



**CLOSING
THE GAP**

Seven Obstacles to a First-Class Federal Workforce

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PARTNERSHIP FOR PUBLIC SERVICE



Grant Thornton

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EXECUTIVE SUMMARY

On May 11, 2010, President Obama sent a memo to his Cabinet and other agency heads directing them to “overhaul the way they recruit and hire our civilian workforce,” declaring that the “complexity and inefficiency of today’s federal hiring process deters many highly qualified individuals from seeking and obtaining jobs in the federal government.”

The directive was unique in the 127-year history of the federal civil service, and represents a clear recognition by a president with a very full and challenging agenda that the ability of our government to serve the needs of the American people depends on having a strong and highly capable workforce.

This hiring reform effort is part of a broader initiative to deal with a series of troubling federal workforce management policies and practices—issues of great concern to the government’s Chief Human Capital Officers (CHCOs).

In the third series of in-depth interviews since 2007, the Partnership for Public Service and Grant Thornton LLP sought the views of 68 CHCOs and HR leaders on the state of the federal workforce and the president’s government reform agenda. They also were asked for recommendations on what it will really take to bring about change, further strengthen the civil service and improve government operations.

The CHCOs surfaced seven major obstacles to building a first-class federal workforce: hiring practices; pay, classification and performance management systems; the sometimes tense relationship between federal agencies and the central HR authority, the Office of Personnel Management (OPM); the leadership capabilities of federal managers; the competency of HR workers; substandard HR information technology systems; and labor relations.

As the primary policy advisors for federal agencies on all human resource management issues, the CHCOs are supportive of the president’s new hiring initiative and many of his efforts to reform federal workforce management policies. They are anxious to close the gap between the status quo and where the government could and should be in the not too distant future. But this enthusiasm is tempered by the difficulties that they will face in reaching many of these important objectives.

When it came down to describing the state of human capital management in the federal government today, there was broad consensus among the CHCOs and the other HR leaders that the ability to build and maintain a high quality workforce is being seriously harmed by longstanding, systemic and often dysfunctional practices and policies.

Chief among them is the arcane federal hiring system, a problem the president is now seeking to address with plans to make the process more applicant-friendly; to eliminate requirements for responses to essay-style questions during the early stages of the process; to improve the speed and quality of hiring; and to more fully involve managers and supervisors in the hiring decisions.

Though the CHCOs fully support these efforts, they expressed strong doubts that the human resources community, the very people who will be on the frontlines seeking to implement the hiring reform plan, are up to the task. Sixty percent of the CHCOs report that their HR staff members possess the competencies they will need to be successful in the future only to limited or moderate extent.

The CHCOs believe that far too many of the 25,000 HR professionals in the federal workforce do not have the necessary skills to help their agencies transition to a new state of improved human resource operations and workforce management. In fact, they believe the situation may get worse with new demands and expectations driven by the administration’s hiring reforms and other initiatives.

As one CHCO warned, “They want us to hire all these people, but HR itself does not have the skill set.”

In addition, the CHCOs said insufficient resources are being devoted to HR training—an important element needed to improve the competency of this pivotal workforce and to bring about other important changes in personnel policies across the government.

Moreover, the CHCOs said the HR community is handicapped by a lack of robust information technology systems. The CHCOs said many agencies are forced to rely on outdated manual systems or have ended up developing unique IT systems to manage the HR operations because of the absence of common or standardized sys-

tems to use across government. This current approach, they said, is wasteful and inefficient.

In addition to the problems with the hiring system, the skill gaps of the HR workforce and the resource problems, the CHCOs identified a number of other challenges that will need to be addressed. The CHCOs said:

- An antiquated and overly rigid pay and classification system and inequities in the pay flexibilities available to agencies are hindering efforts to attract, motivate and retain the quality workforce that is needed.
- A number of agencies believe they have made progress with their performance management systems—particularly in linking individual performance standards to organizational goals. Yet there is uncertainty and some apprehension over the future of pay-for-performance efforts, especially in light of the dismantling of the National Security Personnel System initiative at the Department of Defense.
- The relationship between CHCOs and OPM is uneven. The OPM director and his chief advisors generally receive good marks, but there is tension over OPM’s aggressive reform agenda that is straining the resources of some agencies. CHCOs also believe there is a disconnect between what OPM’s leadership says and what some of the career OPM staff do.
- Federal managers and supervisors need additional investment in their training and development, particularly in leadership and effective workforce management. They also need to be given the flexibility to manage well and be held accountable when they manage poorly.
- While the relationship between management and unions remains largely adversarial in a few agencies, the recent Executive Order on Labor-Management Forums and the administration’s stated goal of a more collaborative and constructive relationship were seen as having a positive impact and providing movement in the right direction.

Many of the issues cited in the 2010 survey parallel the president’s workforce and management agenda, including initiatives to improve federal labor-management relations, to help agencies design or improve their performance systems, and to improve federal pay and reward systems. These views also are consistent with the 2008 CHCO survey, “Elevating Our Federal Workforce.”

The CHCOs strongly indicated that they are ready to do their part by helping repair and overhaul the systems and policies that are hurting the health and effectiveness of our federal workforce.

The more challenging question on which there is less agreement is how to achieve these changes. The responses from the CHCOs suggested the task will not be easy, and will require substantial resources and a sustained commitment from top political and career leadership at every agency to make any real headway.

The report lists a number of specific recommendations from the CHCOs. While answers varied based on factors such as the size of the agency, the resources available, and how much change to existing agency policies and practices would be required, below are the overarching consensus recommendations:

- **The government’s much needed hiring reforms should focus on the end results, and departments and agencies should have considerable flexibility to determine how best to achieve those results.**

The road to improving the hiring process must be predicated on the merit system principles and public policy goals, as well as requirements such as workforce diversity and veterans’ preference. Beyond that, agencies should be allowed to select from among a variety of approved tools (for example, from among different hiring authorities) that work best for them. Accountability for results and adherence to merit principles should be determined largely by an audit.

- **When “faster and better” are potentially competing goals for hiring and other reform efforts, the priority should be given to “better.”**

While the CHCOs and other HR leaders understand the value of faster turnaround on a number of HR systems and processes, they also emphasized that getting the right end result is the more important goal—even if it takes a little longer than planned. While there is clearly a connection between the laudable goals of speeding up the hiring process and the ability to hire highly qualified candidates well matched to the job, the most important goal is to end up with the right candidate for the position.

- **A greater investment is needed to improve the capabilities and competencies of federal managers and HR staffs—and to ensure those newly selected for these jobs have what it takes to succeed.**

Federal managers and HR staffs have a demanding role to play in putting needed HR reforms into place

and making sure they work. Unfortunately, too many human resources employees and too many managers are simply not prepared for this role. The anticipated turnover among many current managers and HR professionals creates an opportunity to improve.

- **The track record for federal pay reform is spotty at best, but the CHCOs are nearly unanimous in their conviction that the government must do better than the current system.**

The CHCOs recognized that changing the pay system is likely to be an extremely difficult endeavor, but there was agreement that the status quo will prevent the federal government from being a model employer and hinder its ability to recruit, retain and honor a world-class workforce. Among the issues that need to be addressed: a dysfunctional position classification system; frequently noncompetitive entry-level pay and pay compression at higher pay levels; lack of a level playing field in that some agencies are able to pay more than others for comparable jobs; and a need to know more about why past efforts at pay-for-performance were unsuccessful. The CHCOs believe there is more that can be learned from successful alternative pay systems.

- **The current leadership at OPM receives high marks from the CHCOs, but they see some internal “disconnects” within OPM and an opportunity for OPM to engage in “more assisting and less insisting.”**

As in the previous CHCO surveys, there are some differences of opinion about the proper role for OPM. Overall, though, the CHCOs agreed that they would like OPM staff to better understand their needs and focus less on pointing out problems and more on helping find or implement solutions. Among the specific recommendations is that OPM’s policy staff have agency-level operational experience; that OPM remove any requirements no longer needed when adding new HR requirements or workforce initiatives; that OPM champion a government-wide initiative to improve the federal HR workforce; that OPM provide assistance in developing a short list of HR IT solutions; and that OPM show a demonstrated understanding that “one size doesn’t fit all” with regard to how agencies achieve the administration’s vision for the workforce.

- **The CHCOs and other HR leaders strongly support greater collaboration and sharing within the federal government and among other stakeholders in building a more effective federal workforce.**

Not only do the CHCOs desire a more collaborative partnership with OPM, they also recommend and support more cross-agency collaboration with the other C-suite communities (chief financial officers, chief information officers and chief acquisition officers); more involvement by federal employee unions and other stakeholders in implementation of civil service reforms; and more cross-agency sharing among HR offices such as providing information on highly qualified applicants for common jobs. The CHCOs also noted that Congress would need to be involved in enabling, via legislation, some of the desired changes.

INTRODUCTION

The Partnership for Public Service and Grant Thornton LLP conducted the third in a series of surveys of chief human capital officers (CHCOs), seeking their views and recommendations on a wide range of human capital management policies and practices that are impeding our government’s ability to hire, develop, motivate and retain the high-caliber talent the government and the American public need.

The views of the CHCOs are important. As the primary policy advisors on all human resource management issues for federal agencies, CHCOs are responsible for helping leadership manage an effective, productive government workforce. Since the position was created by Congress in 2002, the role of the CHCO has grown in stature as government leaders have come to realize that good workforce management makes a difference—and that good government needs good people.

Our first survey in 2007 took a broad look at the state of human capital management in the federal government. In our 2008 survey, CHCOs offered advice to the incoming Obama administration. Now that President Obama and his team have established their human capital agenda, we asked CHCOs to weigh in on those goals and objectives, many of which correlate with the CHCOs’ “wish list” outlined in our 2008 survey.

The larger question in the 2010 survey centered on how we reach some of those important goals, including creating a better hiring system, developing a more competent human resources workforce, improving workforce management and leadership, and designing a better pay and classification system. What will it take to bridge the divide between where we are today and where we want to be tomorrow?

Between November 2009 and May 2010, we interviewed 68 CHCOs and human resource leaders, both political appointees and career civil servants, from all major departments and a number of small and independent agencies. Interviews were conducted on a “not-for-attribution” basis to encourage candor.

To maintain consistency, all interviews were conducted by John Palguta, vice president for policy at the Partnership and a retired member of the Senior Executive Service (SES) with more than 30 years of experience in federal government human resource management and policy. Other professionals from the Partnership and

Grant Thornton attended interviews, recorded and analyzed responses, and helped develop this report.

We asked survey participants a series of open-ended discussion questions and eight closed-ended questions on critical human capital issues. The goal was to allow the CHCOs to shape the discussion. This report summarizes and analyzes their responses. All analysis or interpretation contained in this report is based on information collected during our interviews, and all direct quotes are those of survey participants.¹

Where is the government’s workforce management headed?

In the 2008 CHCO survey, the CHCOs called on the new president to make civil service reform a government-wide effort and to concentrate on people issues. They urged creation of 21st century systems to support a 21st century workforce; reform of the General Schedule (GS) pay and classification system; improvement of the hiring process; a retooling of the Office of Personnel Management (OPM); investments in the human resources workforce; and providing CHCOs with the resources they need to be effective.

The Obama administration hit the ground running on the human capital front in 2009, taking early and bold steps to outline a new vision, mission and strategy for the OPM.

OPM’s Vision

The Federal Government will become America’s model employer for the 21st Century.

OPM’s Mission

Recruit, retain and honor a world-class workforce to serve the American people.

OPM’s Strategic Goals

Hire the best; respect the workforce; expect the best; honor service.

¹ Because we asked open-ended questions, the percentages reported for these questions should not be interpreted in the same way as the answers to the closed-ended questions. For example, if one-third of survey participants mentioned a specific topic in response to a discussion question, this is significant because the answer was offered without prompting, as opposed to chosen from a list of options. Answers to closed-ended questions are represented with graphs.

During the first year, the president and a number of his key appointees demonstrated a high level of commitment to these three overarching OPM objectives.

Most recently, the administration laid out detailed plans and timetables for reforming the federal hiring process. The administration also has advocated for, and in some cases begun to take, affirmative steps on a number of other fronts. These include improving federal manager and employee training; strengthening the capacity of federal agencies to use the results of employee surveys to improve agency operations; analyzing the balance between work done by federal employees and by contractors; assisting veterans to find federal jobs; improving federal labor-management relations; helping agencies design or improve their performance systems; and improving federal pay and reward systems.

So, it would appear that CHCOs and other HR leaders received at least some of what they asked for—an administration that has made an effective government workforce a top priority and one that has outlined a number of ambitious goals and plans for modernizing the federal civil service. Does the saying, “Be careful what you ask for—you might just get it” apply here or is the federal HR community pleased with the attention being paid to its issues?

The CHCOs and the other HR leaders we interviewed generally agreed that the overall workforce management challenges and goals identified by the administration were the right ones. They were enthusiastic about the potential for improvement, but were also sobered by an understanding that the degree of difficulty involved in meeting a number of those goals is substantial and that the resources they have available are potentially inadequate.

While our conversations with the CHCOs were far-ranging, they revealed seven major issue areas that in a number of instances overlap the administration’s agenda: the cumbersome hiring process; the antiquated pay and classification systems and less than effective performance management systems; the uneven relationship between CHCOs and OPM; an HR workforce that too often lacks the competencies needed to move forward; outdated, manual processes and a lack of robust HR information technology solutions; insufficient leadership and workforce management skills among too many federal managers; and the adversarial relationships between high-level management and employee unions.

In each of these areas, there was a clear consensus about the need for change, and at the heart of each discussion

were the practical considerations and the obstacles that must be overcome. The CHCOs, in fact, worried that the gap between where they are and where they are being asked to go may be wider than many realize. However, they are ready to try, and through this report, have offered their views and recommendations on what is needed to achieve meaningful reforms.

WHAT WE HAVE

WHAT WE NEED

<p>A cumbersome, complex hiring process</p>	<p>1 A nimble, modern system to recruit and hire a diverse and productive 21st century workforce</p>
<p>Antiquated pay and classification system and ineffective performance management</p>	<p>2 The ability to attract, fairly compensate, reward, motivate and retain the right people with the right skills</p>
<p>Uneven relationships between CHCOs and OPM</p>	<p>3 OPM as a trusted advisor and resource</p>
<p>An HR workforce that too often lacks the competencies needed going forward</p>	<p>4 HR professionals with the ability to think and manage strategically and to be true business partners</p>
<p>Manual processes and a lack of robust HR IT solutions</p>	<p>5 Technology and processes that streamline operations and produce the data and results needed to manage effectively</p>
<p>Insufficient leadership and workforce management skills among too many federal managers</p>	<p>6 Trained and capable leaders who inspire and bring out the best in the workforce</p>
<p>Adversarial relationships between high-level management and employee unions</p>	<p>7 A shared vision and collaboration between managers and unions</p>

WHERE WE ARE AND WHAT IT WILL TAKE TO IMPROVE

1 WHAT WE HAVE

A cumbersome, complex hiring process

Despite numerous attempts to improve the hiring process, including reductions in cycle time, the current hiring system has been a chief complaint of respondents for the past three surveys. While nearly every aspect of federal hiring is designed to meet laudable public policy goals—to give priority to veterans, preserve merit principles and foster a diverse workforce—the result is a complex, cumbersome system that does not meet the needs of workers in today’s era of instantaneous communication.

Nearly every CHCO agreed that the federal hiring system should undergo major reform in order to build the workforce the federal government needs. In fact, OPM, with the support of the Office of Management and Budget (OMB), has made hiring reform a centerpiece of its agenda. As one CHCO said, “Hiring is the most important thing we do—and it is the lowest rated.”

CHALLENGE

Hiring is complex due to merit principles

CHCOs feel that the complexity of federal hiring creates a situation where only those in government can navigate the system. “We only end up hiring people who are already familiar with the system. We end up just cannibalizing each other,” said one interviewee. Many are concerned that this keeps a great many talented people from considering government service, depriving the American people of the best skills available.

However, making things easier for applicants is not the only consideration. Several CHCOs maintained that the goals of a faster and more applicant-friendly hiring system must be balanced with the requirements of public policy and the statutory merit system principles.² “It’s far from efficient, but there are certain public values that the system is intended to protect. There is an inherent tension between those competing values. You can have both efficiency and merit, but there has to be a certain balance,” said one CHCO. Another commented, “Merit system is important. I would be saddened if we went too far away from merit principles; we would let the American public down.” Another interviewee also suggested, however, that the merit principles them-

selves may need to be updated, “Do [the principles] really match this generation’s expectations?”

CHALLENGE

Veterans preference is focused on process instead of outcome

To recognize the sacrifice of veterans and prevent them from being penalized for time in service to the military, veterans have been entitled to preference in federal hiring since the Civil War. Today’s rules are based on the Veterans’ Preference Act of 1944, as amended and codified in Title 5 of the U.S. Code. All CHCOs interviewed support the intent behind veterans preference and applaud the Obama administration for making it a top priority, for example, by issuing a November 2009 Executive Order, “Employment of Veterans in the Federal Government.”

While the law does not create entitlement to a federal job—only entitlement to preferential consideration—the clear intent of the Veterans’ Preference Act is to enable more qualified veterans to become civilian employees in the federal government than would otherwise be the case. In practice, the application of the law has often become a matter of ensuring adherence to process and procedure regardless of whether qualified veterans are actually being hired. Most of the CHCOs interviewed would rather see the emphasis be on goals for hiring veterans rather than prescriptions on the process.

Interviewees spoke of the need to change preconceived notions many managers have about the abilities of veterans. A few interviewees said it may simply be a matter of control. As one said, “When you tell someone you have to hire a certain person, they dig their heels in.” Others believe that this lack of confidence may be more ingrained. Some hiring managers believe that they receive lists of eligible candidates containing veterans who are unqualified for the position to be filled and who block better qualified candidates. Sometimes a hiring manager expresses surprise when he or she receives a veteran candidate who is well qualified. One interviewee lamented, “I’ve heard people say, ‘Even though they are a veteran, they are good.’”

Hiring managers may elect not to use a list of referred candidates if they do not believe there is a suitable candidate for the job. They may instead not fill the position or they may fill the position a different way, such as a lateral transfer of another federal employee. Sometimes

² Title 5, U.S.C. §2301(b).

they may use internal competitive merit promotion procedures for which the preference does not apply. For all of these reasons, a majority of CHCOs believe that focusing on end results, in this case qualified veterans actually being hired, would ultimately be more productive than ensuring that certain process or procedural requirements were being met.

CHALLENGE

Diversity is lagging for Hispanics and within the SES

Diversity was described as a top priority for CHCOs, and interviewees were generally pleased that OPM and the Obama administration were focusing on it. As one respondent said, “There is no question that for any organization to succeed today it must keep pace with the nation’s changing demographics.” Others noted that diversity was more than just demographic diversity and that it also included diversity of experience and backgrounds.

Most of the CHCOs also thought their organizations were doing a good job bringing in a diverse workforce through the hiring system, although diversity at higher grade levels is still an issue. Workforce statistics seem to support that contention. For example, the annual Federal Equal Opportunity Recruitment Program report issued by the OPM has shown steady increases in the total representation of minorities and women in the government. In fact, with the exception of Hispanics, other minorities and women are represented at a rate that is close to or exceeds their representation in the civilian labor force. While progress is also being made in increased representation of women and minorities at higher grade levels, they are still underrepresented in the Senior Executive Service compared to their overall representation in the federal workforce.

CHALLENGE

It is difficult to obtain authority for current hiring flexibilities

Current laws and regulations offer a few flexibilities to enhance the ability of the federal government to hire and recruit in certain situations. Particularly useful are direct-hire authority, dual compensation waivers, student loan repayments, and hiring and retention bonuses. In 2007, our interviewees said it was difficult to use these flexibilities, so we included a direct question on the usefulness of each in both our 2008 and 2010 surveys. The results are depicted in figures 1-4.

Generally, CHCOs said it has not become any easier to use dual compensation waivers since 2008, with 37 percent saying they were useful to a great or very great extent in 2008 and 38 percent saying the same thing in

2010. The barrier is how difficult it is to get approval from OPM. According to one interviewee, “It takes an act of God to get a dual comp waiver, and by the time you get it the need is gone.” Mitigating this situation, however, is the fact that several federal agencies have delegated authority to provide a dual compensation waiver for situations that meet prescribed criteria.

The usefulness of direct-hire authority has stayed roughly the same since 2008. While the percentage who described it as useful to a great or very great extent declined (from 52 to 46 percent), the proportion who said it’s moderately useful increased from 19 to 28 percent. Again, the barrier is the difficulty of getting authority from OPM unless that authority has been delegated to the agency as part of a blanket authority for a hard-to-fill occupation.

CHCOs also indicate that it has become more difficult to use student loan repayments over the past two years, with the percentage saying it was useful to a great or very great extent declining dramatically from 52 percent in 2008 to 26 percent in 2010. The primary barrier is budget constraints.

Budget constraints also limit the ability to use hiring and retention bonuses, according to respondents. The percentage of CHCOs who said they were able to make use of them to a great or very great extent declined from 60 percent in 2008 to 42 percent in 2010.

CHALLENGE

USAJOBS.gov hinders the hiring process

Despite many improvements, CHCOs still are not happy with current information technology solutions, including OPM’s hiring portal, USAJOBS.gov. According to one respondent, “We are chasing people away in droves.” (It is important to note that some interviews took place before OPM revamped its USAJOBS.gov website based on feedback and focus groups. CHCOs were generally supportive of this effort.)

Figure 1

To what extent are OPM-approved dual compensation waivers a useful tool? (■ 2010 / ■ 2008)

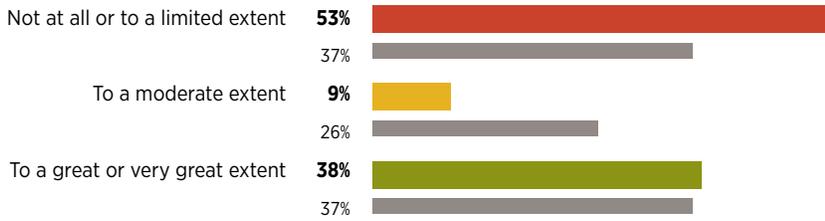


Figure 2

To what extent is direct hire authority useful as it is currently structured? (■ 2010 / ■ 2008)

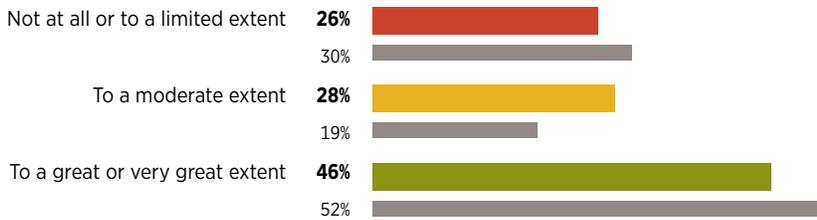


Figure 3

To what extent do you find student loan repayment to be a useful tool? (■ 2010 / ■ 2008)

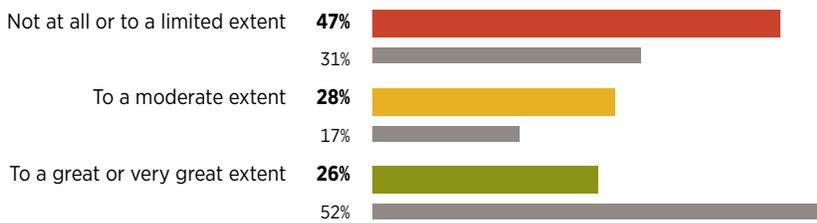
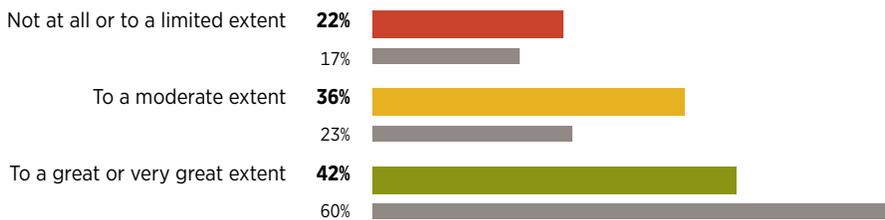


Figure 4

To what extent are you able to make optimal use of hiring and retention bonuses? (■ 2010 / ■ 2008)



1 WHAT WE NEED

A nimble, modern system to recruit and hire a diverse 21st century workforce

KEY TO SUCCESS

Applicant assessment

A major part of answering the hiring challenge and achieving the government's public policy goals is better assessments, respondents said. For example, "On veterans' initiatives, I am a broken record: the key is credible assessments. Hiring managers need to believe in these people," said an interviewee. Others agreed, and stressed the importance of developing the right assessment skills to accomplish that goal. "Category ranking assumes a sophisticated assessment system," said one human resources professional.

Lack of the right competencies among some HR staff, particularly in the area of assessments, is a related issue that has to be addressed. "The heart of the matter is assessment," said one interviewee. The CHCOs also pointed out that assessment skills cannot necessarily be replaced by automation. "The pendulum is shifting to a more human touch in the assessment process, but to become more efficient, we have a smaller staff. How do we retool the people we have? We don't have people who are schooled in sophisticated assessments." Further echoing this concern, another CHCO said, "We are all victims of the myth that we can just rely on technology. Resumes need to be read by people who know what the job entails."

KEY TO SUCCESS

Hiring reform, hiring flexibilities and internships

Nearly all CHCOs also said that it is important to consider how hiring reform impacts diversity. "We really need major hiring reform to fully address diversity issues," said one CHCO. "How are we supposed to improve hiring among [underrepresented] populations when our hiring system is broken and totally closed?" Hiring flexibilities such as direct hire authority and the Federal Career Intern Program (FCIP), which allow agencies to better target their recruitment efforts, are seen as critical elements as well. For example, CHCOs told us that they need student internship programs as well as the FCIP to enhance diversity. Several CHCOs said the FCIP is a key tool to foster diversity. "We rely on it—I need it," said one respondent. Another added, "We are concerned that if we lose FCIP, it will hurt diversity."

Most CHCOs also believe that diversity is best achieved through targeted recruitment—developing relationships with a small number of key schools or communi-

ties. "A lot of recruitment is personal—the bond needs to be personal," said one CHCO who has made strides using that model. Several respondents also suggested that better hiring could improve retention by improving the "fit" between the job and the new hire, which is an important part of the equation to foster sustainable diversity practices. "[A good match to the job] helps to drive acceptance and make people feel like they are part of a community," said a respondent.

KEY TO SUCCESS

Manager involvement

Timeliness or length of vacancy announcements are not necessarily the right measure, according to most respondents. The real need is measuring the quality of hires. "Quick and bad is not the solution," said one CHCO. Another echoed this thought, noting, "Shaving a day here or there off the hiring timeline gets us nowhere." Along those same lines, a respondent said, "We need to focus on hiring quality people—not how many pages we can shorten our vacancy announcements." Several respondents warned that the length of vacancy announcements online can be misleading because they often include links to other websites, making the process harder and longer—not easier and shorter—for the applicant.

Along these lines, managers have a vested interest in finding the right person for the job—not necessarily meeting an arbitrary timeline. "Hiring managers have other things to do, and in the real world they want a good person—not a box checked by OPM," said an interviewee. In fact, some initiatives designed to make the process easier may actually complicate matters for hiring managers. One CHCO provided this example: "Meshing generic position descriptions with the need for specific skills is a lot of work for a hiring manager."

Nearly all CHCOs interviewed stressed that it is critical to involve managers completely in the hiring process—from beginning to end. "I don't hire people, managers do," said a respondent. "We can enable reform, but it will be management's implementation that drives it." Many CHCOs offered specific examples of where the process breaks down without management involvement. For example, unless a manager takes the time to define what skills and characteristics a new hire must have to be successful, the HR office may not search or screen for the right candidates. Also, unless a manager is willing to be actively involved in outreach and recruitment activities, some of the best potential candidates may not apply. Finally, unless a manager is willing to follow through in a timely manner with reviewing

and interviewing referred applicants, some of the best applicants may be lost to other employers.

KEY TO SUCCESS

Cross-agency applicant pools

Even if the government is sometimes viewed as one employer, it operates as multiple employers. The truth of the matter is that depending on what aspect of the hiring process is being examined, it can be both. Can we leverage those agencies with better “brand identity,” as one CHCO suggested, by sharing well qualified applicants across agency lines?

It was noted that OPM is also re-establishing central registers for common positions, where agencies can choose from among pre-selected candidates. A few of our interviewees thought well of this idea, although a number of them were skeptical that the quality of applicants referred would meet their high standards. Also, as one CHCO put it, “Once upon a time, central registers were too inconvenient and too slow.” Another agency leader, however, expressed support for the idea of sharing pre-screened, well-qualified job candidates, but also noted that OPM need not be the only source for such applicants. However, it will take congressional action to allow individual agencies to share candidates with other agencies.

KEY TO SUCCESS

Congressional action

The majority of CHCOs interviewed said that hiring reform cannot be achieved by process improvements permissible under current law alone. Real reform will require legislative changes. For example, the inflexibility of the federal pay system can put the government at a significant disadvantage when recruiting talent at both the entry and senior levels even if average pay for a particular occupation is adequate. The confusing array of federal hiring authorities is rooted in the law. “A lot of what has to be done requires congressional action, but Congress is great at kicking the can down the road. I know I am not alone in worrying about the level of expertise in Congress,” said one interviewee.

KEY TO SUCCESS

Long-term planning

As in years past, CHCOs cautioned policy leaders to consider the broad implications of changes. One interviewee said, “We have scars from other initiatives because they were not thought out fully. When that happens, the process is ripping and tearing rather than anything smooth. Make sure you’re changing what needs to be changed—not just reacting from crisis to crisis. We need to think big picture and long term. What we cannot do is go from one band aid solution to another.”

Along those lines, CHCOs mentioned a few considerations that should be taken into account when developing policy. For example, the current economy has changed many of the old assumptions about the attractiveness of government service. “With this job market people are actually excited about working for the federal government,” said one CHCO. Another interviewee agreed, noting, “It used to be that the conventional wisdom was that you had to entice people. Now they are coming to us.” The overriding message, however, is that the economy is cyclical in nature, so when setting policy, it is important not to put permanent provisions in place based on temporary conditions. When the overall economy improves and unemployment declines, the federal government will need more tools than it has now to attract the right talent.

KEY TO SUCCESS

Application requirements

Part of OPM’s look at reforming the hiring process has included a discussion of the usefulness of Knowledge, Skills and Abilities (KSA) essays. The presidential memo issued May 11, 2010 directs agency heads to discontinue asking applicants for KSA essays at the initial stage of the application process. KSAs were designed to facilitate the process of culling the hundreds of thousands of resumes the federal government receives in the absence of a test or other assessment tools. An essay written by prospective employees to describe how their skills will fit a specific position, KSAs are burdensome for applicants—particularly those new to government. A few of our interviewees argued that they keep talent away. In fact, a small number of CHCOs interviewed said they do not use KSA essays. Several, however, said it does not make sense to get rid of these essays. For one thing, they ease the burden on an already stretched HR staff. As one CHCO said, “If you make it so all you need is a resume, you’ll open the floodgates.” Some CHCOs saw OPM’s suspension of the KSA requirement as giving an unfunded mandate to a workforce already stretched far too thin.

Subsequent to many of these interviews, OPM issued guidance to agencies pledging assistance and clarifying that agencies can still require additional information—presumably including KSAs—besides a resume from those who pass an initial screen of basic qualifications.

2 WHAT WE HAVE

An antiquated pay and classification system and ineffective performance management

Laws that govern all aspects of federal employment—including compensation—are contained in Title 5 of the U.S. Code. The current structure has been in place since the Classification Act of 1923, which divided government jobs into five distinct services or classifications. The Classification Act of 1949 expanded the 1923 law and established the General Schedule (GS), which is still used today.

Both the 2007 and 2008 CHCO surveys revealed growing discontent with the GS and its ability to support a modern 21st century workforce. The specific aspect of the GS pay system garnering the most criticism now and in previous surveys is the position classification system, which is based on broad statutory descriptions of the types of work (in terms of difficulty and level of responsibility) that should be assigned to each of 15 grade levels.

CHALLENGE

The classification system is antiquated and too rigid

A large majority of CHCOs said that the position classification system is outdated and needs an overhaul. A 50-year-old system, created when 70 percent of the workforce performed clerical or low-level technical work, is not the right structure for today, respondents said. According to one CHCO, “The classification system is ancient.” When asked what should be done with the classification system, one CHCO bluntly suggested “We should just blow it up!”

The need to divide all jobs into one of 15 grade levels can lead to seemingly arbitrary distinctions. For example, the difference in the position classification standards between a GS-11 and a GS-12 level job is, in part, that the GS-11 position performs work of “marked difficulty and responsibility,” while the GS-12 position performs work of “a very high order of difficulty and responsibility.” The result is rigidity that stymies the ability of managers to compensate workers fairly by limiting the effectiveness of other pay initiatives. For example, one CHCO noted, “Market-based pay makes sense, but you run into problems with the classification system.” Another CHCO mentioned the problem of converting employees back to the GS from the National Security Personnel System (NSPS), explaining how difficult it will be to find the right fit for people within the classification system. In fact, recent reports indicate that many workers converting back to the GS from NSPS will need to forgo raises for the next several years as their salaries

fall back in line with the classification system under the GS.

CHALLENGE

SES pay compression is an ongoing concern

Many respondents also volunteered that they worry about pay compression. In the federal government, this has occurred because some members of the SES have reached the maximum salary allowable by law and cannot receive raises or performance bonuses, while employees under the GS system, who are not subject to the same limitations, can continue to earn annual pay adjustments. Since the SES pay scale is tied to pay for members of Congress, executives are held hostage every few years while they wait for Congress to take (or not take) the politically unpopular step of voting itself a raise. Right now, GS-15 pay at the higher steps significantly overlaps the SES pay range. “Our executives are not making much more than top employees,” said one CHCO. Another added, “There needs to be congressional action. History shows that we reach the cap all the time.”

PAY RANGES		
GS-15 (Base)	\$98,156	\$127,604
GS-15 (D.C.)	\$120,830	\$153,200
SES (Base)	\$117,787	\$162,900
SES (OPM approved)	\$117,787	\$177,000

CHALLENGE

Pay banding is viewed positively, but there is uncertainty over pay-for-performance

By and large, interviewees had a positive view of pay banding as a possible alternative to the more rigid 15 grade classification system. Most of the alternative pay systems and demonstration projects that have been approved over time use a pay banding approach, with the GS grade levels combined into a smaller number of broad bands. Managers typically have greater authority and flexibility to set pay for individuals within their band and to set the initial pay for new hires.

However, uncertainty over the future of pay-for-performance increased since our 2007 and 2008 interviews, with the majority of CHCOs saying that while they supported efforts to recognize and reward high performing employees, they had reservations about the ability of government to implement a true pay-for-performance system. Several mentioned the difficult path of the National Security Personnel System, the Defense Department system established in 2002 that was recently abolished by Congress. Other concerns about pay-for-

performance include budget limitations and the lack of credible performance management systems.

A number of interviewees said that budget constraints limit the effectiveness of pay-for-performance. Said one CHCO, “The use of performance awards is totally budget driven, yet, ironically, it is in tough budget times that employees have to perform more creatively and efficiently—and they should be rewarded for it. In some places they have money for SES pools, but nothing for the front line. We should have a consistent amount and budget for it at the beginning of the year. People need to feel they are being treated fairly. [Performance] awards can be negative on morale if they are not fair.”

CHALLENGE

Faith needs to be restored in performance management efforts

President George W. Bush made employee performance management a priority in the President’s Management Agenda, and our 2007 and 2008 surveys showed a high level of support and optimism in that area. Human capital management leaders pushed for—and agencies began to implement—five-level rating systems in place of three-level or pass/fail systems, and a number of pay-for-performance systems were rolled out, beginning with the SES. The 2010 survey, however, showed less optimism and perhaps less faith in the ability of agency performance management systems to actually improve employee performance, and some agencies have plans to move away from the five-level systems in favor of three-level systems.

2 WHAT WE NEED

The ability to attract, fairly compensate, reward and motivate the right people with the right skills

KEY TO SUCCESS

A level playing field

When considering reform focused on compensation, a majority of survey participants want to level the playing field by taking a government-wide approach. Several CHCOs in agencies under the GS system noted that they were losing some of their best employees to other federal agencies that can pay more. “I feel like [new] feds cut their teeth at our expense, then leave for another agency with more [pay] flexibility. I feel like I’m working with one arm tied behind my back. This is particularly evident in the support functions—acquisition, finance, HR.” One CHCO of a large department with multiple components under different statutory pay systems said, “Title 5 can’t keep up.”

KEY TO SUCCESS

Other forms of compensation

Several respondents discussed the need to broaden how we look at compensation beyond monetary awards or salaries. Most people who work for the government are not motivated by money, but by a call to serve, the CHCOs said. “We got a good thing going: who we are. We need to tout that a bit more, and people will come,” said one CHCO with pride. “The whole thing around being competitive with the private sector is not going to work. People who work for the government want to serve their country.” Respondents suggested that federal workers—particularly those in the new generation—are more motivated by recognition, awards or involvement in the mission of their agency.

According to our interviewees, promoting work-life balance is also an important tool in attracting and motivating the workforce. “We are seeing a change in attitude among applicants,” observed one interviewee. “They select agencies that offer more work-life benefits.”

KEY TO SUCCESS

Alternative work schedules and part-time work

The federal government offers a host of flexibilities and benefits to promote work-life balance, and OPM has made this a cornerstone of reform efforts. As we did in 2008, this year’s survey asked CHCOs to rate the usefulness of certain work-life flexibilities: telework, alternative work schedules and part-time work. As noted in figures 5-7, federal agencies are making very good use of alternative work schedules and, in fact, three out of four interviewees reported that their agency was able

Figure 5

To what extent are you able to make optimal use of alternative work schedules? (■ 2010 / ■ 2008)

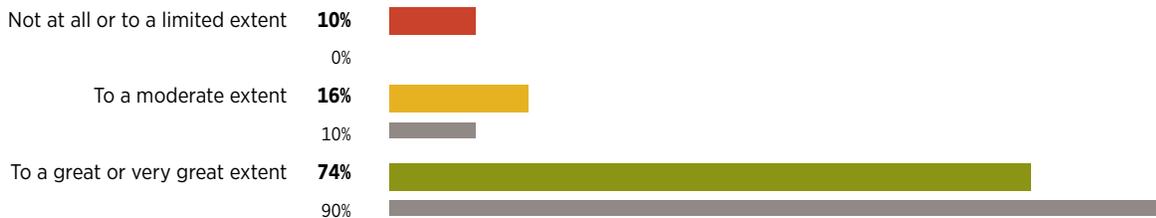


Figure 6

To what extent are you able to make optimal use of telework? (■ 2010 / ■ 2008)

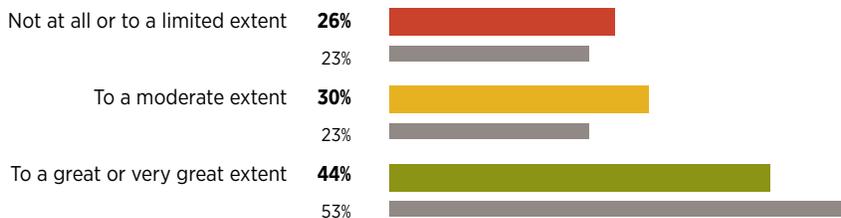


Figure 7

To what extent are you able to make optimal use of part-time employment? (■ 2010)

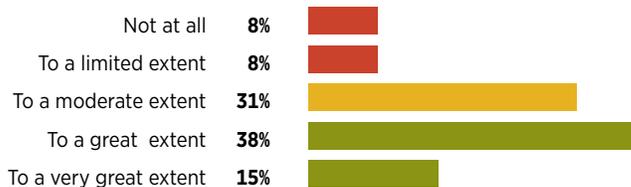
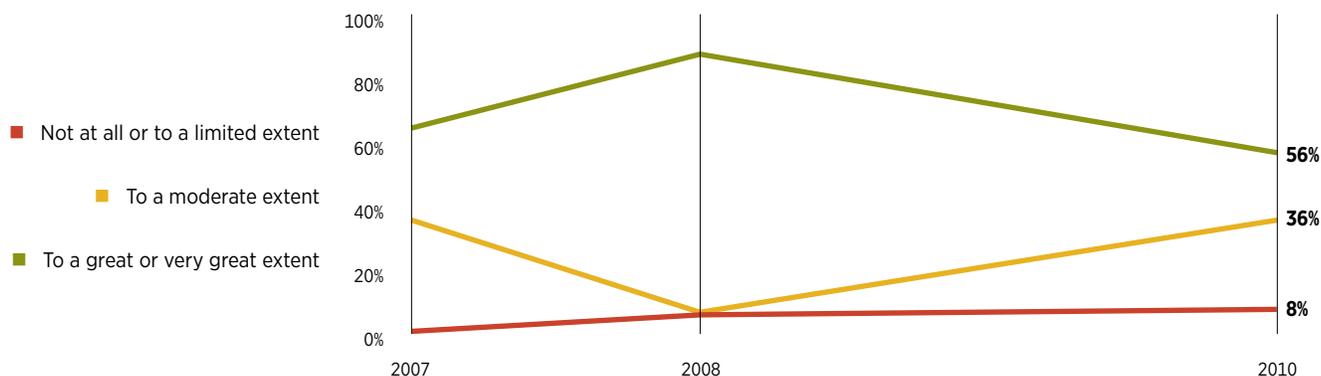


Figure 8

To what extent is your agency able to align organizational goals to individual performance standards?



to make optimal use of this flexibility to a “great or very great extent.”

It’s a different story, however, for telework. As shown in figure 6, well over half of our interviewees indicated that their department or agency could productively make better use of telework. The main barriers to greater use of these authorities was seen as resistance from some managers with a negative mindset; IT limitations that make it difficult for some employees to work remotely; concerns about security; and organizational culture. As one interviewee noted, “One thing that doesn’t help telework: an out of office message that says, ‘I am teleworking today. Please contact someone else.’ When you are teleworking, you need to be available.”

Just a little over half of the CHCOs interviewed thought that their organizations were making optimal use of part-time employees. Once again, a negative management mindset was seen as the main reason for resistance.

In a time when budget constraints limit the ability of federal agencies to attract applicants with bonuses or student loan repayment and to reward current employees financially, the use of other ways to make working for the government attractive will become increasingly important. In this context, the CHCOs see telework, part-time work and alternative work schedules as important but frequently underused options in the manager’s toolkit.

KEY TO SUCCESS

Aligned performance and agency goals

CHCOs agreed that even with the failure of some major attempts at expanding pay-for-performance within the federal government, at least one silver lining remained in that agency performance management systems were still able to provide a line of sight to employees by showing how individual performance standards supported the overall goals of the organization. More than half of the interviewees thought their organizations did a “great or very great” job aligning employee performance standards to organizational goals, although there was some drop-off between 2008 and 2010.

Perhaps, more importantly, a very small percentage (eight percent) saw little or no alignment.

KEY TO SUCCESS

Transparency, credibility and feedback

The most important aspect of performance appraisals, said the majority of CHCOs, is transparency and credibility. “Managers need tools and training to help them understand how best to evaluate and communicate with employees,” said a CHCO, echoing the concerns of many others. Several opined that regular feedback is far more important than once-a-year ratings.

When discussing the different performance appraisal rating systems, there was broad agreement with one CHCO’s statement: “The biggest challenge is the place between ‘exceeds expectations’ and ‘outstanding.’ This will only get worse with a move to a three-level system.”

3 WHAT WE HAVE

Uneven relationships between CHCOs and OPM

CHCOs feel ambivalent toward OPM. They understand that OPM serves as the president's HR advisor and shares responsibility for ensuring that the federal government has an effective civilian workforce. They accept that part of OPM's mission is to issue guidance on all personnel matters from recruitment to retirement administration, and that OPM designs government-wide human capital strategies. CHCOs also note, however, that while OPM provides a central clearinghouse for human capital practices, most day-to-day HR responsibilities such as hiring new employees, negotiating with unions representing their employees and paying their employees, are delegated to each agency.

The OPM director receives high marks for his vision and energy and his ability to gather support for addressing the people issues in government. However, a number of CHCOs said they do not feel connected to OPM overall. "OPM portrays things as if the HR community is antagonistic to its vision—as if we are on opposite sides," said one CHCO. "OPM needs to talk to the CHCOs first before they lay out these initiatives," expressed another interviewee. Others felt their voice was not being heard. Said one CHCO, "I made one suggestion to OPM, and it was totally dismissed. That really turned me off."

A number of CHCOs took issue with what they saw as a tendency by OPM to involve itself in the minutiae of operating HR decisions. "We want to—and can—run our own office," said one interviewee.

CHALLENGE

There is a conflict between policy and operations

Several interviewees said that OPM's mission is unclear. However, there was some disagreement among our interviewees as to whether OPM should focus on strategy or operations—or both. Some said OPM should be a policy shop. If that is the case, said one CHCO, "There is a fundamental question of whether a policy shop can fix operations." The dichotomy concerned another interviewee, who said, "Throughout government we have taught HR people to be technicians, but not strategic thinkers. So it worries me that [the OPM director] might try to realize a vision by using technicians. When you try to get the technicians to be the visionaries, it doesn't work. The vision gets forced into the traditional framework. Getting people to think outside the current parameters is difficult."

CHALLENGE

There is a disconnect between leadership and staff

Interviewees also observed that policies do not seem to "trickle down" from management to implementers. "There is a big disconnect between OPM leaders and the people who end up making decisions with certain flexibilities," said one CHCO. "Leaders encourage agencies to maximize use, but when you go through the process of submitting requests, they are not warmly received." Another added, "My sense is that [the OPM director] is way ahead of his people."

Feeding the ambivalence that was voiced regarding OPM is a perception that OPM staff members are not supportive or do not truly understand agency HR needs. "It makes me nervous that OPM sees getting an executive order out as a success," said one CHCO, adding that it is not unusual to be given directives without adequate guidance on how to implement them. "We have been burned on so many initiatives. There is lots of talk about change, but very little support." Another offered an example of a mixed message: "We got authority to use the dual compensation waiver to hire annuitants, and then we got a memo saying that in this economy no one should have to use it."

Some CHCOs also opined that OPM may not be structured or resourced correctly in terms of skills. "Desk officers are not knowledgeable and have no agency experience," said an interviewee.

Others believe that OPM should be farther up the food chain: "OPM needs more clout, more authority. Some of the things that make us who we are as a federal government are doing things right. We need oversight, otherwise Congress will step in. I would much rather OPM beat me up than sit in front of Congress and get beat up."

Generally, CHCOs do not feel they have the resources to meet new mandates from OPM. "We are not staffed to do constant initiatives," said one CHCO. Another added, "The overarching theme is that we don't have the resources. It becomes a question of, 'what do you NOT want us to do?'" Resources are the key to successfully implementing OPM's visions. "You can't move on initiatives without resources. Otherwise we're just keeping the lights on," said one CHCO.

3 WHAT WE NEED

OPM as a trusted advisor and resource

KEY TO SUCCESS

Flexibility

As OPM makes changes or seeks to implement government-wide initiatives, CHCOs implore OPM leadership to recognize that one size does not fit all. As one interviewee put it, “Trying to get one shoe that will fit everybody will not work. It would be a funny looking shoe, and you wouldn’t be able to walk in it.” Some CHCOs do not feel they can communicate these differences to OPM. One interviewee said, “When we offer our own ideas or suggestions, we are not trying to be difficult. Some take it as resistance, but bigger organizations differ from small organizations, and every option needs to be discussed.”

Many understand, however, that there still needs to be a government-wide strategy and that customization is the key to making government-wide policies work. “One size does not fit all, but look at Army uniforms,” offered one respondent. “They all wear the same uniform, but they have different sizes and specifications.”

KEY TO SUCCESS

Special considerations for small agencies

As part of the survey process, we sat in on a meeting of the Small Agency Council’s Human Resource Committee. They were especially concerned that reporting requirements would overwhelm their small staffs—in some cases only four or five people. Being forced to meet the same mandates as larger departments does not make sense. As figures 9-11 illustrate, compared to larger agencies, small agencies are much more likely to see themselves as limited by resource considerations. Part of the issue for both small and large agencies is that as new mandates and reporting requirements are imposed on agencies, few, if any, prior mandates are removed. Small agencies, however, have fewer resources to cope with an “accretion of requirements.”

KEY TO SUCCESS

Reasonable requirements

We asked respondents to tell us what they thought about the pace of change under President Obama. The answer was mixed, but the underlying message was that it was not the pace or timing that was important—it was the scope of the change and the results sought. According to one HR leader, “It’s a mix. At one point it seemed overwhelming, maybe too much, too aggressive. But now I haven’t heard a thing. We’re trying to do our budgets, but don’t know where to put resources. There’s a strong need to bring change from the bottom. People are feeling like it’s too top down.”

“The initiatives are worthwhile, and the pace is ambitious,” said a CHCO of OPM’s goals. “When all is said and done, the public should have a different perspective on government.”

Many interviewees cautioned that it is important not to try to accomplish too many disparate goals at the same time. “When you try to address everything, you don’t improve anything,” one CHCO said. CHCOs generally agreed that hiring reform should be at the top of the list, but there was disagreement over whether too much was being taken on. A number recognized that there is a window of opportunity for change and delaying some initiatives could mean losing that opportunity.

Perspectives also seemed to be driven in part by the level of resources available to individual agencies and by how much a proposed change would require internal retooling. It seemed clear that for many agencies, adapting to change would be easier if some old requirements or programs could be removed, thus freeing up resources that could be reallocated.

KEY TO SUCCESS

Clear goals and guidance

CHCOs said it is important to develop clear goals and guidance, and a few made comparisons to the Bush administration’s President’s Management Agenda (PMA). One respondent said, “The PMA gave us a way to look at human capital issues logically. It gave me a context to measure what we were doing. It made it easier to do our end-of-year human capital report. The PMA gave us all information we needed on a quarterly basis, so we could just roll it up. But I don’t want to go back.” In this respondent’s view, over time the PMA devolved into more of a paper exercise than a strategic planning tool or a real measure of success.

Figure 9

To what extent do you have the resources you need to be an effective CHCO? (■ Small Agencies / □ Large Agencies)

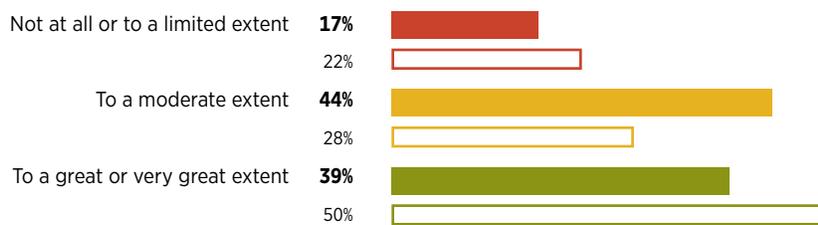


Figure 10

To what extent are you able to make optimal use of hiring and retention bonuses? (■ Small Agencies / □ Large Agencies)

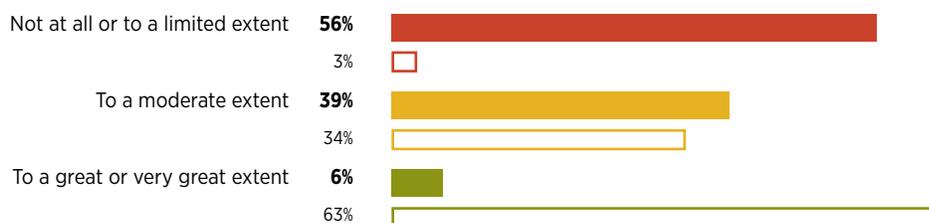
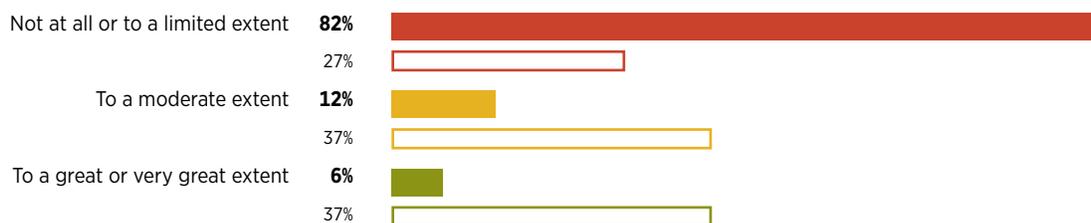


Figure 11

To what extent are you able to make optimal use of student loan repayment? (■ Small Agencies / □ Large Agencies)



4 WHAT WE HAVE
An HR workforce that too often lacks the competencies needed going forward

Human resources professionals play a critical role in the government. In addition to the strategic element of workforce planning, they must be experts in navigating the complex web of civil service laws and regulations, all the while making payroll, facilitating hiring and recruiting, maintaining diversity and helping employees transition to retirement.

Yet as CHCOs deal with the issues affecting the entire government and their own agencies, such as competency gaps and large numbers of impending retirements, they are facing the same challenges within their own staffs.

Since our first round of interviews in 2007, many CHCOs have made it clear that the federal HR workforce is not where it should be in terms of skills or resources. “They want us to hire all these people, but HR itself does not have the skill set,” warned one CHCO.

However, it’s not all bad news. Figure 12 depicts the responses to the question of resources over the three surveys, with the trend being positive, going from 32 percent of respondents saying they had the resources they needed to a great or very great extent in 2007 to 46 percent in 2010.

We also asked survey participants to rate the skills of their staffs. The responses, depicted in figure 13, show a steady state since 2007, with only about 40 percent saying they have the skills they need to a great or very great

extent. To some degree, the gap in needed skills may also reflect that agency HR needs are changing.

Several CHCOs said that training needed to become a core HR skill. “As a result of the downsizing of the 1990s, HR got really good at helping people find jobs and retire. We stopped being good at training, but we’re coming back to it,” said one HR leader. Nearly all feel that training is under-resourced despite the fact that it is very important.

CHALLENGE
Strategic HR advisors are in short supply

The Chief Human Capital Officers Act adopted by Congress in 2002 sought to establish human capital management as a strategic function, with the CHCO serving as trusted advisor to the agency head. Further down the organizational ladder, the HR professionals working under the CHCOs were also to be advisors to the organization’s managers and line supervisors. In 2007, more than two-thirds of CHCOs surveyed felt their HR professionals were viewed as trusted business advisors by the managers to whom they provided HR services. As figure 14 shows, however, that number has fallen, going from just over half in 2008 to only 46 percent by 2010.

“The CHCO position is a challenge because of the lack of money. The CIO used to have that same problem, but it’s gotten better for them. The CFO is powerful because they have the money. It’s not just about sitting at the table, it’s about being able to make things happen,” explained one CHCO. “It’s what you [and your staff] bring to the table.” It’s also a question of what’s on the table in terms of resources.

Figure 12
 To what extent do you have the resources you need to be an effective CHCO?

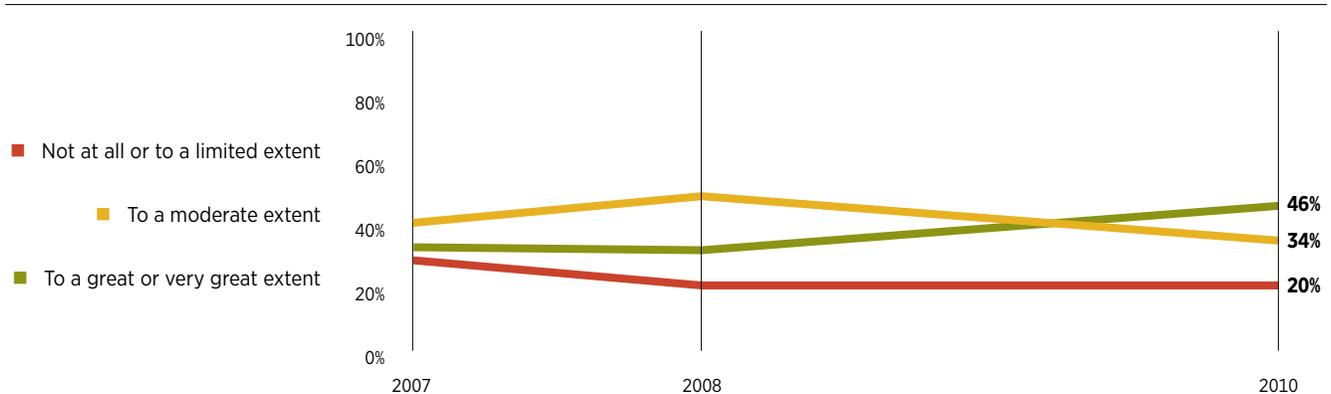


Figure 13

To what extent does your HR staff have the competencies it needs to succeed in the future?

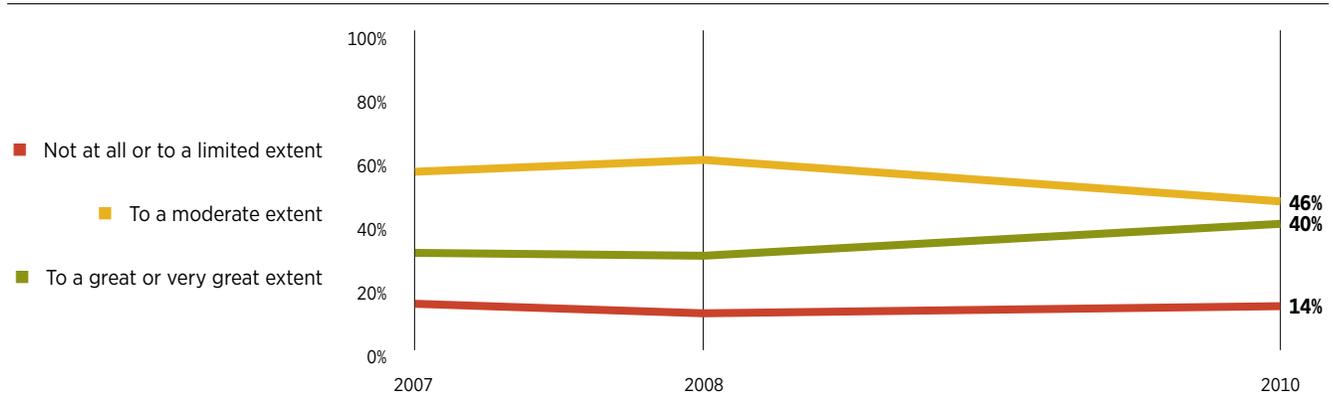


Figure 14

To what extent is HR viewed by your agency leadership as a trusted business advisor rather than a transaction manager?

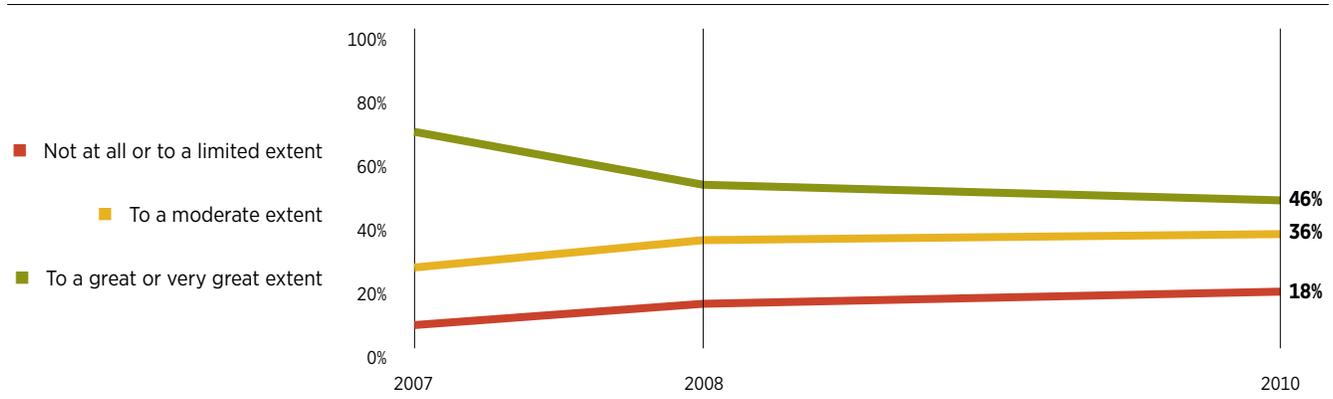
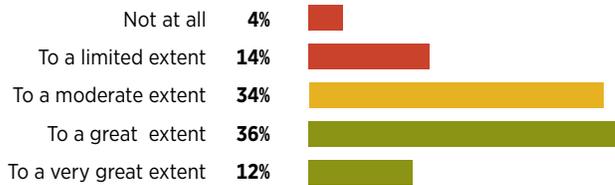


Figure 15

To what extent are you able to measure the impact/effectiveness of the HR function in your agency? (■ 2010)



4 WHAT WE NEED

HR professionals with the ability to think and manage strategically and to be true business partners

KEY TO SUCCESS

CHCO Council

The CHCO Act also established the CHCO Council to provide a forum for HR leaders to develop effective policies and share best practices across government. Generally, CHCOs would like to see OPM use the council more for vetting ideas. They would also like to see the council and OPM become more collaborative and proactive in the effort to improve the overall quality and effectiveness of the federal HR workforce.

Another motivation behind the creation of the CHCO position and the CHCO Council was to better enable them to work effectively with the suite of chiefs (e.g., chief financial officer, chief information officer, chief acquisition officer), and to foster integrated management. We asked how well the C-suites work together. Interestingly, nearly all echoed the sentiments of one CHCO who said, “Within the agency, the C-suite relationships work well.”

This was not the case, however, on a government-wide basis according to respondents. “Each business line has their blinders on,” said one CHCO. Another added, “It is territorial. Stepping on toes is not productive.” The different legislative underpinnings create different classes of “chiefs.” As one CHCO put it, “Some animals are more equal than others.” Perhaps the reason for this is that CHCOs first and foremost serve their agencies. As one interviewee said, “It’s not what I do for OPM or the Office of Management and Budget, it’s how I serve my boss.”

KEY TO SUCCESS

HR metrics

Reliable, timely information also is important both for managing the workforce and for better understanding the impact of HR operations. As one CHCO said, “What you measure is what people pay attention to.” We asked respondents to tell us how well they are able to measure the effectiveness of the HR function in their agencies. More than half said they could only measure it to a moderate extent or not at all.

Most interviewees stressed that metrics should focus on customer needs—not necessarily the speed of processes, but the quality of outcomes. “My customers measure me better than I measure myself,” commented one survey participant. Specifically, the focus should shift from

transactions to end results. “Right now,” said one CHCO, “we measure process, not outcome.” Another added, “We do a lot of tracking, but impact is hard to measure.” While process metrics are the easiest to quantify and communicate, the most important ones focus on outcomes, such as the quality of hires. A few respondents advocated for common metrics across government to facilitate comparison and glean best practices.

KEY TO SUCCESS

Federal Employee Viewpoint Survey

OPM recently announced that starting in 2010 it will conduct an annual government-wide employee survey, called the Federal Employee Viewpoint Survey (FEVS). This survey (formerly known as the Federal Human Capital Survey) was first conducted in 2002 on a biennial basis to measure “employees’ perception of whether ... conditions characterizing successful organizations are present in their agencies.” The Partnership for Public Service uses the results as the basis for its *Best Places to Work* rankings. An annual employee survey is required every year under Section 1128 of the National Defense Authorization for Fiscal 2004, and OPM’s Federal Employee Viewpoint Survey will satisfy that requirement.

A few CHCOs said that they did not find the FEVS results to be particularly useful, but for others, it is a key metric used in measuring the effectiveness of HR policies and operations. For the latter interviewees, the ability of the organization and the willingness of managers to use the results to inform changes in workplace policies and practices was a key asset. Additionally, some respondents said they would prefer a biennial rather than an annual survey so they would have more time between surveys to respond to the findings. The decision by OPM to conduct the survey every year—rather than require agencies to conduct a survey in the odd years while OPM conducted it in the even years—should help reduce the burden on agencies. For 2010, OPM was able to provide agencies with the survey results within less than 120 days after the survey was concluded. This is the fastest turnaround since OPM began conducting a government-wide survey, and the relative timeliness of the data should also help agencies make better use of the results.

5 WHAT WE HAVE**Manual processes and a lack of robust HR IT solutions**

The human resources community is just beginning to establish standardized processes, but IT systems are still decidedly substandard and are underused to support and foster good HR processes and practices.

Several CHCOs mentioned the need for standardized procedures and cited the OPM directive to map the hiring process as an important exercise. “Any time you map out a process, it gives you a chance to highlight certain steps,” stated an interviewee. “It’s like taking cod liver oil—there’s a benefit, it’s just tough going down.”

In addition to antiquated systems, the federal government does not have integrated systems to manage the workforce. “I have a payroll system, not a management information system, and that’s what I need,” said one CHCO. “Reform needs investment.”

5 WHAT WE NEED**Technology and processes that streamline operations and produce the data and results needed to manage effectively**

Several CHCOs advocated for a standard government-wide system to fully manage the spectrum of HR operations. It was noted that in some cases, individual agencies are paying high fees to the same IT vendors to build a “unique” HR IT solution when in fact it is simply the same HR IT system with slight modifications. Several suggested that it would be easier and most cost effective to have a coordinated effort to approve a small number of common systems so that agencies could choose the one to best meet their needs from among those with standard attributes.

One CHCO who wanted OPM to have minimal or no involvement in their HR operations acknowledged that the HR IT area was probably an exception. “OPM should lead agencies in building HR IT solutions, similar to e-OPFs (Electronic Official Personnel Folders).”

In the absence of one system of record, most CHCOs would at least like to see their current systems linked to cut down on manual processes. “What we really need is something that can connect everything, something to integrate different data sets,” said one interviewee.

6 WHAT WE HAVE

Insufficient leadership and workforce management skills among too many federal managers

According to our respondents, management skills are increasingly important, but often overlooked. In 2007, many interviewees expressed concern that management competencies, especially the ability to effectively manage their employees, were weak across government in comparison to technical skills, and in 2008 we added a question to develop a baseline on this subject.

In 2008, only 44 percent of CHCOs said line managers had the leadership skills they needed to be successful; in 2010, that number dropped to 32 percent. “Leadership is the most important thing—specifically how you treat people. You can use all the flexibilities you have, but if you treat people like dirt they won’t want to stick around,” said one CHCO. Another CHCO agreed with this sentiment, saying, “The reason most people leave an organization is because of their direct supervisor.”

“There is a difference between being the top shining star in your technical role and leading a group of people who are shining stars,” said a respondent.

6 WHAT WE NEED

Trained and capable leaders who inspire and bring out the best in the workforce

KEY TO SUCCESS

Better selection and training

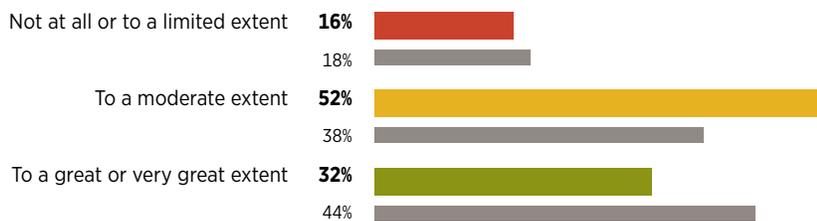
Nearly all survey participants agree that training is the key to developing leadership skills among managers. “Leadership development training is the big thing,” said an interviewee. “We need to create a culture of cross-training and knowledge sharing,” said another. Managers need training on everything from how to fill out forms and handle the everyday tasks of being a supervisor to managing telework programs and understanding veterans preference and diversity laws. Several CHCOs said that training should be a line item in the budget.

The great majority of respondents felt that training is under-resourced. “When you cut training,” warned one interviewee, “you cut your future.” Another interviewee commented, “Without enough money [for training], we’ll be left using whatever is free.”

It was also noted, however, that training is most effective when you start with the right “raw material.” Clearly, not every technical expert has the same potential to be a great supervisor and manager. Development of good assessment tools to identify supervisory potential and, at the higher levels, expanded use of candidate development programs or similar programs that combine developmental experiences with the opportunity to assess the skills of the participants would be helpful.

Figure 16

To what extent do your managers and supervisors (line and operations, not HR) have the managerial and supervisory competencies (i.e., the soft skills) they need to be successful? (■ 2010 / ■ 2008)



7 WHAT WE HAVE

Adversarial relationships between high-level management and employee unions

Generally, most interviewees felt that the Bush administration's stance on federal employee union issues had damaged labor-management relationships in many departments and agencies. Many of those interviewed saw a need to repair those relationships: "We're coming off an administration that was seen as being against unions. We felt the pendulum was favorable to management under the Bush administration."

For the most part, respondents expressed a positive view of Executive Order 13522, "Creating Labor-Management Forums to Improve Delivery of Government Services," released on December 9, 2009, which established a cooperative and productive form of labor-management relations throughout the executive branch. "The issuance of the executive order should create conditions that will require the parties to work together and communicate," said one interviewee.

The executive order also established a new National Council on Federal Labor-Management Relations, co-chaired by the directors of OPM and the deputy director for management at the Office of Management and Budget (OMB). Additional membership on the council is comprised of the chair of the Federal Labor Relations Authority; a deputy secretary or other officials with agency-wide authority from five federal departments and agencies; and the presidents of seven federal employee unions and two managerial associations. For many of the CHCOs we interviewed, the executive order and the new council were reminiscent of a 1993 executive order (No. 12871) on labor-management partnerships issued by President Bill Clinton but rescinded by President Bush.

A number of the CHCOs noted that even after the withdrawal of the 1993 executive order, their agencies still voluntarily worked closely with unions and followed many of the "partnership principles." Said one CHCO, "The executive order just gives us cover to keep doing what we are doing."

7 WHAT WE NEED

A shared vision and collaboration between managers and unions

The consensus is that it will be more productive if labor issues are managed at the local/unit level. "The farther down the food chain, the better the relationships get," said one CHCO. The possible exception may be contract negotiations, which could be more productively conducted at a higher level in the organization and possibly at the national level with the appropriate union.

It was also noted that unions could be quite useful in capturing continuous feedback from the workforce. According to one interviewee, "One advantage to having a union is that you know what your workforce is thinking."

Other thoughts with regard to improving the relationship between unions and managers included streamlining the dispute resolution process and educating union leaders and management on labor laws. One CHCO bluntly noted that, "Educating managers and union representatives is very important—many people don't know the laws." It is also important to involve union leaders in leadership development programs.

Overall, the CHCOs thought it would ultimately be more productive to work with unions through an open and collaborative relationship rather than an adversarial one. And since most agencies have prior experience along these lines, the CHCOs also thought that closing this gap would not be as difficult as some of the other issues discussed in this report. Finally, the cooperation of the unions could help in other reform areas of concern to CHCOs.

CHCO RECOMMENDATIONS

BRIDGING THE GOALS VS. REALITY GAP IN FEDERAL HR MANAGEMENT

Our interviews for this 2010 update on the views of the CHCOs and other HR leaders in the federal government focused on what it would take to close the gap between the ambitious HR management goals of both the Obama administration and the CHCOs, and where their department or agency is now. While answers varied based on factors such as the size of the agency, the resources available, and how much change to existing agency policies and practices would be required, below are the major consensus recommendations we heard.

1 Hiring Reform

There was clear agreement that the federal hiring process is in need of an overhaul. However, a number of concerns were raised regarding the current capacity for change in terms of both staff and other resources, especially within a timeframe for change measured in weeks and months. The following recommendations were offered to make the reform successful:

- While the timeliness of hiring and the quality of those hired are both important and are interrelated, quality is more important than speed, and emphasis should be placed on quality when tracking progress.
- The degree of difficulty associated with hiring reform varies significantly by agency—some are much further along and/or have more resources than others—and this should be taken into account in developing agency specific timeframes for implementation.
- Validated applicant assessment tools are crucial to the effectiveness of efforts to improve hiring, and for a number of agencies, help with development of cost-effective assessment solutions would be valuable—either from OPM and/or via a coordinated interagency effort.
- Sharing lists of eligible candidates via OPM’s “shared registers” initiative or by allowing agencies to share screened candidates is seen as a valuable option, but one that should remain voluntary. Agencies should continue to have a range of options available to them for selection of well qualified candidates.
- Agencies want more rather than fewer hiring flexibilities—the Federal Career Intern Program (FCIP) was one hiring authority that a number of federal agencies specifically mentioned as particularly useful, and they urged that it, or something similar, be retained.
- There was clear consensus that managers need to be more involved in the recruitment and hiring process—a specific requirement of the president’s May 11 memo and something that will require a culture change in a number of agencies.
- In plotting the course for hiring reform, it was recommended that particular attention be paid to replicating features of existing models that work, such as Title 38 at the Department of Veterans Affairs (VA), hiring in the Foreign Service and some excepted service hiring authorities such as the FCIP.
- Strong support was voiced for the goals of veteran preference in hiring, but there also was general agreement that being held accountable for results in terms of the percentage of veterans hired would be more effective than rigid process requirements such as the “rule of three” that is currently being phased out.
- Share and expand successful initiatives that have increased actual hiring opportunities for veterans, such as “hiring heroes” job fairs; interagency partnerships such as one that currently exists between the VA and the DOD; use of internships and volunteers that allow managers to see veterans in action; and use of current employees who are veterans to recruit other veterans.
- Measure progress, including on issues of diversity and veterans preference, via agreed upon and results-oriented metrics.

2 Pay Reform and Performance Management

With rare exception, the CHCOs and other HR leaders were dissatisfied with the status quo of the federal pay system. However, there was less unanimity about the way forward. Agencies still fully operating under the GS pay system were particularly concerned not only about their ability to pay a competitive rate when hiring from outside government, but also about losing some of their best employees to other agencies with more flexible pay systems. Quite a few agencies thought their performance management systems did a good job of linking individual employee performance to mission requirements, but only a handful thought their systems could support a pay-for-performance approach. There was consensus, however, around the following recommendations:

- As in the 2008 CHCO report, there is still considerable support for pay banding, but less support for trying to tie pay as strongly to performance as had been advocated in 2008—quite possibly a reaction to the dismantling of the NSPS pay-for-performance system.
- Whatever pay system is adopted for the future, there is a strong sentiment that it “level the playing field” among federal agencies, especially for common occupations, so that there is no longer an unfair competition for talent among agencies.
- There have been some useful lessons learned among agencies with alternative pay systems, and lessons should be taken from the successes of those agencies in designing a new government-wide pay system.
- A number of CHCOs made note of the slow increase in “pay compression” and the diminishing financial incentive for employees to advance to higher ranks, especially the SES.
- Managers and HR staffs need better guidance on compensation policies and practices. It was suggested that some “best practices” in this regard already existed, for example, in the DOD.
- While performance management and performance appraisal systems were likely to remain a work-in-progress for some time, the focus going forward should be on increasing the transparency and credibility of the system and development of management tools and training.

Most agencies are already making considerable use of the work-life flexibilities available for employees, especially alternative work schedules. The one area with perhaps the greatest potential for expansion is telework. While a few agencies have demonstrated a commitment to telework, most are still below where they might be in terms of the percentage of employees participating. The biggest barriers to expanded usage of this latter flexibility were identified as organizational culture, particularly a management mindset against telework; and information technology limitations, including both concerns about data security and lack of equipment or networks to support expanded teleworking arrangements. Some managers are skeptical that teleworking employees can be productive outside a traditional office setting.

- A gradual expansion of work-life flexibilities, especially telework, should take place through a focus on management awareness and training and an investment in IT infrastructure.
- A focus on improved performance management and the development of better methods for tracking employee results would also help address the concerns of some managers that teleworking employees may not be as productive and as accountable as their non-teleworking counterparts.

3 Training and Development for Managers and Supervisors

With some notable exceptions, the majority of those interviewed felt that their agencies were still underinvesting in training and development, especially for managers and supervisors. Not surprisingly, no disagreement was voiced over the recent change in regulations that mandated formal training for supervisors within one year after becoming a supervisor and every three years thereafter. The major recommendations are as follows:

- Although most agencies expect to see tightened budgets, the CHCOs urge the administration to maintain its commitment to employee training and development, especially for managers and supervisors, and to follow through on its stated intention to safeguard or even improve funding for that training.
- Mentoring or coaching programs for managers and supervisors should be part of training and development whenever possible.

- While in-house and on-the-job training can be useful for new managers and supervisors, leadership institutes and external developmental programs that provide an opportunity to interact with managers and supervisors from other organizations can also be valuable and should be an option when feasible.

4 The Role of OPM

Current OPM Director John Berry receives high marks from the CHCO community and other HR leaders for his energy, accessibility and commitment to an aggressive federal HR reform effort. However, there is disagreement over whether OPM should focus on strategy or operations or both. Some voiced support for OPM to be largely a policy shop and not involved in providing operational support, even on a reimbursable basis. On the other hand, some said OPM's policies would not be as effective if they didn't have operational experience among the staff. Several other interviewees suggested that there is division between OPM's leadership (the director and his immediate staff and advisors) and the agency employees who are charged with implementing his vision. As one interviewee put it, "The director is way ahead of his people [in wanting to help agencies], but that there is not enough of a trickle-down" to the career staff. In any case, the CHCOs did not lack for recommendations for OPM. They include:

- OPM should limit the number of goals and initiatives it is trying to put into place, or at least prioritize them and understand that the pace of change is not as important as the end results for resource-strapped agencies.
- While creating new initiatives, directives and requirements for agencies, OPM should aggressively seek to identify and remove existing requirements or directives that are no longer needed to ease the burden on agencies.
- More OPM staff—especially those providing advice, oversight or assistance to agencies—should have operating HR experience outside of OPM, and this should be a factor in selecting staff for those roles.
- The CHCO Council should be seen as an advisory body and not simply a forum for passing on information.
- Although the CHCOs and other HR leaders understand the need for a degree of uniformity in federal HR policies and regulations, OPM should resist the inclination to mandate a "one size fits all" approach. As one interviewee put it, "Soldiers wear the same uniform, but it comes in different sizes."
- OPM should improve its communication and support for the agencies—"more assisting and less insisting"—built around clear goals and guidance regarding what's expected and the metrics to be used to determine whether or not the goals are met.
- OPM needs to lead and champion a government-wide initiative to improve the competencies and capabilities of the federal HR workforce.
- Leverage and focus on the government's executives—especially career executives. As one CHCO said, "Treat the SES like leaders. An administration's legacy is the leaders it leaves behind."
- Continue to work actively with OMB on these issues—not something always done in the past. As one respondent said, "We like that OMB is taking an active role in human capital issues."
- Seek to forge stronger working relationships between the CHCO Council and the other C-suite Councils (CFOs, CIOs and CAOs).

5 Getting More from HR IT

It has long been assumed that improvements to federal HR management would flow, in part, from better use of automation and technology. Unfortunately, the dream and the reality have too often diverged. Poorly designed systems or systems that have sometimes promised more than they can deliver are only part of it. HR staff trained and capable of making good use of the systems is another issue. This is one area where CHCOs believe that even if one size doesn't fit all, designing and building—or finding a service provider to design and build—their own HR IT systems are often not the best options. While the HR leaders we interviewed firmly believe that one size doesn't fit all, federal HR IT is one area where they would not mind having a little more uniformity and they made the following consensus recommendations:

- There should be a cross-agency effort, perhaps led by OPM, that seeks to identify or commission a limited number of standardized HR IT systems that are tailored to the specific needs and unique HR environment of the federal government.

- Federal agencies should be encouraged to select their HR IT solutions from among a set of “approved” systems with standardized attributes.
- Cross-agency training for federal HR staffs on the use and maintenance of their HR IT should be developed, promoted and used.

6 Improving the HR Workforce

As in the two previous reports based on interviews with the CHCO community and other federal HR leaders, there was almost unanimous agreement that too many of the more than 25,000 federal HR professionals in the federal government do not have the skills and competencies needed to do their jobs at the level needed by their agencies. This situation was seen as worsening rather than improving relative to the demands currently being made of federal HR professionals and with more experienced HR staff leaving government (over 1,000 in FY 2009 alone). This finding is not too surprising given that improving the competencies of this many people is a long-term and multi-faceted effort and extremely important. The CHCOs offered the following recommendations in this regard:

- Much as the federal acquisition and IT workforces have been the subject of a sustained drive to improve capabilities and competencies, the federal HR workforce similarly needs to be the subject of a concentrated and coordinated long term improvement effort.
- As the central HR agency for government and the president’s HR advisor, OPM should be the champion of this improvement effort (see the previous recommendations regarding the role of OPM). It starts with initial hiring into the HR profession—federal agencies need to actively recruit and select individuals for HR specialist positions who have interest in, and a demonstrated aptitude for, a career in HR.
- There needs to be a clear path for career development based on agreed upon competencies—and experience in more than one HR office and more than one HR functional area should be strongly encouraged.
- There need to be clear performance standards and metrics to better guide the development of HR staffs and to hold them accountable for providing the necessary level of assistance and service. There also should be an expectation that HR staff members

who do not perform at a satisfactory level will be removed from their positions.

7 Labor-Management Relations

One of the contrasts between the current administration and its immediate predecessor is its approach to dealing with federal employee unions. An early action taken by the Bush administration, on February 17, 2001, was to revoke Executive Order 12871 of October 1, 1993, establishing labor-management partnerships. By contrast, the Obama administration on December 14, 2009, issued Executive Order 13522, Creating Labor-Management Forums, to build a more collaborative approach to dealing with the unions.

In discussing this change during our interviews, we discovered the change made little difference for a number of agencies, since they had continued to work collaboratively with employee unions from 1993 to today. For other agencies, however, the new executive order marked the start of a slow return to a less adversarial relationship with unions. Regardless, there was consensus around several “common sense” recommendations, as follows:

- Agencies with employees represented by unions should seek to actively involve those unions in the implementation of some of the civil service reform efforts noted here, such as hiring reform.
- Unions can also be helpful as a source of continuous feedback from employees and, for example, may be helpful in trying to interpret the results of the annual Federal Employee Viewpoint Survey administered by OPM.
- Seeking to streamline the dispute resolution process has been a long-standing goal, and it deserves continued attention.
- Training for both managers and union officials on effective approaches to labor relations and the new labor-management forums can also be useful. The Federal Labor Relations Authority and the Federal Mediation and Conciliation Service recently began a series of joint training sessions for agencies on the new forums—while much more needs to be done, this is a good start.

APPENDIX A: PARTICIPATING FEDERAL OFFICIALS

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APPENDIX B: CONTRIBUTORS TO THE REPORT

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APPENDIX C: 2010 SURVEY QUESTIONNAIRE

DISCUSSION QUESTIONS

OPM Director John Berry has outlined several short-term and long-term human capital goals on behalf of the Administration. They include:

- Reform of the federal hiring system
 - Improving both training opportunities and work-life balance for federal employees
 - Improving opportunities for veterans
 - Promoting diversity in the federal workplace
 - Improving labor-management relations across government
 - Reforming the federal pay and reward systems
1. What are the main challenges, if any, for your department or agency in meeting each of these goals?
 2. What are the key human capital achievements/successes that your agency has had over the last one to two years?
 3. When the CHCO position was created, one of the goals was to improve the relationship between human capital executives and their C-suite colleagues (e.g., the CFO, CIO and CAO). Are there ways these communities can work together more effectively either government-wide or within your agency, and how would you describe these relationships currently?
 4. Speaking for the human capital function in your agency, how do you know (i.e., measure) whether you are meeting your customers' needs?
 5. The current Administration came into office under the "change" banner. What do you think about the pace of change in the human capital arena so far?
 6. What, if anything, needs to be done to improve or change labor-management relations within your agency?
 7. Government-wide there has been an increasing emphasis on improving the favorable responses to questions on the Federal Employee Viewpoint Survey (previously called the Federal Human Capital Survey). What are you doing to improve your agency's responses to these questions?
 8. In terms of HR reforms, what should be the role of key players like OPM, agencies, OMB, Congress? Other stakeholders? And what reforms should each stakeholder pursue?
 9. Is there anything else we should know or any other issues we should focus on?

CLOSED-ENDED QUESTIONS

On a scale of 1-5 using the benchmarks below, please answer the following questions:

Not at all		Moderate extent		Very great extent
1	2	3	4	5

To what extent:

1. Do you feel that HR staff is viewed by your agency leadership as a trusted business advisor (versus a transaction manager)?
2. Do you have the resources you need to be an effective CHCO?
3. Do you feel that, in general, your agency does a good job aligning organizational goals and individual employee performance standards?
4. Do you believe your HR staff members have the competencies needed to help your agency succeed in the future?
5. Do you believe your managers and supervisors (i.e., line and operations, not HR) have the managerial and supervisory competencies (i.e., the soft skills) they need to be successful?
6. Are you able to measure the impact/effectiveness of the HR function in your agency?

Periodically, federal agencies have been encouraged to make greater use of existing HR flexibilities to respond to a variety of workforce challenges.

To what extent are you able to make optimal use of the following flexibilities?

Not at all		Moderate extent		Very great extent
1	2	3	4	5

1. Telework
2. Hiring and Retention Bonuses
3. Student Loan Repayment
4. Alternative Work Schedules
5. Direct Hire Authority
6. OPM approved Dual Compensation Waivers
7. Part-time Employment

What are the barriers, if any, that are keeping for you from making optimal use of the above or other existing flexibilities?



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