



## Testimony

Before the Subcommittee on Regulatory  
Affairs and Federal Management,  
Committee on Homeland Security and  
Governmental Affairs, U.S. Senate

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# HUMAN CAPITAL

## Improving Federal Recruiting and Hiring Efforts

Statement of Yvonne D. Jones, Director,  
Strategic Issues

Highlights of [GAO-19-696T](#), a testimony to the Subcommittee on Regulatory Affairs and Federal Management, Committee on Homeland Security and Governmental Affairs, U.S. Senate

## 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. 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 critical skills. As a result, strategic human capital management remains on GAO's High-Risk List.

This testimony is based on a large body of GAO work issued from May 2008 through May 2019. This testimony, among other things, focuses on key human capital areas where some actions have been taken but attention is still needed by OPM and federal agencies on issues including: (1) addressing critical skills gaps and (2) recruiting and hiring talented employees.

## What GAO Recommends

Over the years, GAO has made numerous recommendations to agencies and OPM to improve their strategic human capital management efforts. Agencies have taken actions to implement some of these recommendations, but many remain open. GAO encourages OPM and the agencies to fully implement the recommendations.

View [GAO-19-696T](#). For more information, contact Yvonne D. Jones at (202) 512-6806 or [jonesy@gao.gov](mailto:jonesy@gao.gov).

July 30, 2019

## HUMAN CAPITAL

### Improving Federal Recruiting and Hiring Efforts

#### What GAO Found

GAO, along with the Office of Personnel Management (OPM) and individual agencies, has identified skills gaps in numerous government-wide occupations. According to GAO's 2019 analysis of federal high-risk areas, skills gaps played a role in 17 of the 35 high-risk areas. Causes vary but these skills gaps often occur due to shortfalls in one or more talent management activities such as robust workforce planning. Staffing shortages and the lack of skills among current staff not only affect individual agencies but also cut across the entire federal workforce in areas such as cybersecurity and acquisition management. Additionally, the changing nature of federal work and the high percentage of employees eligible for retirement could produce gaps in leadership and institutional knowledge, and threatens to aggravate the problems created from existing skills gaps. For example, 31.6 percent of permanent federal employees who were on board as of September 30, 2017, will be eligible to retire in the next 5 years with some agencies having particularly high levels of employees eligible to retire.

GAO's work has identified a range of problems and challenges with federal recruitment and hiring efforts. Some of these problems and challenges include unclear job announcements and a lengthy hiring process. Further, the federal workforce has changed since the government's system of current employment policies and practices were designed. Strategies that can help agencies better manage the current and future workforces include:

**Manage the timing of recruitment.** To address issues of funding uncertainty at the beginning of the fiscal year, agencies should recruit continuously, starting the hiring process early in the school year.

**Write user-friendly vacancy announcements.** GAO has reported that some federal job announcements were unclear. This can confuse applicants and delay hiring. OPM stated that when hiring managers partner with human resources staff, agencies can develop more effective vacancy announcements.

**Leverage available hiring and pay flexibilities.** To help ensure agencies have the talent they need, they should explore and use all existing hiring authorities. A variety of special pay authorities can help agencies compete in the labor market for top talent, but GAO has found that agencies only use them for a small number of employees.

**Increase support for an inclusive work environment.** An increasingly diverse workforce can help provide agencies with the requisite talent and multidisciplinary knowledge to accomplish their missions.

**Encourage rotations and other mobility opportunities.** Upward and lateral mobility opportunities are important for retaining employees, but few employees move horizontally because managers are sometimes reluctant to lose employees.

Without these measures, the federal government's ability to address the complex social, economic, and security challenges facing the country may be compromised.

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Chairman Lankford, Ranking Member Sinema, and Members of the Subcommittee:

Thank you for the opportunity to be here today to discuss the state of the 21st century federal civil service and what can be done to improve federal hiring and close mission-critical skills gaps. The government's system of current employment policies was designed generations ago for a workforce and type of work that largely no longer exist. Much has changed since the Civil Service Reform Act of 1978 and the Classification Act of 1949 laid the foundation of much of today's federal personnel system.<sup>1</sup> Agencies' missions have evolved and employees' expectations of work and the workplace are changing. Further, an increasingly volatile world makes understanding and responding to evolving trends and issues essential.<sup>2</sup> As we have long reported, 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.

Strategic human capital management has been a GAO high-risk area since 2001. Since then, Congress, the Office of Personnel Management (OPM), and some individual agencies have made progress towards addressing the government's human capital challenges. As we reported in March 2019, although progress has been made toward improving the government's human capital efforts, the area remains high-risk because more work is needed to address government-wide mission critical skills gaps. As our 2019 analysis of all federal high-risk areas shows, skills gaps played a role in 17 of the 35 governmentwide high-risk areas we have identified.<sup>3</sup>

In December 2016, OPM finalized revisions to its strategic human capital management regulation that include the new Human Capital Framework.<sup>4</sup>

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<sup>1</sup>Civil Service Reform Act of 1978, Pub. L. No. 95-454, 92 Stat. 1111 (Oct. 13, 1978) and Classification Act of 1949, Pub. L. No. 81-429, 63 Stat. 954 (Oct. 28, 1949).

<sup>2</sup>Our latest strategic plan for 2018-2023 explores eight key trends that will have a major impact on the nation and its government. See GAO, GAO 2018-2023 Strategic Plan: Trends Affecting Government and Society, [GAO-18-396SP](#) (Washington, D.C.: Feb. 22, 2018).

<sup>3</sup>GAO, *High Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High Risk Areas*, [GAO-19-157SP](#) (Washington, D.C.: Mar. 6, 2019)

<sup>4</sup>Personnel Management in Agencies, 81 Fed. Reg. 89357 (Dec. 12, 2016) (*codified, as amended, at 5 C.F.R. pt. 250, subpt. B*).

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This framework is to be used by agencies to plan, implement, evaluate, and improve human capital policies and programs. Additionally, the revised regulation provides that agency human capital policies and programs must monitor and address skills gaps within government-wide and agency-specific mission-critical occupations by using comprehensive data analytic methods and gap closure strategies. The revised regulation, which became effective on April 11, 2017, also requires that agencies conduct a quarterly, data-driven review process known as HRStat,<sup>5</sup> which, as we reported in 2015, could be an important tool in reviewing key performance metrics related to closing skills gaps.

This statement among other things focuses on key human capital areas where some actions have been taken but attention is still needed by OPM and federal agencies on issues including (1) addressing critical skills gaps, and (2) recruiting and hiring talented employees. The statement is based on our large body of work on federal human capital management issued primarily between May 2008 and May 2019. More detailed information on our objectives, scope, and methodology for that work can be found in the issued reports. We conducted the work on which this statement is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## OPM and Agencies Need to Strengthen Efforts to Identify and Close Mission-Critical Skills Gaps

The federal government faces long-standing challenges in strategically managing its workforce. We first added federal strategic human capital management to our list of high-risk government programs and operations in 2001.<sup>6</sup> Because skills gaps within individual federal agencies—as well as across the federal workforce—can lead to costly, less-efficient government, the issue has been identified as the focus of the Strategic Human Capital Management GAO high-risk area since February 2011. Our experience has shown that the key elements needed to make

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<sup>5</sup>OPM established HRstat as a pilot in May 2012 whereby agency Chief Human Capital Officers (CHCO) would hold quarterly review sessions to assess progress against performance metrics that contribute to agency human resources goals. This pilot built on the quarterly data-driven reviews that were required for agency (and cross agency) priority goals under the Government Performance Results Act Modernization Act of 2010.

<sup>6</sup>GAO, High Risk Series: An Update, [GAO-01-263](#) (Washington, D.C.: Jan. 1, 2001).

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progress in high-risk areas are top-level attention by the administration and agency leaders grounded in the five criteria for removal from the High-Risk List, as well as any needed congressional action. The five criteria for removal are: (1) leadership commitment, (2) agency capacity, (3) existence of a corrective action plan, (4) program monitoring, and (5) demonstrated progress.

Although Congress, OPM, and individual agencies have made improvements since 2001, federal human capital management remains a high-risk area because mission-critical skills gaps within the federal workforce pose a high risk to the nation.<sup>7</sup> GAO, along with OPM and individual agencies, has identified mission critical skills gaps in numerous government-wide occupations. These skills gaps both within federal agencies and across the federal workforce impede the government from cost-effectively serving the public and achieving results. For example, the difficulties in recruiting and retaining skilled health care providers and human resource staff at Veterans Health Administration's (VHA) medical centers make it difficult to meet the health care needs of more than 9 million veterans. As a result, VHA's 168 medical centers have large staffing shortages, including physicians, registered nurses, physician assistants, psychologists, physical therapists, as well as human resource specialists and assistants.

In October 2017, we reported that the VHA, within the Department of Veterans Affairs (VA), has opportunities to improve staffing, recruitment, and retention strategies for physicians that it identified as a priority for staffing, or mission-critical.<sup>8</sup> For 2016, the top five physician mission-critical occupations were primary care, mental health, gastroenterology, orthopedic surgery, and emergency medicine. However, VHA was unable to accurately count the total number of physicians who provide care in its VA medical centers (VAMC). Additionally, VHA lacked data on the number of contract physicians and physician trainees. Five of the six VAMCs in our review used contract physicians or physician trainees to meet their staffing needs, but VHA had no information on the extent to

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<sup>7</sup>A skills gap may consist of one or both of the following: (1) a staffing gap, in which an agency has an insufficient number of individuals to complete its work; or (2) a competency gap, in which an agency has individuals without the appropriate skills, abilities, or behaviors to successfully perform the work.

<sup>8</sup>GAO, *Veterans Health Administration: Better Data and Evaluation Could Help Improve Physician Staffing, Recruitment and Retention Strategies* [GAO-18-124](#) (Washington, D.C.: Oct. 19, 2017).

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which VAMCs nationwide use these arrangements. We also reported that VHA had not evaluated the effectiveness of its physician recruitment and retention strategies. One such strategy—hiring physician trainees—was weakened by ineffectual hiring practices, such as delaying employment offers until graduation.

In February 2018, we reported that the Department of Homeland Security (DHS) had taken actions to identify, categorize, and assign employment codes to its cybersecurity positions, as required by the Homeland Security Cybersecurity Workforce Assessment Act of 2014; however, its actions were not timely and complete.<sup>9</sup> While DHS has implemented four of our six recommendations from this report, two recommendations remain open. For example, DHS has not yet completed its efforts to identify all of the department’s cybersecurity positions and accurately assign codes to all filled and vacant cybersecurity positions. Further, it has not yet fully developed guidance to assist DHS components in identifying their cybersecurity work categories and specialty areas of critical need that align to the National Initiative for Cybersecurity Education framework. Without ensuring that its progress in identifying and assigning codes to its positions is accurately reported and it has guidance to fully assist components, DHS will not be positioned to effectively examine its cybersecurity workforce, identify its critical skill gaps, or improve its workforce planning.

In March 2019, we reported that 24 federal agencies generally assigned work roles to filled and vacant positions that performed information technology, cybersecurity, or cyber-related functions as required by the Federal Cybersecurity Workforce Assessment Act of 2015.<sup>10</sup> However, most agencies had likely miscategorized the work roles of many IT positions. Until agencies accurately categorize their positions, the agencies may not have reliable information to form a basis for effectively examining their cybersecurity workforce, improving workforce planning, and identifying their workforce roles of critical need.

Skills gaps caused by insufficient number of staff, inadequate workforce planning, and a lack of training in critical skills are contributing to our

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<sup>9</sup>GAO, *Cybersecurity Workforce: Urgent Need for DHS to Take Actions to Identify Its Position and Critical Skill Requirements*, [GAO-18-175](#) (Washington, D.C.: Feb. 6, 2018).

<sup>10</sup>GAO, *Cybersecurity Workforce: Agencies Need to Accurately Categorize Positions to Effectively Identify Critical Staffing Needs*, [GAO-19-144](#) (Washington, D.C.: Mar. 12, 2019).

designating strategic human capital management and other areas as high risk. (See table 1.) Skills gaps affect individual agencies but also cut across the entire federal workforce in areas such as cybersecurity and acquisition management. As our 2019 analysis of federal high-risk areas shows, in addition to Strategic Human Capital Management, skills gaps played a role in 16 of the other 34 high-risk areas we have identified.<sup>11</sup>

**Table 1: Skills Gaps Related to High-Risk Areas**

High-risk area	Examples of skills gaps and causes
<b>2020 Decennial Census</b>	<b>Staffing:</b> Lack of staff to oversee the \$886 million contract for integrating the Information Technology (IT) systems needed to conduct the 2020 Census.
<b>Strengthening Department of Homeland Security (DHS) Management Functions</b>	<b>Workforce Planning</b> Lack of guidance on how to identify critical cybersecurity and acquisition skills needed to support its new IT delivery model. <b>Training:</b> Insufficient technical skills to support its biometric identification services program.
<b>Department of Defense (DOD) Business Systems Modernization</b>	<b>Workforce Planning:</b> Incomplete assessment of the extent to which DOD personnel meet IT management knowledge and skill requirements. <b>Staffing:</b> Slow and inefficient hiring processes have led to challenges in recruiting and retaining qualified chief information officers (CIO) and IT personnel. <b>Training:</b> Statutorily required guidance and training for cross-functional team members and presidential appointees not completed.
<b>DOD Financial Management</b>	<b>Staffing:</b> Financial management staff remains insufficient in number, qualifications, and expertise.
<b>DOD Contract Management</b>	<b>Staffing:</b> Challenges in recruiting talent for acquisition management.
<b>Department of Energy's (DOE) Contract Management for the National Nuclear Security Administration and Office of Environmental Management</b>	<b>Workforce Planning:</b> Unmet critical staffing needs and evidence that the agency is understaffed across all functions. <b>Staffing:</b> Competing agency priorities and limited hiring have contributed to critical staff shortages to manage and oversee strategic materials programs.
<b>U.S. Government's Environmental Liability</b>	<b>Training:</b> Lack of information to evaluate overall project and program performance, including number of staff and skills needed to meet its environmental management cleanup mission.
<b>Improving Federal Management of Programs that Serve Tribes and Their Members</b>	<b>Staffing:</b> Lack of expert staff to review proposals for wind and solar projects, or petroleum engineers to review oil and gas proposals. Additionally, shortages of health care providers, including physicians, nurses, midwives, dentists, and pharmacists. <b>Training:</b> Limited funding and lack of a safety training plan contributed to incomplete training to protect Bureau of Indian Education schools.
<b>Management of Federal Oil and Gas Resources</b>	<b>Workforce Planning:</b> Lacks plan for identifying key oil and gas positions and their respective technical competencies. No evaluation of the effectiveness of its recruitment and retention incentives as well as its student loan repayment program. <b>Training:</b> No evaluation of its training needs, training effectiveness, or opportunities for its bureaus to share training resources.

<sup>11</sup> [GAO-19-157SP](#).

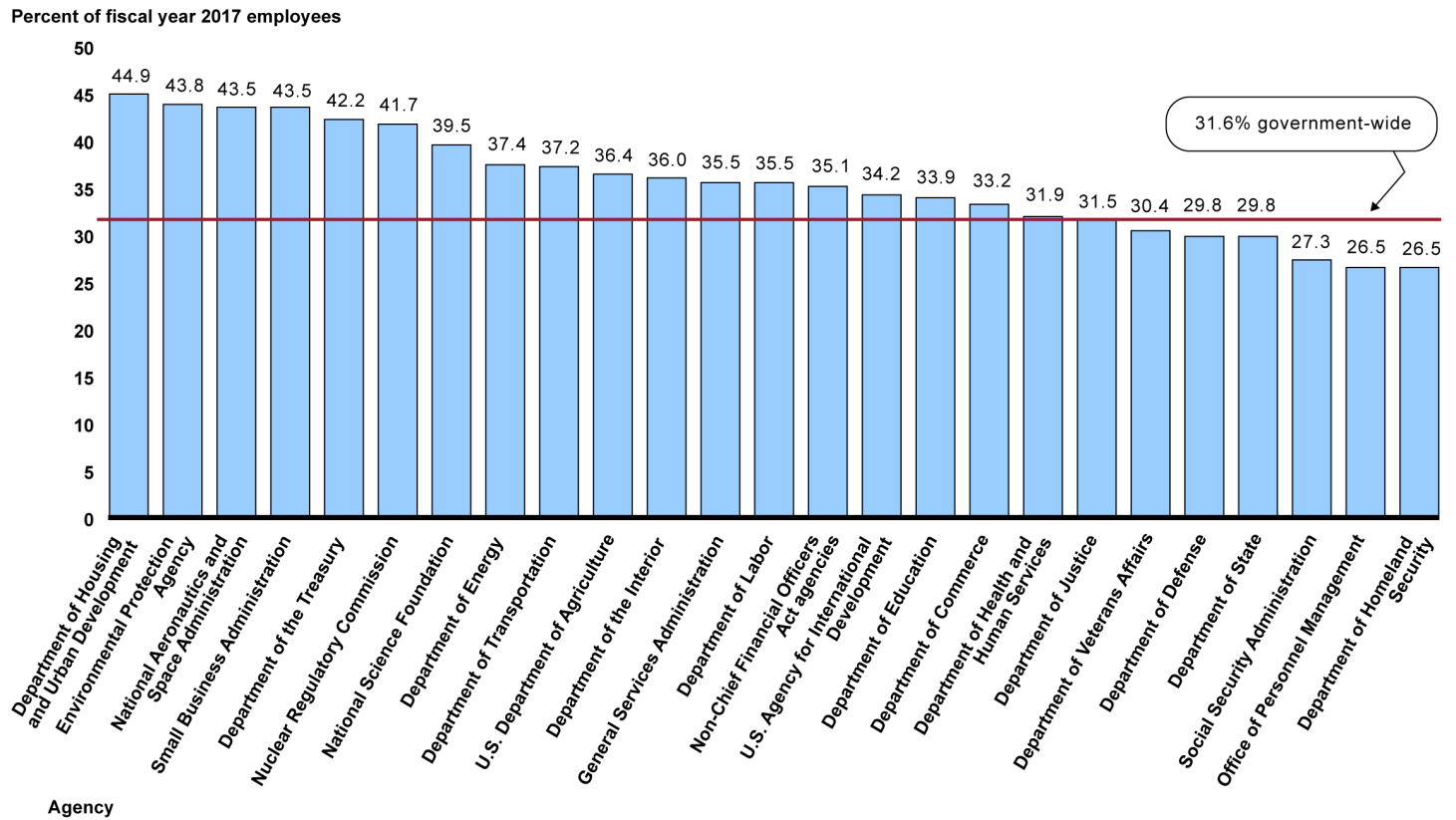
High-risk area	Examples of skills gaps and causes
<b>National Aeronautics and Space Administration Acquisition Management</b>	<b>Staffing and Skills:</b> Lacks staff or staff with skills in the areas of avionics, flight software, systems engineering, business management, software development for certain acquisition projects, as well as gaps in areas such as cost estimating and earned value management capabilities.
<b>Protecting Public Health Through Enhanced Oversight of Medical Products</b>	<b>Staffing:</b> At times, significant gaps in staffing still remain during the time staff complete necessary processes to be stationed overseas.
<b>Improving and Modernizing Federal Disability Programs</b>	<b>Staffing:</b> The Social Security Administration's disability appeals plan calls for increased hiring to reduce disability appeals backlogs and improve timeliness, and VA has not completed hiring and planning efforts to ensure it has the capacity to comprehensively update its disability eligibility criteria.
<b>Department of Veterans Affairs (VA) Acquisition Management</b>	<b>Training:</b> Lack of training for contracting officers.
<b>Managing Risks and Improving VA Health Care</b>	<b>Workforce Planning:</b> No annual tracking and reviewing of data related to IT skills needed in the future. <b>Staffing:</b> Insufficient number of community care staff and medical support assistants. <b>Training:</b> No assessment of the training needs or monitoring of completed training for patient advocate positions.
<b>Ensuring the Cybersecurity of the Nation</b>	<b>Staffing and Training:</b> The administration's June 2018 government reform plan includes recommendations for solving the federal cybersecurity workforce shortage, including prioritizing and accelerating efforts to reform how the federal government recruits, evaluates, selects, pays, and places cyber talent.
<b>Improving the Management of IT Acquisitions and Operations</b>	<b>Workforce Planning:</b> None of the 24 major federal agencies had IT management policies that fully addressed the role of their CIOs. The majority of the agencies minimally addressed or did not address their CIO's role in assessing agency IT workforce needs, and developing strategies and plans for meeting those needs.

Source: GAO analysis of high-risk areas. | GAO-19-696T

Insufficient numbers of staff with critical skills can be related to staff retirements as well as to inadequate recruitment and hiring. Moreover, if not carefully managed, anticipated retirements could widen skills gaps or open new ones, adversely affecting agencies' capabilities. As shown in figure 1, more than 31 percent of federal employees on board by the end of fiscal year 2017 will be eligible to retire in the next 5 years.



**Figure 1: Percentage of Federal Employees on Board as of September 30, 2017, Eligible to Retire in the Next Five Years by Agency**



Source: GAO analysis of Office of Personnel Management’s Enterprise Human Resources Integration database as of September 30, 2017. | GAO-19-696T

Note: Our calculations include permanent federal employees. “Eligible to retire” is defined as when a person is eligible to retire with an unreduced annuity. The graphic is a snapshot in time of fiscal year 2017 employee’s retirement eligibility and is not a prediction of future eligibility rates. For example, the graphic does not take into account employees that may enter or leave the agency in the next 5 years.

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## Key Strategies and Practices for Recruiting, Incentivizing and Engaging the Current and Future Federal Workforce

In March 2019, we reported on key talent management strategies that can help agencies better manage the current and future workforce.<sup>12</sup> Below we focus on nine selected practices we identified related to recruiting, incentivizing, and engaging the federal workforce:

**Cultivate a diverse talent pipeline.** In our prior work, we have noted the importance of active campus recruiting that goes beyond infrequent outreach to college campuses.<sup>13</sup> Active campus recruiting includes developing long-term institutional relationships with faculty, administrators, and students. In addition, OPM guidance emphasizes that agencies should develop an inclusive approach to their talent acquisition strategies. This includes developing strategic partnerships with a diverse range of colleges and universities, trade schools, apprentice programs, and affinity organizations from across the country.

**Recruit continuously and start the hiring process early in the school year.** The ability to hire students is critical to ensuring that agencies have a range of experience levels for succession planning and a talent pipeline to meet mission requirements. One of the key challenges agencies face in recruiting students is managing the timing of recruitment.<sup>14</sup> The federal fiscal year begins on October 1—about when private sector firms we interviewed start recruiting on campus. Frequently, however, federal agencies have been unable to hire at this time of year because of the limitations of budget uncertainty. Yet if agencies wait to start the recruiting and hiring process until they receive funding, many graduates will have taken other job opportunities.

Agencies can overcome these timing challenges by recruiting continuously and starting the hiring process early in the school year. To recruit continuously, Chief Human Capital Officers (CHCOs) from the U.S. Departments of Agriculture and Homeland Security said that they advertise funding-conditional positions throughout the year.<sup>15</sup>

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<sup>12</sup>GAO, *Key Talent Management Strategies for Agencies to Better Meet Their Missions*, [GAO-19-181](#) (Washington, D.C.: Mar. 28, 2019).

<sup>13</sup> GAO, *GAO Human Capital Management: Efforts Taken to Ensure Effective Campus Recruitment*, [GAO-11-615T](#) (Washington, D.C.: June 21, 2011).

<sup>14</sup>[GAO-19-181](#).

<sup>15</sup>[GAO-19-181](#).

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**Write user-friendly vacancy announcements.** We previously reported that some federal job announcements were unclear. This can confuse applicants and delay hiring.<sup>16</sup> In July 2018, OPM officials stated that agencies can develop more effective vacancy announcements when hiring managers partner with human resource (HR) staff. According to OPM, hiring managers can work with HR staff to identify the critical competencies needed in the job, develop a recruiting strategy, and ensure the job announcement accurately and clearly describes the required competencies and experience. To promote collaboration between hiring managers and HR staff, OPM is training agencies on the role of hiring managers in writing vacancy announcements, according to OPM officials.

**Strategically leverage available hiring and pay flexibilities.** To help ensure agencies have the talent they need to meet their missions, we have found that federal agencies should have a hiring process that is simultaneously applicant friendly, sufficiently flexible to enable agencies to meet their needs, and consistent with statutory requirements, such as hiring on the basis of merit.<sup>17</sup> Key to achieving this is the hiring authority used to bring applicants onboard.<sup>18</sup>

In March 2019, we reported that CHCOs cited the complex competitive examining process as a cause of the lengthy hiring time.<sup>19</sup> This has been a long-standing concern. In our 2002 report on human capital flexibilities, we noted that for many years prior, federal managers had complained that competitive examining procedures were rigid and complex.<sup>20</sup> Agencies can use a number of additional hiring authorities beyond competitive examining. These authorities can add flexibility to the process and CHCOs have expressed a desire for more. However, we previously found that agencies relied on only a small number of available

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<sup>16</sup>GAO, *Human Capital: Transforming Federal Recruiting and Hiring Efforts*, [GAO-08-762T](#) (Washington, D.C.: May 8, 2008).

<sup>17</sup>GAO, *Federal Hiring: OPM Needs to Improve Management and Oversight of Hiring Authorities*, [GAO-16-521](#) (Washington, D.C.: Aug. 2, 2016).

<sup>18</sup>A hiring authority is the law, executive order, or regulation that allows an agency to hire a person into the federal civil service.

<sup>19</sup>[GAO-19-181](#).

<sup>20</sup>GAO, *Human Capital: Effective Use of Flexibilities Can Assist Agencies in Managing Their Workforces*, [GAO-03-2](#) (Washington, D.C.: Dec. 6, 2002).

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authorities.<sup>21</sup> In fiscal year 2014, of the 105 hiring authority codes used in total, agencies relied on 20 hiring authority codes to make around 90 percent of the new appointments.

We recommended in 2016 that OPM use information from its reviews of agencies' use of certain hiring authorities to determine whether opportunities exist to refine, consolidate, or expand agency-specific authorities, and implement changes where OPM is authorized, including seeking presidential authorization or developing legislative proposals if necessary. OPM agreed with our recommendation and has made progress in these areas, although more work is needed to follow through on planned actions to streamline authorities.

For example, in December 2018, OPM said that it continues to research and examine streamlining opportunities, such as those identified in its July 2018 study on excepted service hiring authorities. However, OPM did not provide a time frame for implementation. In addition, in its March 2019 Congressional Justification for the Fiscal Year 2020 Budget Request, OPM included legislative proposals for new hiring authorities, such as authority for short-term appointments to allow agencies to appoint and compensate highly qualified experts to help agencies meet critical needs as well as a change to the criteria for granting direct hire authority.

A variety of special pay authorities can help agencies compete in the labor market for top talent, but agencies only use them for a small number of employees. In fiscal year 2016, these incentives were used for less than 6 percent of employees. In December 2017, we reported that agencies can tap an array of special payments when they need to recruit or retain experts in engineering, cybersecurity, or other in-demand fields.<sup>22</sup> These payments include, for example, incentives for recruitment or retention, or higher rates of pay for critical positions. We found that agencies reported that these payments were helpful, but few documented their effects, and OPM had not assessed their effectiveness. Further, in our March 2019 report, we found that less than 5 percent of employees

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<sup>21</sup>[GAO-16-521](#).

<sup>22</sup>GAO, *Federal Pay: Opportunities Exist to Enhance Strategic Use of Special Payments*, [GAO-18-91](#) (Washington, D.C.: Dec. 7, 2017).

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received payments for recruitment or retention annually in the past 10 years.<sup>23</sup>

In December 2017, we made three recommendations to OPM, including for it to track the effectiveness of special payment authorities. OPM partially concurred with this recommendation, saying that agencies are in the best position to take this action. In December 2018, OPM stated that it established a baseline to measure changes in the use of special payment authorities over time, and that it is focused on government-wide, mission-critical occupations to help identify trends where there may be recruitment and retention difficulties. However, documents OPM provided gave no information on actions taken on this recommendation. We will continue to monitor OPM's actions to implement this recommendation. This is one of 18 priority recommendations in GAO's Priority Recommendations letter to OPM.<sup>24</sup>

**Use relevant assessment methods and share hiring lists.** In March 2019, we reported that CHCOs and OPM officials we interviewed stated that roadblocks to hiring the right skills include issues with assessment methods.<sup>25</sup> Specifically, agencies may use methods that are less relevant for assessing the desired skills or agencies may experience issues incorporating multiple assessments in the hiring process. For example, one CHCO we interviewed said that her agency uses multiple-choice questions to assess candidates, but essay questions more effectively assess the skills she seeks. OPM issued guidance to agencies on how to use additional assessment methods, including how to rank applicants.

Additionally, federal employee and management group representatives we spoke with said agencies could reduce the time of the assessment process by sharing hiring lists.<sup>26</sup> The Competitive Service Act of 2015

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<sup>23</sup>Not all employees are eligible for special payments. We calculated the percentage of employees who received recruitment incentives as the number of recruitment incentives in a fiscal year divided by the total number of hires in a fiscal year. We calculated the percentage of employees who received retention incentives as the number of retention incentives divided by the average count of permanent employees at the beginning and end of the fiscal year.

<sup>24</sup>GAO, *Priority Open Recommendations: Office of Personnel Management*, [GAO-19-322SP](#) (Washington, D.C.: Apr. 3, 2019).

<sup>25</sup>[GAO-19-181](#).

<sup>26</sup>[GAO-19-181](#).

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allows agencies to share hiring lists, but agencies have only started to pilot the practice within departments, according to OPM officials we spoke with for our March 2019 report. OPM and agencies discussed sharing hiring certificates with the CHCO Council, and OPM is planning virtual training sessions on this topic. However, one federal employee group representative noted that to be consistent with merit principles, agencies may need to refresh the list every 2 to 3 months to give new candidates the opportunity to enter the application pool.

**Highlight agency mission and link to employees' work.** Agencies can help counter negative perceptions of federal work by promoting their missions and innovative work, according to experts and CHCOs we interviewed for our March 2019 report.<sup>27</sup> For example, DHS's CHCO told us that DHS provides "Day in the Life" information on its work to promote public awareness of how its everyday tasks tie in with its mission of protecting the United States.

In addition, we have previously reported that high-performing organizations create a "line of sight" between individual performance and organizational results by aligning employees' daily activities with broader results.<sup>28</sup> Agencies can motivate and retain employees by connecting them to their agency's mission, according to human capital experts and federal employee and management group representatives we interviewed. Employee responses to Federal Employee Viewpoint Survey (FEVS) indicate the federal government appears to be performing well in this area. In 2017, 84 percent of employees knew how their work related to the agency goals and priorities.<sup>29</sup>

**Increase awareness of benefits and incentives, such as work-life programs.** As shown in figure 2, the majority of federal employees were satisfied with compensation, and employees who participated in work-life programs were satisfied with those incentives.<sup>30</sup> However, OPM's 2018

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<sup>27</sup>[GAO-19-181](#).

<sup>28</sup>GAO, *Results-Oriented Cultures: Creating a Clear Linkage between Individual Performance and Organizational Success*, [GAO-03-488](#) (Washington, D.C.: Mar. 14, 2003).

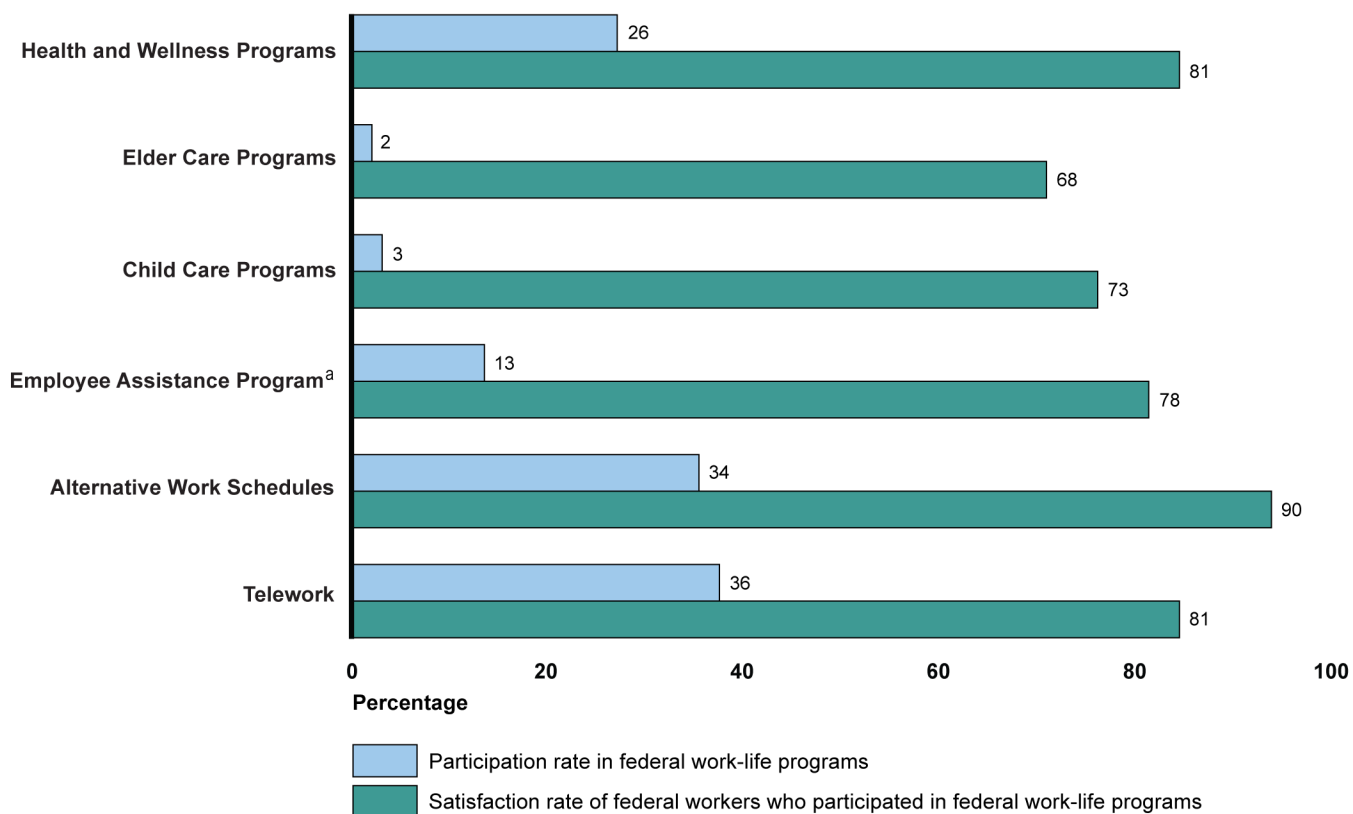
<sup>29</sup>[GAO-19-181](#).

<sup>30</sup>The 2017 FEVS is based on a generalizable sample of 1,139,882 employees. Unless otherwise noted, the margin of error for all estimates was within +/- 1 percent. Responses to satisfaction with work-life balance programs were recoded as missing if the respondent did not participate in the work-life balance program.

*Federal Work-Life Survey Governmentwide Report* found that one of the most commonly reported reasons employees do not participate in work-life programs is lack of program awareness among employees and supervisors.<sup>31</sup>

**Figure 2: Fewer Than Half of Survey Respondents Participate in Federal Work-Life Programs, but Those Who Participate Are Satisfied, 2017**

**Federal Work-life Programs**



Source: GAO analysis of Office of Personnel Management Federal Employee Viewpoint Survey (FEVS) data. | GAO-19-696T

Note: Responses stating that work life programs were not available ranged from 5 to 20 percent. Neutral responses on satisfaction ranged from 6 to 30 percent. The margin of error for all estimates was within +/- 1 percent. For more details, see appendix I in report [GAO-19-181](#).

<sup>a</sup>The employee assistance program is a voluntary program that offers free counseling and assessments to employees who have personal or work-related problems.

<sup>31</sup>See Office of Personnel Management, *Federal Work-Life Survey Governmentwide Report* (Washington, D.C.: March 2018).

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**Increase support for an inclusive work environment.** An increasingly diverse workforce can help provide agencies with the requisite talent and multidisciplinary knowledge to accomplish their missions.<sup>32</sup> In January 2005, we reported fostering a diverse and inclusive workplace could help organizations reduce costs by reducing turnover, increasing employee retention across demographic groups, and improving morale.<sup>33</sup> We also reported that top management commitment is a fundamental element in the implementation of diversity management initiatives.

**Encourage details, rotations, and other mobility opportunities.** In March 2019, we stated that CHCOs, human capital experts, and federal management groups said upward and lateral mobility opportunities are important for retaining employees.<sup>34</sup> CHCOs also said that in some cases, lateral mobility opportunities such as rotations, details, and opportunities to gain experience in other sectors can help employees gain new skills more cost-effectively than training, particularly for rapidly changing skill sets such as those related to the sciences. Further, we previously reported that effective interagency rotational assignments can develop participants' collaboration skills and build interagency networks.<sup>35</sup>

However, according to OPM data, few employees in 2017 moved horizontally because, according to federal manager group representatives and our previous work, managers are sometimes reluctant to lose employees. (See table 2.)

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<sup>32</sup>[GAO-19-181](#).

<sup>33</sup>GAO, *Diversity Management: Expert-Identified Leading Practices and Agency Examples*, [GAO-05-90](#) (Washington, D.C.: Jan. 14, 2005).

<sup>34</sup>[GAO-19-181](#).

<sup>35</sup>GAO, *Interagency Collaboration: State and Army Personnel Rotation Programs Can Build on Positive Results with Additional Preparation and Evaluation*, [GAO-12-386](#) (Washington, D.C.: Mar. 9, 2012).



**Table 2: Few Permanent Employees Moved Horizontally, 2017**

Horizontal movement	Percent of permanent employees
Details	0.01
Interagency transfers	0.6

Source: GAO analysis of Office of Personnel Management Enterprise Human Resources Integration (EHRI) Data. | GAO-19-696T

Notes: EHRI captures details to state or local governments, international organizations, and higher grade positions or positions with promotion potential. Interagency transfers do not include Senior Executive Service transfers or transfers due to career assistance programs.

We calculated the number of permanent employees using the average count of permanent employees at the beginning and end of the fiscal year.

We have previously made recommendations that could help address these challenges. For example in 2015, we recommended that OPM determine if promising practices, such as providing detail opportunities or rotational assignments to managerial candidates prior to promotion, should be more widely used across government.<sup>36</sup> OPM partially concurred with this recommendation and agreed to work with the CHCO Council to explore more government-wide use of rotational assignments. However, OPM noted that agencies already have authority to take these actions. In June 2019, OPM officials told us they had discussed the scalability of promising practices for supervisors—specifically, details and rotational assignments and a dual career ladder—with members of the CHCO Council. OPM found these practices were being used at some agencies, but has not determined if these practices may be beneficial to other agencies.

In conclusion, OPM has instituted numerous efforts to assist agencies' in addressing mission-critical skills gaps within their workforces. This includes providing guidance, training and on-going support for agencies on the use of comprehensive data analytic methods for identifying skills gaps and the development of strategies to address these gaps. However, as of December 2018, OPM had not fully implemented 29 of our recommendations made since 2012 relating to this high-risk area. We will continue to monitor OPM's efforts to implement our recommendations. Further, we have reported on numerous talent management strategies that can help agencies better manage the current and future workforce. Without these measures, the federal government's ability to address the

<sup>36</sup>GAO, *Federal Workforce: Improved Supervision and Better Use of Probationary Periods Are Needed to Address Substandard Employee Performance*, GAO-15-191 (Washington, D.C.: Feb. 6, 2015).

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complex social, economic, and security challenges facing the country may be compromised.

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Chairman Lankford, Ranking Member Sinema, and Members of the Subcommittee, this completes my prepared statement. I would be pleased to respond to any questions you may have at this time.

If you or your staff have any questions about this testimony, please contact Yvonne D. Jones, Director, Strategic Issues, at (202) 512-6806 or [jonesy@gao.gov](mailto:jonesy@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony are Clifton Douglas, Jr., Assistant Director; Christopher Falcone; Karin Fangman; Cindy Saunders, Alan Rozzi and Katherine Wulff.

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