During FY 2008, the Council celebrated the milestone achievement, reaching its fifth anniversary in May. Since its inception, the Council has worked collaboratively and in partnership with the U.S. Office of Personnel Management to accomplish a number of strategic goals. This successful approach has expanded the Council's influence and visibility within the Federal human capital community and beyond.

In the past, the annual report to Congress has served as a summary document for the Council's activities within a given fiscal year. However, this year's report is designed to serve as a transition guide for the incoming Administration, providing insights into emerging issues requiring the Council's consideration. The topics covered in the "Emerging Issues" section are based on input from Council members and discussions at three CHCO Council Transformation Summits held in September 2007, June 2008, and September 2008. The report also provides details on the key structural issues that have helped the Council build its capacity for success.

Our hope is that those who will be serving as Chief Human Capital Officers in the new Administration will use this document as a template for expanding and enhancing the influence and effectiveness of the Council.

This report can also be found on the CHCO Council's website at www.chcoc.gov.

Michael W. Hager
Chairman

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I. EXECUTIVE SUMMARY AND BACKGROUND

The *Chief Human Capital Officers Act of 2002* (Act), enacted as part of the *Homeland Security Act of 2002* on November 25, 2002,¹ required the heads of 15 Executive departments and nine additional agencies to appoint or designate Chief Human Capital Officers (CHCOs) and to establish a Chief Human Capital Officers Council (Council).

Specifically, the Act established the Chief Human Capital Officers Council (Council) “to advise and coordinate the activities of the agencies of its members on such matters as modernization of human resources systems, improved quality of human resources information, and legislation affecting human resources operations and organizations.”² The Act’s effective date was May 24, 2003 (180 days after enactment) making May 2008 the fifth anniversary of the Chief Human Capital Officers and their Council.

The Council is composed of the Director of the Office of Personnel Management (OPM), who serves as chair; the Deputy Director for Management of the Office of Management and Budget (OMB), who acts as vice chair; the CHCOs of the 15 Executive departments; and the CHCOs of additional agencies and the Small Agency Council, as designated by the OPM Director.

This year’s annual report to Congress outlines several broadly defined emerging strategic human capital issues requiring the Council’s attention. The emerging issues include (1) managing the public’s expectations of Federal response to highly complex issues; (2) building and sustaining Federal employee leadership; and (3) transforming the Federal human resource (HR) profession to meet changing demands. The Council members identified these issues in a variety of forums, including subcommittee meetings and the CHCO Council Transformation Summits held in September 2007, June 2008, and September 2008.

In addition, this report also provides background on the critical elements that have helped the Council evolve and position itself to address the upcoming challenges. Over the past five years, the Council has made tremendous strides in improving cross agency collaboration within the Federal HR community. Several key contributing factors enabled the Council to expand its impact, including (1) adding Deputy CHCOs to the Council; (2) establishing and tracking subcommittee goals; (3) identifying and sharing human capital practices; and (4) staffing the Council.

The Council’s FY 2008 annual report to Congress also contains the mission statements and goals of the six subcommittees for 2009, several of which directly relate to the emerging issues outlined in the report. The report concludes with five appendixes containing historical information including subcommittee activities and accomplishments, meeting agenda items during FY 2008, Council membership, and the original Council Charter dated June 11, 2003.

¹ Pub. L. No. 107-296.

² 5 U.S.C. §1401 note.

II. EMERGING ISSUES

In May 2008, the Chief Human Capital Officers Council reached the critical milestone of celebrating its fifth anniversary. Reflecting on the past five years, the Council can be proud of its many accomplishments. However, this section of the annual report looks forward to some of the emerging human capital issues facing our Federal workforce. In particular, and most importantly, the Council must continue to focus on the Federal Government's greatest asset, its employees.

One only has to look at the results from the 2006 Federal Human Capital Survey (FHCS) to understand the level of commitment and belief Federal employees have in the type of work they perform. Results from the 2006 survey indicate 90 percent of Federal employees believe their work is important. This incredible statistic, which was the highest rated item on the survey, provides an outstanding opportunity for all Departments and agencies to design innovative recruitment strategies that showcase the importance of the careers available within the Federal Government.

Therefore, recognizing that a solid human capital foundation already exists in the Federal Government, the CHCO Council should continue to focus on strategies to recruit, hire, and retain a diverse workforce with the competencies necessary to help the Departments and agencies accomplish their mission and serve the public in an efficient and effective manner. In order to achieve this important outcome, the CHCO Council must address several emerging human capital challenges, including (1) managing the Federal response to highly complex issues; (2) building and sustaining Federal employee leadership; and (3) transforming the Federal human resource profession to meet changing demands.

1) Managing the Federal Response to Highly Complex Issues:

The expectations of a well-managed Federal response have risen at the same pace as the complexity of problems facing our Government. With the increasing demand for real-time information, events often occur with little time to react. To adapt to a rapidly changing world, agencies must have a strong infrastructure in place that enables them to recruit and retain the talent needed to meet an evolving mission. As the CHCO Council moves into the next phase of its service, members must find ways to improve the way Government operates by:

- A. Integrating and optimizing a diverse and "blended" Federal workforce with civil servants, contractors, and other employees to better serve the American citizen, and ensure complete transparency and accountability.
- B. Supporting critical Federal initiatives that require concerted interagency, intergovernmental, and public-private action (i.e. crisis management, continuity of Government, cyber security, information technology, and acquisition).

2) Building and Sustaining Federal Employee Leadership:

Ensuring the proper infrastructure to address complex issues must be complemented by efforts to build and sustain the leadership activities of Federal employees. Over the next several years, the CHCO Council and OPM must identify and develop recruitment and retention strategies for:

- A. Attracting and motivating the “next generation” of Federal employees by providing opportunities for organizational agility, learning cultures, performance-based rewards, and career mobility.
- B. Facilitating inter-agency and intra-agency developmental assignments and career paths that enable the creation of collaboration and information sharing networks and thus, the capability to deal effectively with interagency crises.

3) Transforming the Federal Human Resource Profession to Meet Challenging Demands:

To tie all of these activities together, the Council must ensure that the Human Capital Assessment and Accountability Framework (HCAAF) continues to serve as the foundation for measuring successful human resource strategies and practices across the Federal Government. Serving as the implementing regulations for the *Chief Human Capital Officers Act of 2002*, the HCAAF explains that “strategic human capital management requires a reliable and valid set of metrics that provides an accurate baseline against which individual agency progress can be assessed.”³ In short, the HCAAF was developed as a framework that would enable a broader evolutionary path for Federal human resources.

To this end, the Council should continue:

- A. Evolving the Federal human resource profession as a strategic partner and consultant.
- B. Contributing to the development and implementation of human capital metrics to measure success.
- C. Developing strategies, including new or enhanced automation, to ensure agencies are fully utilizing available human capital flexibilities.

Addressing each of the emerging issues in a coordinated and thoughtful manner will allow the CHCO Council and its members to continue playing a key role in solving the Federal Government’s human capital challenges. Ultimately, the Council will contribute to policy and programmatic efficiencies that benefit the American public.

III. CRITICAL ELEMENTS OF THE CHIEF HUMAN CAPITAL OFFICERS COUNCIL

Over the past five years, the CHCO Council has positioned itself to address the Federal Government’s emerging human capital issues outlined above by improving cross-agency collaboration within the Federal human resource community. This section of the FY 2008 annual report to Congress provides background on the critical elements which have helped the Council evolve since its inception. Several key contributing factors enabled the Council to expand its impact, including (1) adding the Deputy CHCOs to the Council; (2) establishing and tracking Subcommittee goals; (3) identifying and sharing human capital practices; and (4) staffing the Council.

³ Federal Register, 5 CFR Part 250, Final Rule, Monday, April 28, 2008

1) Deputy Chief Human Capital Officers

In March 2006, the OPM Director requested each CHCO Council member to appoint a Deputy. This key organizational change was made to enhance the structure, visibility, and subject matter expertise of the CHCO Council. Deputy CHCOs are full partners in the Council and attend the meetings, not in lieu of, but in addition to, the Chief Human Capital Officer.

In general, Deputy CHCOs serve three vital functions for the Council. First, they serve as the direct link to the Federal human resource community. By organizational design, the Deputies are either the HR Directors of their Department/agency or their direct supervisors. The addition of the Deputies improved the Council's ability to communicate more broadly with HR practitioners on strategic human capital initiatives.

Second, Deputy CHCOs also identify and share cutting edge human capital practices. One of the major benefits of the CHCO Council is to share and discuss successful strategies that have a track record of resolving key challenges within the agencies. Through their network and knowledge of promising practices, the Deputy CHCOs serve as a vital resource for showcasing human capital strategies at all Council meetings.

Finally, the Deputies ensure continuity during changes in leadership. Deputies serve as the critical staff to lead transitions within their agency and on the Council, especially in those agencies where the CHCOs will depart with the change in Administration.

The addition of the Deputy CHCO has made an immediate and lasting impact on the overall success of the Council. As noted, by the Government Accountability Office (GAO) in its January 2007 report (GAO-07-90) "deputy CHCOs will bring additional HR expertise and provide more leadership continuity to the Council."⁴ To help fulfill this critical role, the Council's Executive Director organized several meetings for the Deputies, which allowed the Council to forge closer collaborative partnerships with OPM. The Deputies meetings were structured to discuss policies, procedures, and programs with a focus on the operational aspects of human capital management. Deputy CHCOs appreciated these meetings as they provided the opportunity to continue discussions on human capital issues in open and collaborative forum.

2) Subcommittee Involvement and Leadership

In March 2006, the CHCO Council subcommittees were restructured to more closely align with the overarching strategic human capital initiatives impacting the Federal Government. In this effort, six subcommittees were created including (1) Emergency Preparedness; (2) Hiring and Succession Planning; (3) Human Capital Workforce; (4) Human Resources Line of Business; (5) Learning and Development; and (6) Performance Management. Specific information regarding the subcommittee mission statements, goals, and accomplishments can be found in section IV and Appendix 2 of this report or by visiting the "Documents" page on the Council's website at www.chcoc.gov.

⁴ Key Lessons Learned to Date for Strengthening Capacity to Lead and Implement Human Capital Reforms: GAO - 07-90 (January 2007)

For transition purposes, this document notes several critical success factors enabling the subcommittees to accomplish a number of activities in FY 2007 and 2008. First, in FY 2007, each subcommittee chair was requested to develop a mission statement and set of goals for the twelve month period. It is important to note these goals were established in collaboration with the subcommittee members in order to instill a sense of ownership in the outcome of the goals. This particular process also allowed the subcommittees to help drive the agenda of the Council.

A successful strategy used in the development of the subcommittee goals was the language chosen to frame the goal's intent. For example, the goals were written in a manner that underscored the collaborative partnership between the subcommittees and OPM. Many of the goals began with the phrase "Work in partnership with OPM to..." This carefully crafted phrasing fortified the shared responsibility needed for developing effective goals and accomplishing the activities necessary to fulfill them.

A critical success factor in the subcommittee organizational structure is the openness of its membership and attendees. While the full-Council meetings are usually attended by CHCOs and Deputy CHCOs, subcommittee meetings invite subject matter experts from agencies and OPM to attend, allowing for a rich exchange of information and ideas leading to the accomplishment of the goals.

In FY 2008, the subcommittees partnered with OPM on a number of successful activities. For example, the Hiring and Succession Planning Subcommittee partnered with OPM to develop and test a framework and guidance for improving the Federal hiring process. The End-to-End Hiring Roadmap gives agencies step-by-step instructions on how to successfully implement the five components of effective hiring, and is based on best practices and pilot results provided by Subcommittee agencies. The new hiring framework can be found at www.opm.gov/staffingportal/EndtoEndRoadmap.asp. The collaborative partnership between OPM and Federal agencies on a Governmentwide reform initiative of this magnitude should serve as a model for the CHCO Council under the leadership and direction of the next Administration.

3) Identifying and Sharing Human Capital Practices

As outlined in the *Chief Human Capital Officers Act*, one of the roles of the CHCOs is to identify best practices. As agencies continue to improve their human capital practices, it is critical to share those successes so that others may learn from them. One of the most effective ways to collect and showcase agency human capital practices is through the CHCO Council. Now well into its fifth year, the CHCO Council has become a catalyst for identifying, compiling, and sharing human capital strategies within the Federal Government.

To this end, the CHCOs and their staff have maximized the opportunity to showcase and communicate their human capital strategies and practices with their peers through a variety of Council activities. First, the Council meetings are structured to include time on the agenda for CHCOs to showcase their human capital strategies. In FY 2008, several agencies presented strategies at Council meetings. For instance, in March 2008, Ms. Mari Barr Santangelo, the CHCO from the Department of Justice showcased her office's efforts

to create a Department-wide strategic human capital management plan. This collaborative effort led to the development of a human capital plan that was signed and endorsed by each of the Department's subcomponents. The March 2008 meeting agenda also included the Honorable Dale Klein, Chairman of the Nuclear Regulatory Commission who shared his agency's recruitment strategies and experiences with Council members.

The Council meetings also provide CHCOs with the opportunity to discuss human capital strategies and ideas with outside stakeholders as well. For example, during the May 2008 annual meeting, Council members discussed two important issues with employee groups – human capital strategies that are important to Federal employees during a transition and the importance of establishing telework policies and procedures within the agencies. Overall, the employee groups made a number of helpful suggestions to the Council. The spirit of open communication with the stakeholder community affords the Council and its members the opportunity to discuss and consider a wide range of ideas from a number of individuals and groups.

The CHCO Council Training Academy is another forum for showcasing cutting edge human capital practices the Council has identified. Held six times a year, the Training Academy has been a very successful way to share strategies from Federal agencies and private industry. For example, in April 2008, the CHCO Council Training Academy focused on the Federal hiring process. Presentations were made by OPM, the Nuclear Regulatory Commission (NRC), the Department of Army, and the National Aeronautics and Space Administration (NASA). OPM began the academy session by providing an overview of the Deputy Director's strategic End-to-End hiring initiative. The NRC presentation discussed highlights of the agency's comprehensive recruitment strategy and the Department of Army showcased how Lean Six Sigma techniques were employed to improve their hiring process. NASA rounded out the agenda by discussing the agency's comprehensive orientation strategy, including an on-line tool that has improved the employee experience during this critical process.

In June 2008, the Training Academy session focused on "Innovative Training Methods." The session was hosted at the National Defense University and was provided to agencies via webcast and broadcast onto the Web via Second Life. A record number of 136 attendees participated in this event. This forward-looking session had 66 in-person attendees, while 70 others participated through virtual worlds, which included 46 unique avatars in Second Life. Over the FY 2007 and FY 2008 cycle, over 700 staff attended the twelve academy sessions, making this one of the most successful ways to share cutting edge practices with the Federal human resource community.

Finally, the CHCO Council identified, collected, and shared human capital strategies and issued its first Collection of Human Capital Practices. The document, released in March 2008, contains several human capital strategies from agencies on topics including performance management, learning and development, closing competency gaps, and telework. Each individual synopsis was submitted by the agency implementing the highlighted strategy. Agency practices included in the document were identified through the 2006 FHCS, the CHCO Council Training Academy sessions, and the Council's subcommittees. The practices outlined in this collection facilitated cross-agency collaboration, fostered strategic partnerships, and promoted successful strategies.

4) Staffing the Council

Although the position of CHCO and the Council were established in statute, the dedication of a full-time staff member to organize the activities of the Council is at the discretion of the Director of OPM. However, it is important to note that the Council has had an Executive Director since its inception to (1) direct the daily operations of the Council; (2) serve as strategic planning advisor to the Chairman and principal liaison to Council members; and (3) act as a catalyst for facilitating collaboration on Governmentwide human capital issues. Moving forward, the next OPM Director should staff the Council with, at the very least, an Executive Director to coordinate and lead the important activities of this critical interagency organization. Given its scope and impact, there are a number of ways to dedicate additional staff resources to the CHCO Council in a tight budget environment, including drawing on detailees from a variety of professional development programs. By utilizing programs such as the Presidential Management Fellows and the Executive Potential Program, among others, the CHCO Council will also be providing an excellent example on addressing one of the emerging issues outlined in this report – Building and Sustaining Federal Employee Leadership.

IV. SUBCOMMITTEE GOALS FOR 2009

Subcommittee on Emergency Preparedness

Mission Statement

The mission of the Subcommittee on Emergency Preparedness is to assist OPM in establishing policies and procedures that enable Federal agencies to continue their operations, while safeguarding their employees. In times of crisis, it is imperative that the Federal Government continues to effectively execute its mission, while responding to the crisis and leading the effort to restore normal operations. Inherent in this responsibility is assuring the safety and well being of its employees, who are both a valued resource and key to the important day-to-day governmental operations.

Subcommittee Goals for FY 2009

- Actively assist OPM in improving human capital policies, procedures, and networks, including Federal Executive Boards, to enable Federal agencies to continue their operations during an emergency. (*Links to Emerging Issues 1-A and 1-B*)
- Continue working with OPM to improve and finalize measures for Federal telework programs. (*Links to Emerging Issues 2-A*)
- Provide assistance during the Presidential transition process on human capital issues that support the mission of the subcommittee.

Subcommittee on Hiring and Succession Planning

Mission Statement

The mission of the Subcommittee on Hiring and Succession Planning is to support innovative marketing and recruitment strategies, a simplified and streamlined hiring process, and a structured succession planning effort necessary to obtain and develop the diverse talent needed to meet the complex mission requirements of the 21st Century Federal workforce.

Subcommittee Goals for FY 2009

- Continue the partnership with OPM on the End-to-End Hiring initiative. (*Links to Emerging Issues 3-A, 3-B, and 3-C*)
- Develop strategies to ensure agencies are fully utilizing the human capital flexibilities available and identify changes needed to existing rules or programs to improve the ability of agencies to recruit and retain diverse talent. (*Links to Emerging Issue 1-B, 2-A, 2-B, and 3-C*)
- Provide assistance during the Presidential transition process on human capital issues that support the mission of the subcommittee.

Subcommittee on the Human Capital Workforce

Mission Statement

The Federal human capital workforce is transforming from a transaction-based environment to a more strategic and consultative role. The subcommittee will lead the transition by reviewing, developing and recommending strategies and a framework to promote and foster this evolution.

Subcommittee Goals for FY 2009

- Partner with OPM and the Council's Human Resource Line of Business (HRLOB) Subcommittee to develop strategies and showcase ways to transform the Federal human resource profession. (*Links to Emerging Issues 1-B, 3-A, 3-B, and 3-C*)
- Partner with OPM to create a Federal Human Capital Leadership network. (*Links to Emerging Issues 3-A*)
- Provide assistance during the Presidential transition process on human capital issues that support the mission of the subcommittee.

Subcommittee on Human Resource Line of Business

Mission Statement

The CHCO Council Subcommittee on the Human Resource Line of Business (HRLOB) supports Governmentwide efforts to transform the delivery of Human Resource services within the Federal Government, so that agencies can devote their time and effort to the more strategic management of human capital. This subcommittee, as part of the governance structure of the Office of Personnel Management's HRLOB Program is focused on ensuring that this transformation is implemented successfully across Government.

Subcommittee Goals for FY 2009

- Support and provide strategic direction to the HRLOB on the establishment, ongoing operations, and migration to Shared Service Centers. (*Links to Emerging Issues 1-b, 3-A and 3-B*)
- Partner with OPM and the Council's Human Capital Workforce Subcommittee to develop strategies and showcase ways to transform the Federal human resource profession. (*Links to Emerging Issues 3-A and 3-B*)
- Provide assistance during the Presidential transition process on human capital issues that support the mission of the subcommittee.

Subcommittee on Learning and Development

Mission Statement

The mission of the Subcommittee on Learning and Development is to help create a culture of continuous learning and employee development that will facilitate performance improvements that spread throughout the Federal Government. To enhance and improve organizational performance, the Subcommittee on Learning and Development will examine, explore, and propose new and existing learning and development programs.

Subcommittee Goals for FY 2009

- Partner with OPM to improve the Federal Government's tools and technologies for learning and development. (*Links to Emerging Issues 1-B*)
- Work with OPM to identify, implement, and improve innovative ways to develop and sustain civil service leadership at all levels, including inter and intra-agency developmental assignments. (*Links to Emerging Issue 2-B*)
- Provide assistance during the Presidential transition process on human capital issues that support the mission of the subcommittee.

Subcommittee on Performance Management

Mission Statement

The mission of the Subcommittee on Performance Management is to help improve performance management in the Federal Government by assessing and highlighting best practices, participating in the formation of regulatory and programmatic agendas relative to performance management, recommending strategies for enacting legislation, and recommending oversight and programmatic changes.

Subcommittee Goals for FY 2009

- Partner with OPM and the Performance Improvement Council to enhance the Federal Government's performance management systems. (*Links to Emerging Issue 2-A*)
- Continue working with OPM to implement the lessons learned for the FY 2009 cycle of the Senior Executive Service Performance Appraisal Assessment Tool (SES-PAAT).
- Provide assistance during the Presidential transition process on human capital issues that support the mission of the subcommittee.

APPENDIX 1

FY 2008 CHCO Council Meeting Topics

FY 2008 Full Council Meeting Agenda Items

September 9, 2008

- OPM Updates
 - Focus on Customer Service
 - Federal Employee Health Benefits Program and Dental Vision Update
 - 2008 Federal Human Capital Survey Update
 - Overview of SES Performance Ratings
 - Federal Executive Board Update
- Update on the End-to-End Hiring Initiative
- Update on the National Security Professional Development Program
- Update on Transition Activities
- Interim Pay Issues for Retirees
- Subcommittee Reports
- Human Capital Recruiting – Best Practice Presentation from PricewaterhouseCoopers

July 8, 2008

- OPM Updates
 - End-to-End Hiring Initiative
 - Federal Executive Board Activities
 - Combined Federal Campaign
- Update on GSA Transition Activities
- Discussion on SES Requirements for the National Security Professional Development Program
- Subcommittee Updates
- Briefing on the Independent Evaluation of the Human Capital Program by the Human Resources Research Organization

May 13, 2008, Annual Meeting with Employee Organizations

- American Federation of Government Employees Presentation on Accreditation for Training
- Update from the Office of Personnel Management on Presidential Transitions
- Open Discussion on human capital issues that are important during Presidential Transitions
- Open Discussion on the benefits of Telework
- Subcommittee Updates

March 13, 2008

- Innovative Recruitment Strategies at the Nuclear Regulatory Commission
- U.S. Department of Justice Human Capital Planning
- Conducting a Certified Assessment of the Human Resources System at the U.S. Department of Energy Laboratory
- Human Resources Competency Model

- Preview of the New Vacancy Announcement Template
- Subcommittee Updates

February 12, 2008

- General Services Administration and Presidential Transitions
- Office of Personnel Management and Presidential Transitions
- Discussion on the Role of the Chief Human Capital Officers in Preparing for Presidential Transitions

November 13, 2007

- Partnership for Public Service Update
- National Security Professional Development Program Update
- Subcommittee Reports and adoption of FY 2008 Goals
- Overview of NASA's Workforce Planning Initiatives
- Unleashing Value – Getting Execution Right – Presentation by Dr. George Weathersby

FY 2008 Deputy CHCO Meeting Agenda Items

July 30, 2008

- Compensation for Federal Employees in Combat Zones
- Transition Issues
- Career Patterns
- Update on Proud to Be 5 and 6
- Supervisory Position Evaluation Guide
- Discussion on Senior Executive Service Candidate Development Programs

April 28, 2008

- Update on 5 CFR 250 Regulations
- Update on Time in Grade
- Update on 2007 Human Capital Management Reports
- Discussion on the Survey of the Senior Executive Service
- Proud to Be Discussion
- Upcoming Council Activities
- 2008: Looking Ahead for the Deputy Chief Human Capital Officers

February 5, 2008

- Thurgood Marshall College Fund Briefing
- Human Capital Scorecard Revalidation Briefing
- Results from CHCO Council Transformation Summit
- Career Patterns Update
- Improving the Federal Hiring Experience
- 2008: Looking Ahead for the Deputy Chief Human Capital Officers

October 4, 2007

- Federal Employee Relocation Program Oversight
- Validation of Proud to Be 5 Scorecard

- Independent Evaluation of the Human Capital Program
- OPM Hiring Toolkit Demonstration

FY 2008 CHCO Council Training Academy Sessions

August 14, 2008

- On Thursday, August 14, 2008, the CHCO Council held an academy session in the Campbell Auditorium at the U.S. Office of Personnel Management. This session highlighted some of the lessons learned from the recent Senior Executive Service (SES) survey. Agency representatives from the Social Security Administration (SSA), the Nuclear Regulatory Commission (NRC), and the Department of Defense (Air Force) showcased three important areas (1) establishing and implementing tiered SES pay structures; (2) how to effectively leverage Performance Review Boards for an SES pay-for-performance system; and (3) centrally managing SES careers and mobility.

June 24, 2008

- On June 24, 2008, the CHCO Council hosted a training academy session on “Innovative Training Methods.” The session was hosted at the National Defense University and was also provided to the agencies via webcast and broadcast into the Web via Second Life. A record number of 136 attendees participated in this event. 66 attended in person while 70 participated through virtual worlds, including 46 unique avatars in Second Life and 24 via the video stream. Presentations were made by IBM, National Defense University, and Forterra. Each presenter discussed ways to shape virtual worlds for Government through training and education. The session finished with a simulated emergency preparedness virtual world training exercise.

April 10, 2008

- On Thursday, April 10, 2008, the CHCO Council held a Training Academy on the Federal hiring process. Presentations were made by the OPM, the Nuclear Regulatory Commission (NRC), the Department of Army, and the National Aeronautics and Space Administration (NASA). OPM began the academy session by providing an overview of the Deputy Director’s End-to-End Hiring initiative. Next, the NRC presentation discussed highlights of the agency’s comprehensive recruitment strategy, while the Department of Army showcased how they have employed Lean Six Sigma techniques to improve their hiring process. NASA finished up the presentations by showcasing their comprehensive orientation process.

February 14, 2008

- On Thursday, February 14, 2008, the CHCO Council Training Academy held a session to discuss the Results-Oriented Performance Culture indicator from Proud-to-Be 5 of having 70 percent of the workforce covered by performance management systems that effectively:
 - link to agency mission, goals, and outcomes;
 - hold employees accountable for results appropriate for their level of responsibility;
 - differentiate between various levels of performance (i.e., multiple performance levels with at least one summary rating above Fully Successful); and

- provide consequences based on performance

Presentations were provided by the OPM, NASA, the General Services Administration (GSA), and the Environmental Protection Agency (EPA).

December 4, 2007

- This training academy session focused on closing skills gaps and strategic planning for talent management. Presentations were made by the American Society for Training and Development, the SSA, and from Competitive Futures, Inc.

October 11, 2007

- This academy session, scheduled in conjunction with Work and Family month, highlighted progressive work/family policies at the Defense Information Systems Agency, the Central Intelligence Agency, the Department of Labor, and the Department of Veterans Affairs. Specific presentations were delivered on health and wellness programs, leave bank programs, child care subsidies, and Employee Assistance Programs.

APPENDIX 2

Key Activities of the Subcommittees

The CHCO Council's six subcommittees have been extremely active since they were reorganized in April 2006. Overall, the subcommittees were responsible for a number of accomplishments and activities that raised the profile of the Council and facilitated the sharing of human capital practices for its members.

The following provides a summary of the key milestones since April 2006:

Subcommittee on Emergency Preparedness

- The subcommittee established a subgroup to consider new ways to measure the effectiveness of telework. At the time of this report, efforts of this subgroup were ongoing and progress is being made to examine more effective measures to accurately capture telework in the Federal Government.
- Members of the subcommittee provided feedback to OPM on the provisions of telework legislation introduced in both chambers of the United States Congress.
- The subcommittee partnered with the Interagency Security Committee and the National Institute of Occupational Safety and Health to identify best practices for the prevention of violence in the workplace. A final work product will be issued during FY 2009.
- The subcommittee provided several recommendations to OPM regarding the development of a human capital related communications strategy for employees on pandemic influenza. The suggested strategies focused on such topics as (1) including a discussion on the human capital policies and options available during an emergency; (2) soliciting union input when developing the communication plan; (3) delivering the message through various communication tools, e.g., webcasts; and (4) establishing a coordinated outreach program with local Federal Executive Boards, that in turn, can communicate to their assigned Federal agencies.
- The subcommittee provided recommendations to OPM for human capital considerations that should be included in emergency preparedness table top exercises. Recommendations were based on exercises conducted by several Federal agencies which were designed to assess pandemic influenza preparations in the areas of (1) the capability of civilian personnel to continue assigned mission essential functions and (2) the organization's ability to provide for the well being of employees prior to, during, and following an outbreak.
- The subcommittee also worked with OPM on the pandemic influenza "town hall" meetings to educate the Federal workforce on policies and procedures relating to an outbreak. By the end of FY 2007, four Departments and Agencies (Department of Education, the OPM, the GSA, and the Department of Energy) held town hall meetings for their employees.

- The subcommittee arranged a briefing on a Department of the Navy automated tool for tracking employees during an emergency. One CHCO Council agency adopted the tool and several others are considering its applicability.

Subcommittee on Hiring and Succession Planning

- The subcommittee partnered with OPM to develop a framework and guidance on the project to improve the End-to-End hiring process.
- The subcommittee also worked with OPM to update the Management Satisfaction Survey and the Applicant Satisfaction Survey. The management survey continues to measure hiring managers' satisfaction with the job announcement, applicant quality and quantity, and hiring flexibilities available to obtain the candidate of choice. Specific questions have been revised regarding the use of hiring flexibilities and additional questions have been added to help agencies better understand the manager's interaction with HR during the hiring process. While the new Applicant Satisfaction Survey will gauge applicants' satisfaction with the Federal hiring process, targeting satisfaction with job announcements, the overall satisfaction with applying for a federal job, and the clarity of requirements.
- Working with OPM and the Partnership for Public Service, several agencies from the subcommittee participated in a pilot to capture the return on investment (ROI) of the Federal Career Day Job Fairs. Feedback from the ROI tool is being used to improve the job fair program.
- The subcommittee continues to work with OPM on the functionality of the USAJOBS website, including providing guidance and assistance to update the manager and applicant surveys.
- The subcommittee provided policy recommendations to OPM on ways to improve and streamline the hiring process. The recommendations included (1) creating flexibility for part-time schedules in transition to retirement without a penalty to an employee's retirement and (2) developing a comprehensive policy for agencies to employ annuitants on a short-term basis.

Subcommittee on Human Capital Workforce

- The subcommittee worked with OPM to develop, host, and co-sponsor three Human Capital Transformation Summits. During these sessions, the Council members discussed the future direction of Federal human capital management with prominent thought leaders from private industry, academia, and Government. Input from the summits are reflected and included in the "Emerging Issues" section of this annual report.
- The subcommittee's recommendation to add six new Human Resource competencies to the Federal Competency Assessment Tool – Human Resources (FCAT-HR) was adopted by the full Council. Agencies now have an additional set of criteria to identify, capture, and measure competency gaps in the Federal human resource occupation.

- This subcommittee held a one day meeting with the human resource executive team at America On-Line (AOL) in order to learn and share human capital practices with private industry.

Subcommittee on Human Resources Line of Business

- Subcommittee members provided input to OPM on the draft Migration Planning Guidance (MPG) Version 2.0. Version 1.0 contained information agencies could use in planning for and conducting migrations to shared service centers. Version 2.0 was expanded to provide information agencies may find useful in conducting public-private competitions as envisioned by the HRLOB Competition Framework.
- The subcommittee sponsored and organized the April 2007 CHCO Council Training Academy session on the Human Resource Line of Business (HRLOB). Presentations were made by OPM, the Department of Defense, the GSA, and the Environmental Protection Agency.
- The subcommittee worked with OPM and OMB on a list of frequently asked questions for the HRLOB initiative, which are posted on OPM's website.
- Subcommittee members worked with OPM and OMB on business case options related to agency migration to shared service centers.
- The subcommittee chair briefed the Multi-Agency Executive Steering Committee, the interagency governance component of the HRLOB, to share goals of the subcommittee and discuss the importance of this migration.
- The subcommittee met with GSA officials involved in various aspects of Lines of Business, including the component establishing the private sector schedule with OPM.

Subcommittee on Learning and Development

- This subcommittee sponsored and organized several CHCO Council Training Academy sessions, including the June 24, 2008, event which was the first one ever to be conducted via webcast and broadcast into the Web via Second Life.
- The subcommittee provided recommendations on a professional development strategy for a critical component of the Federal workforce, the National Security Professional Development Program.
- The subcommittee partnered with OPM and the Young Government Leaders to collect information from current and former Presidential Management Fellows to identify agencies that ran effective programs. OPM hosted an agency PMF coordinators meeting on August 20, 2008, which included a panel discussion from four of the survey respondents.
- The subcommittee worked with OPM to develop a list, which was made public on July 28, 2008, when the OPM Director issued a memorandum to the Chief Human Capital

Officers which detailed the priority occupations for future competency model development. The occupations included those in the field of financial administration: Accounting, Financial Management, Auditing, and Budget Analysis.

- The subcommittee partnered with OPM to enhance the search capability function of the Catalogue of Leadership and Development Programs, which is an electronic library of programs offered by Federal Departments and agencies to foster the development of leadership skills in their employees. The catalogue is available on www.opm.gov
- The subcommittee, working with OPM, identified a list of Federal agencies that currently conduct ROI for training. Some of this information will be included in the Council's human capital practices document which was issued in March FY 2008.
- The subcommittee, working with OPM, identified a list of Federal agencies with Distance Learning programs. Information compiled from those agencies was incorporated in the Council's March 2008 human capital practices document.

Subcommittee on Performance Management

- Members of the subcommittee provided input to OPM on a survey to identify the lessons learned for the Senior Executive Service Performance Appraisal Assessment Tool.
- This subcommittee sponsored and organized several CHCO Council Training Academy sessions, including the August 14, 2008, event that highlighted some of the lessons learned from the recent SES survey. Agency representatives from the SSA, the NRC, and the Department of Defense (Air Force) showcased three important areas (1) establishing and implementing tiered SES pay structures; (2) how to effectively leverage Performance Review Boards for an SES pay-for-performance system; and (3) centrally managing SES careers and mobility.
- After the results of the 2006 Federal Human Capital Survey (FHCS) were released, the subcommittee identified the top agencies with greatest improvements in performance management based on the results of the FHCS from 2004 and 2006. Information compiled from those agencies was incorporated into the Council's March 2008 human capital practices document.
- The subcommittee also compiled input from CHCO Council agencies with the highest scores on the results oriented performance culture index of the HCAAF, which was incorporated into the Council's March 2008 human capital practices document.

APPENDIX 3

MEMBERS OF THE CHIEF HUMAN CAPITAL OFFICERS COUNCIL*

MR. MICHAEL W. HAGER, CHAIRMAN

Acting Director
Office of Personnel Management

MR. BOYD RUTHERFORD

Assistant Secretary for Administration
Department of Agriculture
Deputy: Ms. Roberta Purcell

MR. OTTO J. WOLFF

Assistant Secretary for Administration
Department of Commerce
Deputy: Ms. Deborah Jefferson

DR. DAVID S. C. CHU

Under Secretary for Personnel and Readiness
Department of Defense
Deputy: Ms. Patricia Bradshaw

MR. CHRISTOPHER MARSTON

Assistant Secretary for Management and
Chief Human Capital Officer
Department of Education
Deputy: Ms. Debra Bennett

MS. RITA FRANKLIN

Acting Chief Human Capital Officer
Department of Energy
Deputy: Ms. Rita Franklin

MS. ANTONIA HARRIS

Deputy Assistant Secretary for Human Resources
Department of Health and Human Services
Deputy: Mr. Gary Steinberg

MR. THOMAS CAIRNS

Chief Human Capital Officer
Department of Homeland Security
Deputy: Mr. Gregg Pelowski

MR. KEITH A. NELSON

Assistant Secretary for Administration
Department of Housing and Urban Development
Deputy: Ms. Sharman Lancefield

MR. JAMES CASON

Associate Deputy Secretary
Department of the Interior
Deputy: Ms. Kathleen Wheeler

MS. MARI BARR SANTANGELO

Deputy Assistant Attorney General for Human Resources
Department of Justice
Deputy: Mr. Rodney Markham

MR. PATRICK PIZZELLA

Assistant Secretary for Administration and Management
Department of Labor
Deputy: Ms. Susan Barker

MS. LINDA J. WASHINGTON

Assistant Secretary for Administration
Department of Transportation
Deputy: Ms. Nancy Mowry

MR. CLAY JOHNSON III, VICE CHAIRMAN

Deputy Director for Management
Office of Management and Budget

AMBASSADOR, HARRY THOMAS

Director General of the Foreign Service and Director of Human Resources
Department of State
Deputy: Ms. Linda Tagliatalata

MS. ROCHELLE F. GRANAT

Deputy Assistant Secretary for Human Resources and
Chief Human Capital Officer
Department of the Treasury
Deputy: Mr. Rick Hastings

MR. WILLIE HENSLEY

Acting Principle Deputy Assistant Secretary for Human Resources
Department of Veterans Affairs
Deputy: Mr. Willie Hensley

MR. LUIS A. LUNA

Assistant Administrator for
Administration and Resources Management
Environmental Protection Agency
Deputy: Ms. Susan Hazen

MS. GAIL T. LOVELACE

Chief People Officer
General Services Administration
Deputy: Mr. Steve McPeck

MS. ANTONIA DAWSEY

Assistant Administrator for Human Capital Management
National Aeronautics and Space Administration
Deputy: Mr. Jay Henn

MR. JAMES F. McDERMOTT

Chief Human Capital Officer
Nuclear Regulatory Commission
Deputy: Ms. Miriam Cohen

MR. RONALD C. FLOM

Associate Director for Management Services
and Chief Human Capital Officer
Office of Personnel Management
Deputy: Mr. Mark Reinhold

DR. REGINALD F. WELLS

Deputy Commissioner, Human Resources
Social Security Administration
Deputy: Ms. Feli Sola-Carter

DR. RONALD P. SANDERS

Associate Director of National Intelligence for Human Capital and
Intelligence Community Chief Human Capital Officer
Office of the Director of National Intelligence
Deputy: Dr. Elizabeth Kolmstetter

MR. ANTHONY A. ARNOLIE

Small Agency Council Representative
and Director of Information and Resource Management
National Science Foundation
Deputy: Mr. Charles Schnieder

MR. JOHN C. SALAMONE

Executive Director
Chief Human Capital Officers Council
Office of Personnel Management

*As of the end of Fiscal Year 2008

APPENDIX 4

MEMBERS OF THE EXECUTIVE COMMITTEE *

MR. MICHAEL W. HAGER
CHAIRMAN
Office of Personnel Management

MR. CLAY JOHNSON III
VICE CHAIRMAN
Office of Management and Budget

DR. DAVID S. C. CHU
Department of Defense

MS. RITA FRANKLIN
Department of Energy

MS. GAIL T. LOVELACE
General Services Administration

MR. JAMES McDERMOTT
Nuclear Regulatory Commission

MR. KEITH A. NELSON
Department of Housing and Urban Development

MR. PATRICK PIZZELLA
Department of Labor

DR. RONALD P. SANDERS
Office of the Director of National Intelligence

MR. JOHN C. SALAMONE
Office of Personnel Management

*As of the end of Fiscal Year 2008

CHARTER

UNITED STATES GOVERNMENT CHIEF HUMAN CAPITAL OFFICERS COUNCIL

*Adopted:
June 11, 2003
The White House*

INTRODUCTION

In his Management Agenda, the President has stated that the Federal Government's workforce is one of its most valuable assets. Our employees are a national resource, and the American public expects the Federal workforce to be managed effectively and efficiently on their behalf. The Congress, through law, also supports this goal and has required that agencies establish a system of human capital management with plans that are strategically developed, leadership that has authority and accountability, and performance that is measured and continuously improved.

Chief Human Capital Officers (CHCOs) are essential to the success of human capital management throughout the Federal Government. They are vested with stewardship responsibilities for Federal employees and agencies and also share a collective accountability with OPM for improving the strategic management of human capital throughout the executive branch. They exercise that accountability in part through the CHCO Council, as strategic partners with the Office of Personnel Management (OPM) and the Office of Management and Budget (OMB).

AUTHORITY

The CHCO Council (Council) is formally established by the Chief Human Capital Officers Act of 2002 (Act), which was enacted as part of the Homeland Security Act, Public Law 107-296, on November 25, 2002. The provisions are effective May 24, 2003.

PURPOSES

The purposes of the Council are to:

- Advise OPM, OMB, and agency leaders on human capital strategies and policies, as well as on the assessment of human capital management in Federal agencies.
- Inform and coordinate the activities of its member agencies on such matters as modernization of human resources systems, improved quality of human resources information, and legislation affecting human resources management operations and organizations.
- Assist member CHCOs and other officials with similar responsibilities in fulfilling their individual responsibilities to:
 - (1) Implement the laws governing the Federal civil service, as well as the rules and regulations of the President, OPM, and other agencies with regulatory authority that affects Federal employees;
 - (2) In accordance with those laws and regulations, advise and assist agency heads and other senior officials in carrying out their responsibilities for selecting, developing, training, and managing a high-quality, productive workforce in accordance with Merit System Principles;
 - (3) Assess workforce characteristics and future needs and align the agency's human resources policies and programs with the agency's mission, strategic goals, and performance objectives;
 - (4) Advocate and assure a culture of continuous learning and high performance, developing and implementing effective strategies to attract, develop, manage, and retain employees with superior abilities;
 - (5) Identify human capital best practices and benchmarks, and apply those exemplars to their agencies and the Federal Government as a whole.
- Provide leadership in identifying and addressing the needs of the Federal Government's human capital community, including training and development.

MEMBERSHIP

The Act establishes as permanent members of the Council:

- (1) the Director of OPM;
- (2) the Deputy Director for Management of OMB; and
- (3) the Chief Human Capital Officers of executive departments.

The Act also provides that the Director of OPM may designate other members of the Council. Such additional members may include, but are not limited to:

- (1) the Chief Human Capital Officers of other Executive agencies; and
- (2) members who are designated on an *ex officio* basis and who may be invited to contribute to projects as particular skills and expertise are needed.

The Act provides that the Director of OPM serves as Chairperson of the Council, and the Deputy Director for Management of OMB serves as Vice Chairperson.

OTHER ATTENDEES

As required by the Act, at least once a year, representatives of employee labor organizations will be invited to attend a Council meeting. At the discretion of the Chair, representatives of other organizations may be invited to attend Council meetings.

MEETINGS

Meetings will be scheduled at the direction of the Chair. Attendance will generally be limited to principals and members, as described above, and to others who are specifically invited or approved by the Chair.

When votes are taken, each Council member (other than *ex officio* members) will have one vote. Members must be present to vote.

Invited guests who are not Federal employees may express their views, but will not participate in deliberations or decisions on policy matters, unless the meeting has been opened to the public in accordance with the Federal Advisory Committee Act (FACA). Note in this regard that FACA does not normally apply to Council meetings.

Minutes of meetings will be prepared by the Secretary/Treasurer, and copies will be provided to all members. The Secretary/Treasurer will maintain an official archive of all minutes and other official Council documents.

COMMITTEES

The Chair may establish standing committees of the Council and appoint committee chairs and members. The Chair may also establish one or more *ad hoc* committees to deal with specific issues or initiatives.

ANNUAL REPORT

The Act requires that the Council submit each year to Congress a report on the activities of the Council.