

Highlights of [GAO-12-1023T](#), a testimony before the Subcommittee on Oversight of Government Management, the Federal Workforce and the District of Columbia, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

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, the area remains high risk because of a need to address current and emerging critical skills gaps that undermine agencies' abilities to meet their vital missions.

The federal government is facing evolving and crosscutting challenges that require a range of skills and competencies to address. Moreover, 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.

This testimony is based on a large body of GAO work from January 2001 through September 2012 and focuses on the progress made by executive branch agencies, the CHCO Council, and OPM, and the challenges that remain in four key areas of human capital management: (1) leadership; (2) strategic human capital planning; (3) talent management; and (4) results-oriented organizational culture.

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 agencies' actions to implement key recommendations.

View [GAO-12-1023T](#). For more information, contact Robert N. Goldenkoff at (202) 512-6806 or goldenkoff@gao.gov or Yvonne D. Jones at (202) 512-6806 or jonesy@gao.gov.

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HUMAN CAPITAL MANAGEMENT

Effectively Implementing Reforms and Closing Critical Skills Gaps Are Key to Addressing Federal Workforce Challenges

What GAO Found

Since 2001, Congress, the Office of Personnel Management (OPM), and executive branch agencies have taken action to address the government's human capital challenges. For example, in 2002, Congress passed legislation creating the CHCO Council, composed of the Chief Human Capital Officers (CHCO) of 24 executive agencies and chaired by the Director of OPM. In 2004, through the Federal Workforce Flexibility Act, Congress provided agencies greater hiring flexibilities. OPM issued guidance on hiring reforms, developed the Hiring Toolkit, and launched an 80-day model to speed the hiring process.

Leadership:

The CHCO Council advises and coordinates the activities of member agencies on current and emerging personnel issues. Among its recent initiatives, OPM and the CHCO Council established a working group in September 2011 to identify and mitigate critical skills gaps. To date the group has taken important steps, including developing a framework and timeline for identifying and addressing government-wide and agency-specific skills gaps. However, the substantive work of addressing skills gaps remains, including defining workforce plans, implementing recruitment and retention strategies, and measuring the effects of these initiatives.

Strategic human capital planning:

Integrating human capital planning with broader organizational strategic planning is essential for ensuring that agencies have the talent and skill mix needed to cost-effectively execute their mission and program goals. If not carefully managed, anticipated retirements could cause skills gaps to develop further and adversely impact the ability of agencies to carry out their diverse responsibilities. GAO's work has identified skills shortages in areas government-wide, such as cybersecurity, acquisition management, and foreign language capabilities.

Talent management:

Ensuring that federal agencies are able to recruit, develop, and retain personnel with the necessary skills is essential to closing any skills gaps and maintaining a workforce that will meet its vital missions. Congress, OPM, and some individual agencies have taken important actions, such as providing and using flexibilities, to improve the hiring process and making investments in training and development. However, much work remains. For example, GAO recently reported that OPM can improve its guidance and assistance to agencies in establishing a process for setting and prioritizing training investments.

Results-oriented organizational culture:

Leading organizations have found that to successfully transform themselves they must often fundamentally change their cultures to be more results-oriented, customer-focused, and collaborative. As part of that, GAO has shown that agencies need to create clear "lines of sight" that align organizational and individual performance. These lines of sight help individual staff understand the connection between their daily activities and agency success.