

“Human Capital Management Challenge: Fostering Employee Mentoring, Engagement, and Development in a Limited Budget Environment”

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Members of the Internal Revenue Service Oversight Board:

Thank you for the opportunity to be here today to discuss how the U.S. Government Accountability Office (GAO) has continued to engage, support, and develop our employees and the steps we have taken or plan to take in a limited budget environment. With around 3,000 employees, GAO is a multidisciplinary professional services organization that conducts a wide range of financial and performance audits, program evaluations, management reviews, investigations, and legal analyses spanning a broad range of government programs and functions. Human capital management is not a luxury at GAO; it is a necessity because more than 80 percent of our budget is allocated to employees. As an organization committed to having a high-performing, diverse workforce, we place great importance on attracting, hiring, training, and retaining employees with the skills and talents needed to support GAO's mission to serve Congress and the American public. While some of our initiatives and practices have been underway for many years, we have continuously monitored outcomes from these efforts as well as employees' views and made changes as needed.

In response to your request, I will address the three principles that guide our human capital practices and initiatives and will help us weather these limited budgetary times. The principles are: (1) Take a strategic and integrated approach to human capital management and maintain leadership commitment; (2) encourage an open work environment where employee input is encouraged, respected, and acted upon; and (3) focus on employee development and reward good performance.

Take a Strategic and Integrated Approach to Human Capital Management and Maintain Leadership Commitment

Human capital management is a key component of our strategic plan as it has been for many years. In July 2010, we issued the GAO Strategic Plan for fiscal years 2010-2015. The plan describes our four goals and strategies for supporting Congress and the nation. One of the strategic objectives is to maintain and enhance a diverse workforce and inclusive work environment through strengthened recruitment, retention, development, and reward programs. Previous strategic plans also noted the importance of human capital management. For example, in our 2000 to 2005 strategic plan summary, one objective was to align our human capital policies and practices to support the agency's mission, and our 2007 to 2012 plan included a focus on conducting an ongoing review of our workforce and our future needs for skilled mission and support staff as well as for senior managers; surveying employees about their work environment; surveying employees' skills and work preferences; and strengthening our human capital management to achieve enhanced results.

Human capital management is one component in GAO's integrated management process. This integrated process, depicted in figure 1, links

- strategic planning, which establishes the agency's strategic goals and priorities;
- workforce planning, which identifies the human capital needed to accomplish strategic goals;
- human capital programs, which establishes programs to attract, retain, and reward GAO's workforce;
- performance accountability, which measures how well GAO has met its goals and targets; and
- the budget, which supports human capital needs and other operational expenses to achieve the agency's mission.

Figure 1: GAO's Integrated Management Process



Source: GAO.

Our human capital strategic plan for 2010 to 2012 is designed to focus on those initiatives most critical to sustaining performance excellence. For example, the first objective of our plan is to recruit, develop, deploy, and retain a diverse, high-quality workforce. The performance goals

include (1) reviewing and enhancing staffing practices across the agency, (2) expanding diversity education initiatives, and (3) enhancing retention strategies to ensure they are responsive to employees' values. Another objective is to enhance GAO's employee engagement through targeted initiatives addressing work-life balance, compensation, training, performance management, recognition, benefits, and wellness. The related performance goals include (1) enhancing GAO's work-life balance and wellness initiatives to ensure they represent leading federal government agency practices, (2) revising our performance management and compensation practices, and (3) expanding the training curricula and delivery methods. The plan builds upon the progress we have made and provides a road map for how we will continue to promote and maintain a work environment that is fair, unbiased, and inclusive, as well as one that offers opportunities for all employees to realize their full potential. It serves as the foundation for our continuing efforts to build upon GAO's capacity to develop leaders, maximize performance, ensure accountability, and reinforce the foundation that has repeatedly made GAO a professional services employer of choice.

Importantly, leadership has demonstrated a commitment to supporting and continually improving human capital management and to holding all agency leaders accountable for performing in a way that sustains our human capital management improvements. Our leaders have provided financial support to human capital programs and initiatives and they have devoted time to listening to and working with employees. For example, for several years our leaders have funded a robust campus recruitment program and supported a student loan repayment program. In the past few years, even with budget constraints, GAO senior leadership has funded key human capital projects to address long-standing concerns and help us meet future challenges more efficiently. For example, we recently assessed our competency-based performance management system and have started implementing recommendations to improve the system. We have also funded the transition to a new human capital system that will allow employees to review and update personal information; view salary, leave, and benefit information; and allow them to print notifications of personnel actions. Also, we have provided funds for diversity training for all staff. In addition to committing significant funds to human capital improvements, senior leaders also commit significant time meeting with employee groups, supporting agency-wide efforts through the use of committees and teams, and visiting staff in field offices. Also, the leaders established performance measures to hold all executives and managers accountable for human capital management. In setting the performance expectations for all senior executives, the Comptroller General stated that "all senior managers are held accountable for demonstrating personal leadership in ensuring the fair and equitable treatment of all GAO employees and creating an inclusive work environment where employees are valued, treated fairly, and given opportunities to develop to their full potential." Further, our performance management system includes standards for all agency leaders—executives and program/project managers—that address human capital management.

However, with our emphasis on performance accountability and continuous improvement, along with budgetary limitation concerns, we have made changes to improve the efficiency and effectiveness of our human capital programs and will likely make other changes in the future. For several key programs and initiatives, we have reduced our expenditures and shifted our approaches while keeping longer-term needs and goals in mind. For example:

- Since 2008, we have issued Workforce Diversity Plans that summarize the results of our analysis of the representation of our workforce, assessments of outcomes from key human capital processes, and the concerns and suggestions from our employee group

representatives. Based on the results of these data reviews, we identified areas for improvement and developed plans to do so in an efficient manner. Such improvements support an inclusive work environment essential for attracting and retaining a talented and engaged workforce.

- We assessed our campus recruitment program in 2009 and took steps to ensure that our recruitment efforts were aligned with our workforce and diversity needs, changing agency priorities and resources, and to institute stronger program management and accountability processes. As a result of this review, we developed an approach based on the return from our prior recruitment efforts and began reducing the number of on-site campus visits and began to use more-remote or virtual outreach methods, such as video conferences and social media. In 2011, we further shifted our recruitment efforts to an approach based on maintaining relationships with campuses and organizations by further expanding our virtual outreach efforts and supporting visits from colleges and universities to GAO. We understand the importance of preserving long-established partnerships and maintaining access and appealing to quality, diverse entry-level candidates.
- Since fiscal year 2010, GAO has reduced its hiring targets. However, we cannot forget the lessons learned from the workforce reductions in the 1990s, which resulted in a lengthy hiring freeze and corresponding gap in experienced staff at midband levels. We will reduce our heavy focus on entry-level recruiting to enable swift hiring that addresses critical needs regardless of the level or position. Further, we plan to implement a student volunteer program to again maintain relationships with colleges and universities while giving students an opportunity to experience working at GAO. While our student loan repayment program has been popular and contributed to our ability to retain staff, we reduced the budget for this program in 2011. Further, based in part on our analysis of the use of this program by others, we decided to suspend the program in 2012.
- We began a diversity training initiative in 2010 as one component of GAO's strategy for creating and maintaining a diverse workforce and an inclusive work environment. Diversity training can help an organization's management and staff increase their awareness and understanding of diversity, develop concrete skills to assist them in supporting a work environment that is both diverse and inclusive, and understand how diverse perspectives can improve organizational performance. Our diversity training program consisted of two parts. We hired a contractor to develop and deliver the first part; we then used our staff of trained facilitators to deliver the second part, instead of paying contractors. This approach allowed us to continue supporting this initiative and reduce expenditures.
- Given our analysis of staff eligible to retire, we offered a Voluntary Early Retirement and Voluntary Separation Incentive Package to employees in August 2011. This resulted in a reduction of about 40 staff, which coupled with other budget saving steps, helped GAO avoid reductions in force and furloughs.

Further, with our integrated approach to human capital management, we have looked for ways to reduce spending in other areas, since doing so provides more resources to support human capital—more than 80 percent of our budget. We are piloting an expansion of our telework program to help us reduce our field office space as a cost-savings measure. As lessons are learned, we hope to offer expanded telework agency-wide. We have looked for other ways to reduce spending, including reduced agency-wide travel, and had significant reductions in facilities, security, and information technology to help avoid layoffs. For fiscal year 2012, GAO

cut contractor support rather than staff. Again, all of these efforts were put into place to avoid furloughs and a reduction-in-force that could have negatively impacted many employees. In October 2011, GAO completed an evaluation of its field office structure to determine if any changes were warranted. This study—which used a variety of data sources, including interviews with senior leaders and managers across GAO—affirmed that GAO benefits from having representation in strategically placed offices around the country.

Encourage an Open Work Environment Where Employee Input Is Encouraged, Respected, and Acted Upon

Transparency is part of GAO's culture and guides our work. We have established protocols for working with other agencies and organizations that provide clearly defined and transparent policies and practices. Our framework for conducting reviews is designed around people, processes, and technology, and our approach to quality is comprehensive and transparent. It begins with applicable professional standards and our core values, and it ends with public dissemination of virtually all GAO products.

Similarly, we openly share information about our human capital policies and programs. We post nearly everything—including program outcomes, job opportunities, upcoming learning events, and agency policies—on our intranet. We notify staff about the issuance of internal reports, and we deliver our agency newsletter to each employee's e-mail box. Frequently, agency leaders meet with their staff to discuss a wide range of topics, and on special occasions, our executives broadcast announcements via our telephone or video conferencing systems.

Also, GAO works collaboratively with its employee groups and union representatives. GAO has eight employee groups that meet with senior leadership and provide input on policies and other areas of interest. These groups provide ways for employees to discuss their concerns and for management to solicit feedback on initiatives under consideration. In 2011, GAO worked constructively with our employee union, IFPTE Local 1921, to finalize and implement a master term collective bargaining agreement. Within the framework of relevant labor law, GAO management works cooperatively with our union.

We have established mechanisms to seek input from all employees to help improve our operations and sustain an engaged workforce. GAO employees are invited to comment on draft orders either directly or through their union representatives. For example, in response to our draft order on performance appraisal, we received 86 comments from employees. Also, employees can make suggestions to improve our products, processes, services, and the quality of work-life. Our Employee Suggestion Program has been operating successfully since 1999. We have received over 5,200 suggestions—an average of 40 suggestions per month—and have adopted nearly 700. In addition, GAO employees can comment on a range of programs through our annual employee feedback survey. For example, employees can share their views about how well we are supporting them and the extent to which we are providing an environment that fosters professional growth. Employees can also rate their managers—from immediate supervisors to the Executive Committee—on key aspects of their leadership styles. GAO employees can also express their level of satisfaction with a number of specific

administrative services—including those provided by the human capital office. The survey is used to obtain information on what is being done well and how these services can be improved.

In response to employee input, agency leaders made changes that supported our goal for an inclusive work environment and made improvements in critical areas. In response to requests from some employee groups, we included questions in our 2009 employee feedback survey asking employees if they were part of the Lesbian/Gay/Bisexual/Transgender community and if they had a disability. Largely as a result of the comments from our employee survey about our performance management system, we have made some revisions and are planning to roll out a new system in 2013. Also, data from our employee survey as well as input from an internal study revealed the need to enhance our leadership training program. Additionally, we have implemented several employee suggestions designed to improve collaboration and information sharing, such as the suggestions to

- publicize protocols and procedures for arranging video teleconferences between GAO and Hill offices,
- use GAO's Polycom teleconference communications equipment to include field office staff in awards ceremonies, and
- develop a list of helpful tips and guidance on working effectively across distance to help enhance relations between headquarters and field offices.

We have made other changes to improve the efficiency of our processes and help reduce costs. For example, we previously hired contractors to administer and analyze our employee feedback survey and other surveys. Now, much of this work is done by selected staff, and we are able to reduce the associated costs. We launched the Cost Savings Idea program in August 2011. We have received more than 600 suggestions and implemented many, including eliminating the student loan repayment program, setting double-sided printing on network printers as the default, delaying replacement of laptop computers, and reducing training offerings sponsored by our Learning Center. All of these efforts have contributed to savings for GAO.

Focus on Employee Development and Reward Good Performance

GAO is dedicated to supporting employee development and rewarding good performance. In addition to our dedicated Learning Center, which provides curriculum that supports staff learning through the various stages of their career, GAO also provides on-the-job work experiences and reassignment opportunities to allow staff to broaden their skills. We also have a pay-for-performance system, as well as team and GAO-wide awards, and use legislative flexibilities, such as retention bonuses and pay adjustment authorities, when appropriate, to recognize and reward performance.

Our Learning Center offers and sponsors many classes to help staff continually learn and develop, and has also adopted several cost saving initiatives. GAO's Learning Center offers more than 770 courses, sponsors more than 4,000 online courses, and offers learning events for all employee levels and professions designed to improve skills and competencies. GAO's

Learning Center uses adjunct faculty to teach many of the courses, thus taking advantage of employees' knowledge while providing them with opportunities to teach. This approach also promotes succession planning and knowledge transfer.

As far back as 2005, we recognized the benefits of using a "training hub" concept where field staff training was moved to central field locations. This change in how we do business has resulted in reduced travel and associated costs for the agency. With a limited budget, our Learning Center has implemented more virtual learning classes, including a range of course offerings using online systems, e-learning, and virtual programs. About one-third of our leadership development program is now offered virtually. We will also begin to shift the emphasis of our training program from primarily entry-level training to providing more-targeted, "just-in-time" training that may be related to subject matter or audit skills.

In addition, our Learning Center manages our mentoring program, which is open to all staff at all band levels. GAO's mentoring program provides staff with access to experienced and knowledgeable individuals to assist them in becoming effective leaders and team players, managing their work environments, and developing their careers. The components of the program are: individual mentoring, group mentoring, facilitated career discussions, and speed mentoring—a virtual environment that opens the program to employees anywhere.

GAO has a professional development program to help newly hired, entry-level staff develop and improve skills critical for success. In this 2-year program, staff maximize their productivity and enhance their job satisfaction through rewarding job experiences, quality supervision and training, orientation to the GAO environment, and flexibility in staffing. Staff complete rotations among GAO's teams or, in some cases, within one GAO team, while developing knowledge of GAO's work. Also, during this period, staff are required to complete at least 119 hours of training in a range of areas.

Several developmental opportunities are available to all experienced staff at all levels. For example, staff can apply to work in our Quality and Continuous Improvement office, our Chief Administrative Office, our Congressional Relations office, or our Strategic Planning and External Liaison office on details lasting a few to several months. In addition, staff can also work on special projects while remaining in their home units. Experienced employees can also request to be reassigned to another team or unit through our biennial employee preference survey. These developmental opportunities and reassignments provide employees with the opportunity to broaden their work experiences, enrich their skills, and better accommodate personal interests while simultaneously meeting organizational needs and priorities. However, even those staff who remain within one unit or team have many opportunities to develop their skills by working on different projects and engagements, collaborating with many different people, and participating in unit-based committees. Further, on-the-job training is provided to staff at all levels all the time. We expect our managers and supervisors to guide and direct other staff and help them improve their knowledge and skills.

In addition, we support our employees through counseling services and retirement seminars. GAO offers free, confidential, short-term counseling for all GAO employees about work-related and personal issues. The professional counselors also provide appropriate referrals to outside

mental health professionals for specialized or long-term assistance. We have support groups, including a parent support group and cancer support group, and offer a wide range of seminars on topics such as dealing with aging parents, financial pitfalls, and understanding personality differences using Myers Briggs. In addition to these counseling services, GAO offers transition services for employees resigning or retiring from GAO, as well as midcareer and end-of-career retirement seminars.

Along with these efforts to continuously develop GAO staff, we have a performance management system that rewards and recognizes good performance, and we are making changes to improve this system. Since 2002, GAO has had a competency-based performance management system that ensures alignment of individual performance with the agency's strategic goals and objectives. Its objectives are to communicate candidly and constructively with staff about their performance in order to maximize their individual potential and contributions, provide management with the information necessary to recognize and reward top performers, and address poor performance.

In response to staff concerns about the system, and in keeping with best practices to periodically review performance management systems, GAO conducted an extensive study of its performance management system to comprehensively examine what works, what does not, and what could be done better. The findings of this study resulted in short- and long-term recommendations to improve the system. These recommendations are being implemented now and, we believe, will further enhance our ability to manage staff performance while evaluating staff on relevant and appropriate criteria. We anticipate that these changes will also continue to help ensure fairness and equity in our performance management process. As part of this effort, we have also provided additional training on the elements of our system, such as feedback, and will develop a communication strategy that involves, informs, and educates staff about the changes to the system.

Employees' performance appraisals are used to determine performance-based pay. Employees are eligible for an across-the-board increase equivalent to the General Schedule increase only if their performance is meeting expectations. In addition, each employee is eligible for performance pay based on their individual appraisal. The amount of the performance-pay pool varies each year based on our budget. Regardless of the amount of the pool, employees with the highest appraisals receive the highest payouts within their comparison group. In addition to rewarding good work through our performance management system, GAO has an awards and recognition program. GAO's Awards and Recognition Program recognizes individuals and teams for noteworthy achievements and extra effort above and beyond what is normally expected. These achievements may be recognized through honorary recognition, cash, gifts, paid time-off, written expressions of appreciation, plaques, or combinations of these awards. These awards can be granted at the team or unit level or agency-wide. Even in the restrained budget environment, we held an awards recognition ceremony to celebrate the accomplishments of our staff across GAO. Working in collaboration with our union, the decision was made to discontinue monetary awards this year as part of our efforts to save money and mitigate the need for staff reductions.

Conclusion

To be responsive to the increasing demand for GAO's services, the agency depends on a talented, diverse, high-performing, knowledge-based, and engaged workforce. In our prior work, we have concluded that the key elements critical to human capital management are leadership; strategic planning; acquiring, developing, and retaining talent; and a results-oriented organizational culture. We have integrated strategic human capital planning into broader organizational planning, taken steps to create an open and inclusive work environment where information sharing and collaboration with employees is the norm, and we have worked to continuously develop employees. Our focus on program accountability and continuous improvement has resulted in program improvements and cost savings through engaging new technologies and aligning programs to better meet organizational goals. Many of our initiatives are a result of employee suggestions and feedback. Further, we continue to recognize and reward good performance based on a fair and equitable performance management system and through our awards programs. At GAO, we have taken these steps in times of healthy budgets and lean years, and we aim to balance agency needs while maintaining a work environment that values and supports employees and helps us remain one of the best places to work in the federal government.