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HUMAN CAPITAL

DOD Needs Complete Assessments to Improve Future Civilian Strategic Workforce Plans



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Why GAO Did This Study

As of June 2012, DOD reported a full-time civilian workforce of about 780,000 personnel. According to DOD, about 30 percent of its civilian workforce and 60 percent of its civilian senior leaders will be eligible to retire by March 31, 2015. Such potential loss may result in significant skill gaps. The National Defense Authorization Act for Fiscal Year 2010 requires GAO to submit a report on DOD's 2010-2018 strategic civilian workforce plan. In response, GAO determined the extent to which DOD identified critical skills, competencies, and gaps; assessed its workforce mix; and measured progress in implementing its strategic workforce plan. GAO analyzed DOD's strategic workforce plan and supporting documents, and met with managers of four functional communities within the civilian personnel community (information technology, financial management, logistics, and law enforcement), because they represent the three largest and the one smallest of the functional communities, to determine how they conducted their strategic workforce planning.

What GAO Recommends

GAO recommendations include that DOD issue clearer guidance for assessing its skills and competencies, conduct and report on gap analysis of mission-critical occupations, clarify its guidance for assessing workforce mix issues, and enhance its performance measures to align with congressionally mandated reporting requirements. DOD concurred or partially concurred with GAO's recommendations. While DOD raised some issues about the need for further actions, GAO continues to believe that DOD's workforce planning could be enhanced.

View [GAO-12-1014](#). For more information, contact Brenda S. Farrell at (202) 512-3604 or farrellb@gao.gov

HUMAN CAPITAL

DOD Needs Complete Assessments to Improve Future Civilian Strategic Workforce Plans

What GAO Found

Over the last decade, Congress has passed legislation requiring the Department of Defense (DOD) to conduct human capital planning efforts for the department's civilian workforce. Specifically, section 115b of Title 10 of the United States Code, enacted in October 2009, requires DOD to develop and submit to congressional defense committees a strategic workforce plan to shape and improve the department's civilian workforce. Among other things, the law requires DOD to report on the mission-critical skills, competencies, and gaps in its existing and future civilian workforces; the appropriate mix of military, civilian, and contractor personnel capabilities; and the department's progress in implementing its strategic workforce plan using results-oriented performance measures. While DOD has addressed some of its reporting requirements to some extent, it has not addressed others.

- DOD, to varying degrees, assessed the existing and future critical skills and competencies for 21 of the 22 occupations that it has identified as mission critical, but conducted competency gap assessments only for 8 of these 22 occupations. In some but not all cases, DOD provided details about skills and competencies. However, it did not report the results of any of its gap analyses for its mission-critical occupations.
- DOD did not assess the appropriate mix of military, civilian, and contractor workforces or provide an assessment of the capabilities of each of these workforces. Only two of the civilian community managers who provided input presented data on all three workforces. The remaining nine community managers provided data only on military and civilian personnel. DOD guidance requires, among other things, that DOD missions be accomplished with the least costly mix of military, civilian, and contractor personnel, consistent with military requirements and other needs of the department.
- DOD assessed progress in implementing its strategic workforce plan by using newly developed measures that contain characteristics of valid results-oriented performance measures, but these measures are not aligned with DOD's statutory reporting requirements. For example, although DOD is required to conduct gap analyses and assess its workforce mix, it is unclear how the measures that DOD developed will help to address these requirements.

The input to DOD's strategic workforce plan on critical skills and competencies varied, in part, because the reporting template that DOD sent to its civilian personnel community managers did not contain sufficient detail and clear definitions. Also, the template did not provide departmental expectations for conducting gap analyses or communicate clear guidance for reporting on workforce mix assessments. Without sufficiently detailed guidance to help ensure complete reporting, input into future plans will continue to vary and the plan's usefulness as a workforce planning document will be diminished. Further, in those cases where DOD's performance measures are not aligned with its congressionally mandated reporting requirements, it is difficult for DOD to demonstrate progress against those requirements.

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Abbreviations

DOD Department of Defense
OSD Office of the Secretary of Defense
OPM Office of Personnel Management

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United States Government Accountability Office
Washington, DC 20548

September 27, 2012

Congressional Committees

The current and long-term fiscal pressures facing the Department of Defense (DOD) underscore the importance for DOD to employ a strategic and efficient approach to recruit, develop, and retain individuals with the necessary skills and competencies for the department to meet its mission. DOD's civilian workforce performs a wide variety of duties and responsibilities, including mission-essential combat-support functions—such as logistics support and maintenance—that traditionally have been performed by the uniformed military. A key component of this workforce also provides deployable civilian experts to Afghanistan and other theaters of operation. According to the department, as of June 2012, DOD's total civilian workforce included about 780,000 full-time civilians.¹ The department has acknowledged a number of challenges in managing this large, diverse workforce. Among them, DOD has reported that about 30 percent of its civilian workforce and 60 percent of its civilian senior leaders will be eligible to retire by March 31, 2015. DOD is also reducing its reliance on contractors and increasing the expertise of its in-house workforce. According to DOD's 2010 Quadrennial Defense Review, the department's priorities include the need for increased leadership in human-capital management, improvement in capabilities within its civilian-led activities, and acquisition personnel who have the skills and training necessary to successfully perform their jobs.²

Strategic workforce planning—an integral part of human-capital management—helps organizations to determine if they have staff with the necessary skills and competencies to achieve their strategic goals. We have previously reported that having the right number of civilian personnel with the right skills is critical to achieving DOD's mission, and that it is important for DOD, as part of its workforce planning, to conduct gap analyses of its critical skills and competencies.³ In 2001, we included

¹DOD, *DOD Demographics as of June 30, 2012*. This number represents DOD's appropriated fund United States civilian employees and does not include foreign national or nonappropriated fund civilian employees.

²DOD, *Quadrennial Defense Review Report* (February 2010).

³GAO, *Human Capital: Further Actions Needed to Enhance DOD's Civilian Strategic Workforce Plan*, [GAO-10-814R](#) (Washington, D.C.: Sept. 27, 2010).

strategic human-capital management for all federal civilians—including DOD—on our high-risk list because of the long-standing lack of leadership in this area. While DOD has taken significant steps to address human-capital issues, strategic human-capital management remains high risk government-wide⁴ because of a need to develop and implement plans to address current and emerging critical-skill gaps that are undermining agencies' abilities to meet their vital missions.

Over the last decade, Congress has passed legislation requiring DOD to conduct human-capital planning efforts for the department's civilian workforce. Specifically, section 115b of Title 10 of the United States Code, enacted in October 2009,⁵ requires DOD to periodically develop and submit to congressional defense committees a strategic workforce plan to shape and improve the department's civilian workforce. While the law does not specify a date for DOD to submit the plan,⁶ it does stipulate several requirements for the plan. These include an assessment of:

- the mission-critical skills and competencies of the existing and future civilian workforce and projected trends in that workforce based on expected losses due to retirement and other attrition;
- gaps in the existing or projected civilian workforce that should be addressed to ensure that the department has continued access to the critical skills and competencies;
- the appropriate mix of military, civilian, and contractor personnel capabilities; and
- the department's progress in implementing its strategic workforce plan using results-oriented performance measures.

DOD's mandate previously required that the department's assessments cover a 7-year period following the year in which the plan is submitted to

⁴GAO, *High-Risk Series: An Update*, [GAO-11-278](#) (Washington, D.C.: February 2011).

⁵The National Defense Authorization Act for Fiscal Year 2010, Pub. L. No. 111-84, § 1108 (2009) (codified as amended at 10 U.S.C. 115b) codified a previous strategic workforce plan requirement that was originally enacted by section 1122 of the National Defense Authorization Act for Fiscal Year 2006, Pub. L. No. 109-163 (2006).

⁶Section 935 of the National Defense Authorization Act for Fiscal Year 2012, Pub. L. No. 112-81 (2011) amended section 115b to require DOD to submit its Strategic Workforce Plan biennially rather than annually.

Congress.⁷ Therefore, DOD's latest civilian senior leader workforce plan covers the period 2010-2018.

In March 2012, DOD issued its 2010-2018 Strategic Workforce Plan. GAO, as mandated by the National Defense Authorization Act for Fiscal Year 2010, is required to report on DOD's plan within 180 days of its submission to the congressional committees.⁸ Specifically, we evaluated the extent to which DOD assessed (1) the existing and future critical skills, competencies, and gaps in its civilian workforce; (2) its workforces to identify the appropriate mix of military, civilian, and contractor personnel capabilities; and (3) its progress in implementing the strategic workforce plan by using results-oriented performance measures.

To conduct this review, we evaluated DOD's 2010-2018 strategic workforce plan and supporting documentation, and interviewed DOD officials responsible for developing the strategic workforce plan.⁹ Within DOD's overall civilian-personnel community, we met with functional community managers¹⁰ in the information technology, financial management, logistics, and law enforcement communities to determine how each of these communities conducted their strategic workforce planning and how coordination occurred between the specific communities and the department. We selected these four functional

⁷Section 935 of the National Defense Authorization Act for Fiscal Year 2012, Pub. L. No. 112-81 (2011) amended this requirement to a 5-year period, which corresponds to the current Future Years Defense Program. Prior to 2009, section 1122 of the National Defense Authorization Act for Fiscal Year 2006 required DOD to develop a similar strategic workforce plan and directed DOD's assessments to cover a 10-year period.

⁸The National Defense Authorization Act for Fiscal Year 2010, Pub. L. No. 111-84 (2009) also requires GAO to report on DOD's civilian senior-leader workforce plan. See GAO, *Human Capital: Complete Information and More Analyses Needed to Enhance DOD's Civilian Senior Leader Workforce Plan*, [GAO-12-990R](#) (Washington D.C.: Sept. 19, 2012).

⁹For DOD's 2010-2018 plan, 11 of 12 functional communities—which consist of employees who perform similar functions—provided some information on 22 occupations that DOD has identified as mission critical. The twelfth functional community – Acquisition – did not submit its assessments for inclusion in DOD's 2010-2018 Strategic Workforce Plan and, according to DOD officials, a separate report on the acquisition community will be submitted to Congress in March 2013. For the purposes of this report, we evaluated the information and data provided by the 11 functional communities that were included in DOD's 2010-2018 plan.

¹⁰Functional community managers are responsible for monitoring the strategic human-capital planning efforts for their respective communities, including workforce forecasting, competency assessment, and strategy development.

communities because they represent three of the largest and one of the smallest functional communities included in the plan. Further, DOD business-systems modernization (information technology), DOD financial management, and DOD supply-chain management (logistics) are on GAO's 2011 High-Risk list.¹¹ To aid all aspects of our review, we also met with Office of Personnel Management (OPM) officials to identify relevant policy and guidance to federal agencies. To determine the extent to which DOD assessed existing and future critical skills, competencies, and any gaps in its civilian workforces, we obtained and reviewed existing DOD guidance, including guidance related to any automated systems the department may use to facilitate these assessments. We also reviewed documents to ascertain how DOD used OPM's Workforce Analysis Support System and Civilian Forecasting System to develop the department's civilian-workforce forecasts and projections. To determine the extent to which DOD assessed its workforces to identify the appropriate mix of military, civilian, and contractor personnel capabilities, we obtained and reviewed DOD guidance on conducting these assessments and analyzed DOD's efforts to apply the guidance. We compared DOD's efforts to prior GAO work on assessing the appropriate mix of workforces and identifying capabilities of those workforces. To determine the extent to which DOD assessed its progress in implementing its strategic workforce plan by using results-oriented performance measures, we obtained and reviewed relevant DOD guidance and analyzed DOD's efforts to apply the guidance. We also compared DOD's performance measures to its reporting requirements in the United States Code and our prior work on valid performance measures to determine how DOD's measures aligned to both. We found the data contained within the plan to be sufficiently reliable for purposes of assessing efforts in developing and producing civilian strategic workforce plans and providing context of these efforts.

We conducted this performance audit from July 2011 through September 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings

¹¹[GAO-11-278](#).

and conclusions based on our audit objectives. Additional details on our scope and methodology are in appendix I.¹²

Background

To help conduct human-capital planning efforts for the department’s civilian workforce, DOD’s Strategic Human Capital Planning Office used functional community categories to group together employees who perform similar functions. Each of these communities includes a varying number of mission-critical occupations. For the 2010-2018 strategic workforce plan, 11 functional communities provided some information on their 22 mission-critical occupations in an appendix to the plan.¹³ Mission-critical occupations are positions key to DOD’s current and future mission requirements, as well as those that present recruiting and retention challenges. Table 1 lists the 11 functional communities along with their mission-critical occupations.

Table 1: DOD’s Civilian Workforce Functional Communities and Associated Mission-Critical Occupations

Designated Functional Communities	Mission-Critical Occupations
1. Civil Engineering	1. Civil Engineers
2. Financial Management	2. Accounting
	3. Auditing
	4. Budget Analysis
	5. Financial Administration
3. Human Resources	6. Human Resources Management (Civilian)
4. Information Technology (IT)	7. Computer Engineering
	8. Computer Scientist
	9. Electronics Engineering
	10. IT Management

¹²We began this engagement in July 2011, when DOD provided us with a draft of its Fiscal Years 2010-2018 Strategic Workforce Plan and indicated that the final version would be issued soon thereafter. We suspended this work when we did not receive the final plan and resumed our review when DOD submitted its final Strategic Workforce Plan for Fiscal Year 2010-2018 to Congress on March 27, 2012.

¹³In addition to the 11 functional communities listed in table 1, DOD’s 2010-2018 strategic workforce plan also includes appendixes for 5 cross-cutting communities: the Senior Executive Service, National Security Professionals, Leadership, Civilian Expeditionary Workforce, and Science and Technology.

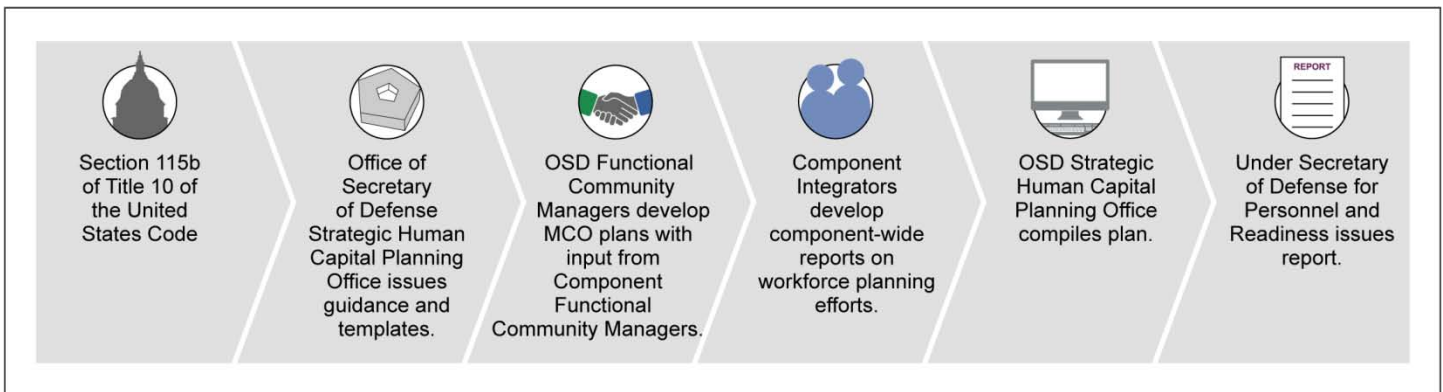
Designated Functional Communities	Mission-Critical Occupations
5. Installations and Environment	11. Fire Protection and Prevention
	12. Safety and Occupational Health
6. Intelligence	13. Intelligence Specialist
7. Language	14. Language Specialist
8. Law Enforcement	15. Police
9. Logistics Management	16. Logistics Management
10. Medical	17. Clinical Psychology
	18. Medical Officer
	19. Nurse
	20. Pharmacist
	21. Social Work
11. Security	22. Security Specialist

Source: GAO analysis of DOD information

DOD's mandated strategic workforce plans are developed by the Defense Civilian Personnel Advisory Service's Strategic Human Capital Planning Office, which is within the Office of the Under Secretary of Defense for Personnel and Readiness. To collect data and information from the functional communities, the Strategic Human Capital Planning Office develops a reporting template that it sends to the 11 functional community managers within the Office of the Secretary of Defense (OSD). The template consists of three sections that request information and data on areas such as workforce end-strength forecasts, constraints that impact the ability to meet end-strength targets, status of competency development, and strategies to fill gaps. To complete the template, the functional community managers work with their counterparts at the component¹⁴ level to collect the necessary information and data for the mission-critical occupations. Once the component-level functional community managers collect the necessary information and data, they send their completed templates back to the functional community integrators, who compile all the information and data for each community into one cohesive functional community document. The Strategic Human Capital Planning Office then compiles the various reports from the functional community managers and integrators and issues the report after it passes an internal review. Figure 1 identifies the key offices that develop the strategic workforce plan.

¹⁴DOD components in this context include the military departments, defense agencies, combatant commands, and other defense activities.

Figure 1: 2010-2018 Strategic Workforce Plan Process and Participants



Source: GAO analysis of DOD documents.

Our previous work has found that, in general, DOD's efforts to develop workforce plans have been mixed.¹⁵ In our February 2009 report,¹⁶ we recommended that DOD develop performance plans for its program offices that have responsibilities to oversee development of the strategic workforce plan. Specifically, we recommended that the performance plans include establishing implementation goals and time frames, measuring performance, and aligning activities with resources to guide its efforts to implement its strategic workforce plan. DOD partially concurred with our recommendations and noted that efforts were underway to develop performance plans.

DOD's Assessments of Existing and Future Critical Skills, Competencies, and Gaps Varied

DOD assessed, to varying degrees, the existing and future critical skills and competencies for all but one of its mission-critical occupations, but the department did not assess gaps for most of them. Further, DOD's report did not include the most up-to-date or timely information when it issued its most recent report.

¹⁵GAO, *Human Capital: Opportunities Exist to Build on Recent Progress to Strengthen DOD's Civilian Human Capital Strategic Plan*, [GAO-09-235](#) (Washington, D.C.: Feb. 10, 2009); and *The Department of Defense's Civilian Human Capital Strategic Plan Does Not Meet Most Statutory Requirements*, [GAO-08-439R](#) (Washington, D.C.: Feb. 6, 2008).

¹⁶[GAO-08-439R](#).

DOD Assessed Skills and Competencies for a Majority of Its Mission-Critical Occupations, but the Assessments Varied Widely

Section 115b of Title 10 of the United States Code requires that DOD's strategic workforce plan include an assessment of the critical skills and competencies of the existing civilian-employee workforce and DOD, in response to that requirement, assessed to varying degrees the existing critical skills and competencies for 21 of its 22 mission-critical occupations. We have previously reported that it is essential for agencies to determine the skills and competencies that are critical to successfully achieving their missions and goals. This is especially important as changes in national security, technology, budget constraints, and other factors change the environment within which federal agencies operate.¹⁷ The assessments contained in DOD's 2010-2018 plan, however, varied significantly in terms of the amount of detail provided. This variation can be attributed, in part, to the fact that some communities are able to draw on existing requirements and standards. For example, the information technology functional community used the Clinger-Cohen Competencies for the Information Technology Workforce,¹⁸ which provide a description of the technical competencies for various information technology occupations, to assess the critical skills and competencies within its workforce. Accordingly, the information technology functional community manager was able to provide detail and specificity when describing this community's assessment processes and the results of those assessments. Similarly, the medical functional community was able to use existing national standards for licensure and board certification for physicians when it assessed particular critical skills and competencies. This community was able to provide specific details about its assessment processes and the results from those assessments. In contrast, while the installations and environment functional community reported on the competency models available for assessing its two mission-critical occupations, firefighters and safety-and-health managers, this community did not provide the results of any analyses using these models.

¹⁷[GAO-04-39](#).

¹⁸The Clinger-Cohen Act of 1996 (codified as amended at 40 U.S.C. § 11101, et seq.) provides a framework for effective information technology management. The competencies were developed by DOD through collaboration between the Federal Chief Information Officer Council, DOD, private-sector, staffing, and academia representatives. The Clinger-Cohen Competencies are periodically updated in response to information technology workforce management requirements in 40 U.S.C. § 11315, among other things.

DOD is also required to report on the critical skills and competencies that will be needed in its future workforces. We have previously reported that an agency needs to define the critical skills and competencies that it will require in the future to meet its strategic program goals. Doing so can help an agency align its human-capital approaches that enable and sustain the contributions of all the critical skills and competencies needed for the future.¹⁹ Our assessment of DOD's 2010-2018 strategic workforce plan found that for 17 of the 22 mission-critical occupations, DOD provided some discussion of future competencies. For the remaining five mission-critical occupations, DOD reported that functional community managers were waiting for the completion of competency models for their specific mission-critical occupations before assessing future competencies. One functional community, Intelligence, did not provide an assessment of skills and competencies for either its existing or future mission-critical occupations. DOD officials told us that the intelligence community's assessments are maintained in classified documents and could not be provided in the department's 2010-2018 strategic workforce plan. According to the plan, the Offices of the Under Secretary of Defense for Intelligence and the Under Secretary of Defense for Personnel and Readiness, along with the Office of the Director of National Intelligence, agreed instead to capture the reporting requirements in already established human-capital employment plans that were submitted by intelligence-community elements to the Office of the Director of National Intelligence. Officials from the Office of the Under Secretary of Defense for Intelligence acknowledged that they should provide input into DOD's strategic workforce plan and stated that they would provide input into the next submission of the plan.

DOD officials responsible for developing the strategic workforce plan said they followed a collaborative process and met numerous times to seek input and guidance for developing the plan. To obtain information and data from each functional community, the Strategic Human Capital Planning Office distributed a reporting template to the functional community managers that contained a series of questions related to the requirements of section 115b of Title 10 of the United States Code. For the 2010-2018 plan, from May 2009 through October 2010 the Strategic Human Capital Planning Office provided informal guidance for template

¹⁹GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, [GAO-04-39](#) (Washington, D.C.: Dec. 11, 2003).

development to functional community managers, integrators, and action officers. This office also provided additional training and one-on-one sessions with integrators, and tailored meetings with functional community managers to address completion. The template, however, did not define key terms such as skills and competencies. Accordingly, we found that the functional community managers interpreted the questions within the template differently and developed different understandings of key terms. For example, officials in one functional community explained to us that they viewed skills as a subset of a larger category of competencies. Officials in a separate functional community associated skills with employee capabilities and competencies with occupational descriptions. Without clear guidance for assessing skills and competencies, functional community managers are likely to continue to provide inconsistent responses that vary in detail and usefulness to decision makers.

A Majority of Functional Communities Did Not Conduct Competency Gap Assessments for Mission-Critical Occupations, and None Reported the Results of Gap Assessments

Section 115b of Title 10 of the United States Code requires DOD to include an assessment of gaps in the existing and future civilian employee workforce that should be addressed to ensure that the department has continued access to the critical skills and competencies needed to accomplish its mission.²⁰ We have previously reported that once an agency identifies the critical skills and competencies that its future workforce must possess, it can develop strategies tailored to address gaps in the number, skills and competencies, and deployment of the workforce.²¹ Our analysis found, however, that functional community managers reported conducting competency gap assessments for only 8 of the 22 mission-critical occupations. These 8 occupations include nurses, pharmacists, clinical psychologists, social workers, medical officers, security specialists, police officers, and human-resources managers. Further, in cases where the functional community managers did conduct gap analyses, they did not report the results of these

²⁰DOD is currently also leading an initiative of the Council of Chief Human Capital Officers and OPM to address strategic human-capital issues identified by GAO in its High-Risk Series reports. GAO has identified strategic human-capital management as high risk across the federal government, and the objective of this initiative is to develop and institutionalize a comprehensive approach to reduce high-risk skill gaps in targeted federal-wide and agency-specific mission-critical occupations. According to an April 2012 update for GAO, this initiative will continue until March 2013.

²¹[GAO-04-39](#).

assessments. Officials responsible for developing the 2010-2018 plan told us that they focused on identifying critical-skill gaps based on staffing levels in the mission-critical occupations. According to these officials, competency gaps will be assessed using the Defense Competency Assessment Tool that is scheduled for initial deployment in late fiscal year 2013.²²

In some cases, competency models are still being developed that will enable the functional communities to conduct gap assessments for their mission-critical occupations. For example, the financial-management functional community stated specifically in DOD's plan that it did not complete a gap assessment because competency models for its mission-critical occupations remain incomplete. The financial-management community reported in the plan that, upon completion of its competency models, it will be able to fully assess gaps in knowledge and skills. DOD officials responsible for the plan told us that they anticipate these models to be completed by the end of 2012.

Some functional communities, similarly, are waiting for the completion of an automated competency assessment tool in order to complete their gap assessments. The logistics functional community stated in the plan, for example, that it will use DOD's Defense Competency Assessment Tool when it becomes available. Because this community, as of September 2010, had more than 18,000 personnel serving in the mission-critical occupation of logistics-management specialist, community officials explained that the workforce is too large to track without an automated tool.

Further, some officials attributed the absence of gap analyses to other priorities that took precedence. Officials acknowledged that they did not address all of the statutory requirements and explained that their work on the Secretary of Defense's 2010 efficiency initiatives—which were introduced to reduce duplication, overhead, and excess—preempted their efforts to develop responses for DOD's 2010 Strategic Workforce Plan.

²²According to March 2012 testimony by the then acting Under Secretary of Defense for Personnel and Readiness, the Defense Competency Assessment Tool is scheduled for deployment in fiscal year 2013, and that through it DOD will be able to assess workforce competencies and develop strategies to reduce critical skill gaps that may impact mission accomplishment by fiscal year 2015.

Finally, of the functional communities that reported completing gap assessments for eight of the mission-critical occupations, none reported the results. For example, the medical functional community reported that DOD's Medical Health System analyzed a variety of data monthly to ensure goals are met and to assess and respond to gaps for all five of its mission-critical occupations: nurses, pharmacists, clinical psychologists, social workers, and physicians. However, the plan did not report the results of any of these assessments. Our analysis of the template DOD sent to the functional community managers found that it was not clear in all cases that each functional community should report the results of any gap analyses or report the reasons why it could not conduct these assessments—if that is the case—or report timelines for when the assessments would be conducted. Without this information, DOD is limited in its ability to identify where its critical shortages lie so that it may direct limited resources to the areas of highest priority.

DOD Delayed the Issuance of Its Workforce Plan, and Did Not Update Data

Under a previous strategic-plan requirement, DOD was required to submit a strategic plan to Congress by January 6, 2007, with updates of that plan to be submitted on March 1 of each subsequent year through 2009.²³ The National Defense Authorization Act for Fiscal Year 2010²⁴ repealed this requirement, and enacted section 115b of Title 10 of the United States Code. From October of 2009 until December 2011, section 115b required the submission of the plan on an annual basis, rather than on any specific date. In December of 2011, the National Defense Authorization Act for Fiscal Year 2012²⁵ amended section 115b to make the strategic plan a biennial requirement, rather than an annual one. Our analysis shows, based on these requirements, that DOD's first three submissions were 304, 115, and 395 days late, respectively. Additionally, while DOD issued its third strategic workforce plan on March 31, 2010, the department issued its fourth, and most recent, plan 24 months later on March 27, 2012. When DOD began development of its fourth plan, the department was required to submit its workforce plan on an annual basis; by the time DOD issued the plan the reporting requirement had been revised from an

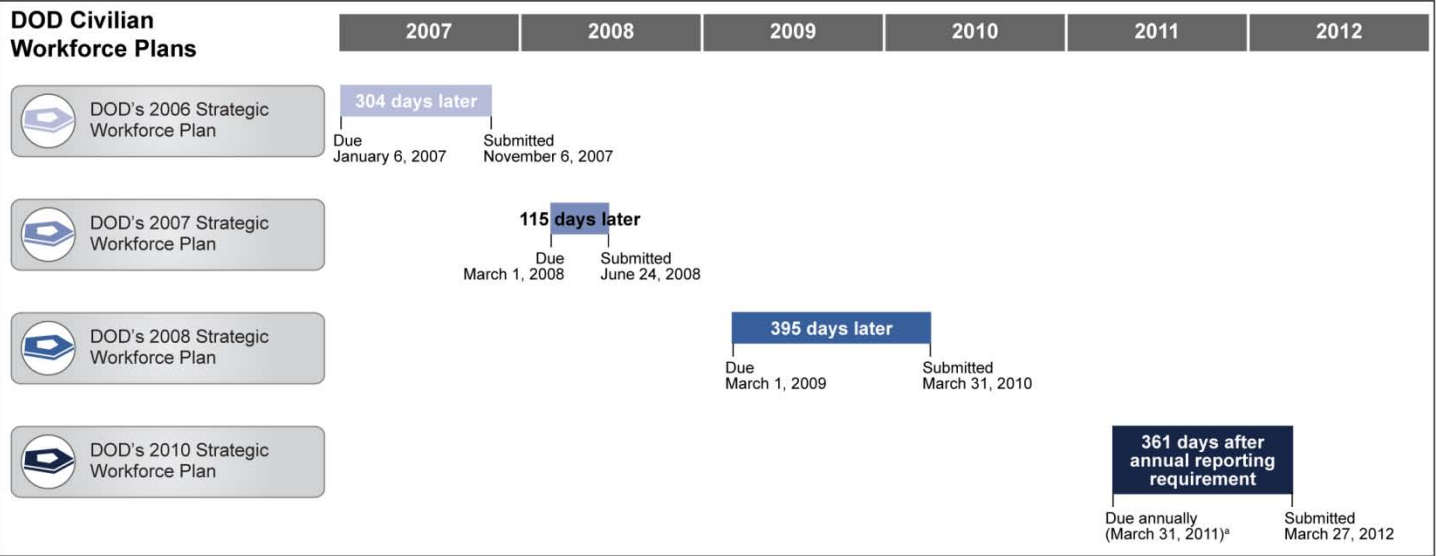
²³See National Defense Authorization Act for Fiscal Year 2006, Pub. L. No. 109-163, § 1122 (2006) (repealed by the National Defense Authorization Act for Fiscal Year 2010, Pub. L. No. 111-84, § 1108 (2009)).

²⁴Pub. L. No. 111-84, § 1108 (2009).

²⁵Pub. L. No. 112-81, § 935 (2011).

annual to a biennial requirement. We note, however, that DOD’s report was already at least 8 months overdue at the time of that revision. Further, while DOD delayed issuance of its fourth plan until March 2012, it continued to use fiscal year 2010 data as its baseline. Figure 2 shows the number of days each of DOD’s strategic workforce plans has been late since 2007.

Figure 2: Since 2007, Number of Days DOD Issued Its Strategic Workforce Plan Later Than the Due Date



Source: GAO analysis of DOD plan submission data.

^aIn December 2011, the National Defense Authorization Act for Fiscal Year 2012 amended section 115b of Title 10 of the United States Code to make the strategic workforce plan a biennial requirement, rather than an annual one.

Officials attributed the delays in the production of DOD’s 2010 strategic workforce plan to long internal processing times and staff turnover. According to these officials, the plan’s progress was affected by turnover among contractor personnel as well as the leadership and staff within the strategic workforce planning office at DOD. DOD recognized these delays, and the Deputy Assistant Secretary for Defense for Civilian Personnel Policy testified before the House Armed Services Committee in July 2011 that the 2010-2018 report would be issued in late August 2011. However, it remained in draft form for another 7 months and was not issued until March 2012.

Our prior work on internal control standards for the federal government has shown that agencies rely on timely information to carry out their responsibilities.²⁶ For an agency to manage and control its operations effectively, it must have relevant, reliable, and timely communications relating to internal as well as external events. We found that although the Strategic Human Capital Planning Office provided suggested timeframes, DOD officials did not adhere to this schedule. Without up-to-date information, decision makers do not have relevant information for managing the critical needs of the federal workforce in a timely manner. Officials responsible for the plan told us they anticipate issuing the 2012 strategic workforce plan between July and September of 2013.

DOD Did Not Assess the Appropriate Mix of Military, Civilian, and Contractor Personnel Capabilities

DOD, in its 2010-2018 workforce plan, did not include an assessment of the appropriate mix of military, civilian, and contractor personnel or an assessment of the capabilities of each of these workforces. Section 115b of Title 10 of the United States Code requires DOD to conduct an assessment of the appropriate mix of military, civilian, and contractor personnel capabilities. To compile the workforce mix data, DOD officials responsible for the plan developed and distributed a reporting template to be completed by functional community managers. This template requested the functional community managers to provide the percentages of DOD civilian personnel, military personnel, and contractors in each mission-critical occupation. Additionally, the template requested each functional community to provide information on the desired workforce mix for fiscal year 2016, and interim goals if possible.

Our review found that 2 of the 11 functional communities provided the mix of their workforces, while 9 communities provided partial or no data. Specifically, the medical and human-resources functional communities provided the percentages of military, civilian, and contractor personnel for their current workforce, and reported their desired mix for fiscal year 2016, as the template requested.²⁷ For example, the medical functional

²⁶GAO, *Internal Controls: Standards for Internal Control in the Federal Government*, [GAO-AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

²⁷During the course of our review, DOD officials told us that they no longer considered language specialists to be a mission-critical occupation due to the extremely small number of civilian linguists within DOD. We note, however, that foreign-language capabilities are identified as a high-risk issue in GAO's 2011 High-Risk list. See [GAO-11-278](#), *High-Risk Series: An Update* (Washington, D.C.: February, 2011).

community provided workforce mix data for its military, civilian, and contractor personnel in each of its mission-critical occupations. According to officials responsible for the strategic workforce plan, the medical functional community was able to provide workforce mix data because the community already tracked personnel data as a way to maintain oversight. Conversely, the logistics and information-technology functional communities provided only the military and civilian workforce data and did not include contractor data. The intelligence functional community did not provide any workforce mix data for inclusion in the 2010 strategic workforce plan.

Moreover, data on contractor personnel was incomplete. During this review, DOD officials responsible for the plan stated that they have difficulties tracking contractor data, explaining that DOD contracts for services rather than for individuals. We note, however, that this issue is not new. DOD guidance requires defense officials to consider personnel costs, among other factors, when making certain workforce decisions. For example, a February 2005 DOD directive states that missions shall be accomplished using the least costly mix of personnel (military, civilian, and contract) consistent with military requirements and other needs of the department.²⁸ Subsequently, in April 2010, DOD issued an instruction that included guidance on implementing the prior directive.²⁹ Further it is DOD policy that DOD components follow prescribed business rules when performing an economic analysis in support of workforce decisions. These rules apply when, among other circumstances, DOD's components decide whether to use DOD civilians to perform functions that are currently being performed by contractors but could be performed by DOD civilians.³⁰

By law, DOD is required to annually compile and review an inventory of activities performed pursuant to contracts to help provide better insights into the number of contractor full-time equivalents providing services to the department, and the functions they are performing.³¹ Additionally, the

²⁸DOD, Directive 1100.4, *Guidance for Manpower Management* (Feb. 12, 2005).

²⁹DOD, Instruction 1100.22, *Policy and Procedures for Determining Workforce Mix* (April 12, 2010).

³⁰DOD, Directive-Type Memorandum (DTM) 09-007, *Estimating and Comparing the Full Costs of Civilian and Military Manpower and Contract Support* (September 2, 2011).

³¹10 U.S.C. § 2330a.

National Defense Authorization Act for Fiscal Year 2012 requires appropriate DOD officials to develop a plan, including an enforcement mechanism, to ensure that this inventory of contracted services is used to inform strategic workforce planning, among other things.³² The act also directed the Secretary of Defense to establish policies and procedures for determining the most appropriate and cost-efficient mix of military, civilian, and contractor personnel to perform the mission of the department. Further, the act directed that these policies and procedures should specifically require DOD to use the strategic workforce plan, among other things, when making these determinations, and that these policies and procedures, once developed, should inform the strategic workforce planning process. Earlier this year, we reported³³ that DOD has difficulty collecting data on the number of contractors performing work, and that DOD is working on a means to collect the data. We also reported that DOD has submitted to Congress a plan to collect personnel data directly from contractors that would help inform the department of the number of full-time-equivalent contractor staff.³⁴ According to this plan, DOD will institute a phased-in approach to develop an inventory of contracted services database by fiscal year 2016.

In the meantime, the functional communities did not provide all required information, in part, because the department did not request it. The template, for example, did not ask the functional communities to report the capabilities of their civilian, military and contractor personnel in mission-critical occupations, and as a result none of the functional communities reported them. Further, the template did not ask the functional communities to report on their assessments of the appropriate mix of these workforces within their communities and, accordingly, none of the communities provided this type of assessment. Without a complete assessment, it is difficult for DOD to know if its civilian workforce is properly sized to carry out its vital missions.

³²Pub. L. No. 112-81, § 936 (2011) (codified at 10 U.S.C. § 2330a).

³³GAO, *Defense Workforce: DOD Needs to Better Oversee In-Sourcing Data and Align In-Sourcing Efforts with Strategic Workforce Plans*, [GAO-12-319](#) (Washington, D.C.: Feb. 9, 2012).

³⁴DOD's plan, submitted in November 2011 included instructions to the military departments and DOD components to document contractor full time equivalents and begin the collection of contractor manpower data.

DOD Developed Results-Oriented Performance Measures to Assess Progress, but These Measures Do Not Fully Align with Congressional Reporting Requirements

DOD developed five performance measures to assess progress in implementing its strategic workforce plan, and the measures generally align with the department's goals. We have previously reported that performance measures should align with goals and track progress toward the goals of the organization. However, it is not clear in all cases how these measures will help DOD demonstrate progress in meeting all of the reporting requirements contained in section 115b of Title 10 of the United States Code.

DOD Identified Performance Measures to Assess Progress in Implementing Its Strategic Workforce Plan

In response to statutory requirements, DOD developed five results-oriented performance measures to assess progress in implementing its strategic workforce plan. Specifically, the Office of the Undersecretary of Defense for Personnel and Readiness developed five baseline performance measures, which address:

- workforce-mission readiness (the percentage of managers reporting that they have the talent needed to meet their mission);
- mission-critical occupations' end-strength (the percentage difference between the actual end-strength and the target end-strength for mission-critical occupations);
- key milestones (the percentage of key milestones met by each mission-critical occupation);
- competency-model development (the number of competency models developed for mission-critical occupations); and
- loss rates for new hires (18-month loss rate from hiring date for new federal-civilian hires in mission-critical occupations).

According to the 2010-2018 plan, the Office of the Undersecretary of Defense for Personnel and Readiness based the first four of these measures—workforce mission readiness, mission-critical occupations' end-strength, key milestones, and competency-model development—on goals identified in DOD's companion document to its overall civilian human-capital strategic plan.³⁵ According to the plan, officials developed

³⁵DOD, *Civilian Human Capital Strategic Plan 2010-2011 Refresh*.

the fifth measure—loss rates for new hires—to support the overall strategic plan for the Office of the Undersecretary of Defense for Personnel and Readiness. Collectively, these baseline measures were established relative to the strategic objectives set for tracking and supporting organizational decision making within the Office of the Undersecretary of Defense for Personnel and Readiness.

We have previously reported that performance measures should align with goals and track progress toward the goals of the organization.³⁶ Additionally, OPM best practices state that performance measures can help drive desired behavior, provide direction, and enable an organization to test its progress in achieving goals.³⁷ Accordingly, DOD developed the five measures to meet goals and objectives identified in a key DOD strategic document.³⁸ All five performance measures include targets to track progress toward goals—such as a 70 percent target for key milestones in mission-critical occupations—so that the results of any progress can be easily compared to the targets. Additionally, the performance measures are quantifiable. For example, one of the performance measures establishes a 15 percent variance between the actual end-strength and the target end-strength of mission-critical occupations.

While DOD introduced these measures for the first time in its 2010-2018 strategic workforce plan, the department conducted preliminary assessments of its progress against those measures. In this plan, DOD reported in its preliminary observations that it has met two performance measures—key milestones and competency-model development—and partially met two other measures—workforce-mission readiness and the end-strength of mission-critical occupations. For example, according to

³⁶GAO, *Tax Administration: IRS Needs to Further Refine Its Tax Filing Season Performance Measures*, [GAO-03-143](#) (Washington, D.C.: Nov. 22, 2002); and *Managing for Results: Strengthening Regulatory Agencies' Performance Management Practices*, [GAO/GGD-00-10](#) (Washington, D.C.: Oct. 28, 1999); and *Executive Guide: Effectively Implementing the Government Performance and Results Act*, [GAO/GGD-96-118](#) (Washington, D.C.: June 1, 1996).

³⁷OPM, *Human Capital Assessment and Accountability Framework Practitioners Guide* (September, 2005).

³⁸The key DOD guidance used to develop the measures are the *Civilian Human Capital Strategic Plan 2010-2011 Refresh*, and the Undersecretary of Defense for Personnel and Readiness Strategic Plan.

OSD's preliminary assessment, more than half of the mission-critical occupations were within the 15 percent variance. DOD will use the fifth performance measure, which addresses loss rates for new hires, to assess the department's progress in implementing the plan in the next strategic workforce planning cycle.

DOD's Performance Measures Are Not Fully Aligned With Congressional Reporting Requirements

We have previously recommended that DOD develop a performance plan that includes establishing implementation goals and time frames, measuring performance, and aligning activities with resources. While the performance measures that DOD established to monitor the department's progress in implementing its strategic workforce plan generally align with departmental goals and priorities, it is not clear in all cases how the five measures will help DOD demonstrate progress in meeting all the reporting requirements contained in section 115b of Title 10 United States Code. While DOD is not required to develop performance measures that monitor progress in meeting the statutory requirements, our prior work has shown that agencies that have been successful in measuring their performance generally developed measures that are responsive to multiple priorities and complement different program strategies.³⁹ Additionally, DOD is required to develop performance measures to monitor progress in implementing the strategic workforce plan, and the plan itself states that one of its goals is to make progress toward meeting the statutory requirements.

Section 115b of Title 10 of the United States Code requires DOD to include in its 2010-2018 strategic workforce plan an assessment of, among other things, gaps in the existing and future civilian workforce that should be addressed to ensure that the department has continued access to the critical skills and competencies, and the appropriate mix of military, civilian, and contractor personnel capabilities. During this review, we found, as we reported earlier in this report, that the department did not conduct comprehensive assessments in these two areas. Although one of DOD's performance measures—key milestones—identifies assessments of competency gaps and workforce mix as key milestones, the plan does not describe how the department assessed progress in these areas or

³⁹GAO, *Environmental Justice: EPA Needs to Take Additional Actions to help Ensure Effective Implementation*, [GAO-12-77](#) (Washington, D.C.: October 2011); and *Agency Performance: Examples of Practices That Can Improve Usefulness to Decisionmakers*, [GAO/GGD-99-69](#) (Washington, D.C.: February 1999); and [GAO/GGD-96-118](#).

interim steps as to how it plans to meet these milestones. As a result, it is unclear how this measure addresses DOD's progress in implementing the portions of the plan related to these two requirements, and how the performance measures and the department's efforts align with and address congressional requirements. According to prior GAO work, performance measures should align with and indicate progress toward the goals of the organization.⁴⁰ Without a clear, effective alignment of DOD's performance measures with United States Code requirements, the department will not be in the best position to measure and report how it is meeting its congressional requirements.

Conclusions

With about a third of DOD's civilian workforce eligible to retire by 2015—during a time of changing national security threats and challenging fiscal realities—it is imperative that decision makers in DOD and Congress have access to complete and timely information on the skills, competencies, and any associated gaps within DOD's civilian workforce. However, because the office responsible for developing the plan did not provide sufficiently detailed guidance to the managers who were responsible for providing key data, the information in the current plan on skills and competencies varies significantly. Further, while DOD officials have stated that they do not have the necessary tools in place to conduct gap analyses across the board, the department has not reported the results of any gap analyses that it has conducted nor provided reporting timeframes for conducting remaining gap analyses; this situation diminishes the plan's utility as a workforce planning document. To the extent that DOD provided data in 2012, the data was based on information from 2010, which further limits this document's use for planning purposes. When the reports use dated information, decision makers do not have relevant information for managing the critical needs of the federal workforce. Further, DOD did not collect all required information for its 2010-2018 strategic workforce plans, including the number or percentage of military, civilian, and contractor personnel and the capabilities for those three workforces. Without revised guidance specifying the need to collect all information required for a complete

⁴⁰ [GAO/GGD-96-118](#); and *The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans*, [GAO/GGD-10.1.20](#) (Washington, D.C., April 1998); and *Agencies' Annual Performance Plans Under the Results Act: An Assessment Guide to Facilitate Congressional Decisionmaking*, [GAO/GGD/AIMD-10.1.18](#) (Washington, D.C.: February 1998).

assessment to determine the appropriate mix of the three workforces, DOD will have difficulty in determining if its civilian workforce is properly sized to carry out essential missions. Finally, where DOD has identified performance measures and indicated progress toward the goals of the strategic plan, those measures are not, in all cases, aligned with DOD's congressionally mandated reporting requirements; also, the measures do not provide detail about how DOD plans to meet those requirements, making it difficult for DOD to demonstrate progress.

Recommendations for Executive Action

To meet the congressional requirement to conduct assessments of critical skills, competencies, and gaps for both existing and future civilian workforces, we recommend that the Secretary of Defense direct the Under Secretary of Defense for Personnel and Readiness to include in the guidance that it disseminates for developing future strategic workforce plans clearly defined terms and processes for conducting these assessments.

To help ensure that Congress has the necessary information to provide effective oversight over DOD's civilian workforce, we recommend that the Secretary of Defense direct the Under Secretary of Defense for Personnel and Readiness to conduct competency gap analyses for DOD's mission-critical occupations and report the results. When managers cannot conduct such analyses, we recommend that DOD report a timeline in the strategic workforce plan for providing these assessments.

To help ensure that the data presented in DOD's strategic workforce plans are current and timely, we recommend that the Secretary of Defense direct the Under Secretary of Defense for Personnel and Readiness to establish and adhere to timelines that will ensure issuance of future strategic workforce plans in accordance with statutory timeframes.

To enhance the information that DOD provides Congress in its strategic workforce plan, we recommend that the Secretary of Defense direct the Under Secretary of Defense for Personnel and Readiness to provide guidance for developing future strategic workforce plans that clearly directs the functional communities to collect information that identifies not only the number or percentage of personnel in its military, civilian, and contractor workforces but also the capabilities of the appropriate mix of those three workforces.

To better develop and submit future DOD strategic workforce plans, we recommend that the Secretary of Defense direct the Office of the Under Secretary of Defense for Personnel and Readiness to enhance the department's results-oriented performance measures by revising existing measures or developing additional measures that will more clearly align with DOD's efforts to monitor progress in meeting the strategic workforce planning requirements in section 115b of Title 10 of the United States Code.

Agency Comments and Our Evaluation

In written comments on a draft of this report, DOD concurred with our first recommendation and partially concurred with the remaining four recommendations. DOD comments are reprinted in appendix II.

While DOD acknowledged that we had conducted a thorough review and assessment of DOD's Fiscal Year 2010-2018 Strategic Workforce Plan for, DOD also expressed its disappointment that we did not appear to give the department credit for the major progress that it has made, including actions to reframe its planning progress from the current state to a comprehensive future state by 2015. Further, DOD stated that the overall negative tone – in its opinion – overshadowed the monumental efforts of the department. We disagree. The objectives in our final report are consistent with the objectives we presented to DOD when we first notified the department of our review at the beginning of this engagement, and we did provide positive examples where DOD had responded to congressional direction, especially as those actions related to our report's objectives. For example, we state clearly in our report, among other things, that DOD assessed to varying degrees the existing and future critical skills and competencies for all but one of its mission-critical occupations. This has been a longstanding issue and represents progress. Further, we reported that DOD developed performance measures to assess progress in implementing its workforce plan. This was a new reporting requirement for DOD, and we reported that DOD had been responsive to this requirement.

DOD also asserted that our recommendations simply restate areas for improvement that the department already identified in its plan, and which have already been implemented since the plan was published. We note, however, that these issues are not new. We first reported on DOD's

strategic workforce planning for its civilian workforce in 2004.⁴¹

Subsequently, Congress mandated that DOD develop and submit civilian workforce strategic plans to the congressional defense committees, and that we conduct our own independent assessment of those plans.⁴² We have previously conducted 3 reviews of DOD's plans since 2008 and our work has reported mixed results.⁴³ We recommended in 2008, for example, that DOD address all of its statutory reporting requirements, and note that DOD did not concur with this recommendation.⁴⁴ (In 2010, we reported that DOD's civilian workforce plan addressed 5 and partially addressed 9 of DOD's 14 legislative requirements.)⁴⁵ In 2009, we recommended, among other things, that DOD develop a performance plan that includes establishing implementation goals and timeframes, measuring performance, and aligning activities with resources.⁴⁶ DOD partially concurred with these recommendations. Given the response by DOD to our previous reports and recommendations on these issues, we have reviewed the recommendations that we present in this report and continue to believe that corrective action is needed.

DOD concurred with our first recommendation to include in guidance that it disseminates for developing future workforce plans clearly defined terms and processes for conducting these assessments. DOD stated in its agency comments, among other things, that it has already provided numerous governance and policy documents, and more, to assist key stakeholders in meeting strategic workforce plan reporting requirements. We make similar statements in our report. DOD also stated in its agency comments, however, that the department strives for continuous improvement and has already provided additional guidance for the next planning cycle, for this reason they believe no additional direction from the Secretary of Defense is needed. We do not disagree that DOD strives

⁴¹GAO, *DOD Civilian Personnel: Comprehensive Strategic Workforce Plans Needed*, GAO-04-753 (Washington D.C.: June 30, 2004).

⁴²Originally enacted in section 1122 of the National Defense Authorization Act for Fiscal Year 2006, Pub. L. No. 109-163 (2006) (repealed by the National Defense Authorization Act for Fiscal Year 2010, Pub. L. No. 111-84, § 1108 (2009)).

⁴³GAO-10-814R, GAO-09-235, and GAO-08-439R.

⁴⁴GAO-08-439R.

⁴⁵GAO-10-814R.

⁴⁶GAO-09-235.

for continuous improvement. However, during the course of our audit work, we found, as we state in our report, that functional community managers interpreted questions in DOD's guiding template differently and developed different understandings of key terms. Therefore, we continue to believe that this recommendation will enhance the development of DOD's next strategic workforce plan.

DOD partially concurred with our second recommendation that DOD conduct gap analyses for DOD's mission-critical occupations and report on the results, and, when managers cannot conduct such analyses, report a timeline for providing these assessments. DOD also stated its belief that no additional direction from the Secretary of Defense is needed with regard to this recommendation. In its agency comments, DOD stated that the department focused on the identification of critical skill gaps based on staffing levels in its mission-critical occupations. We agree that DOD's plan includes these data. However, we reported that DOD is required to include an assessment of competency gaps in its existing and future civilian employee workforces, and that our analyses found that DOD's functional community managers reported conducting gap assessments for only 8 of DOD's 22 mission-critical occupations. Therefore we continue to believe that DOD needs to conduct these analyses and, for clarity, we added references to competency gap analyses in our finding and recommendation, as appropriate. DOD stated in its agency comments that competency gaps will be assessed in the future.

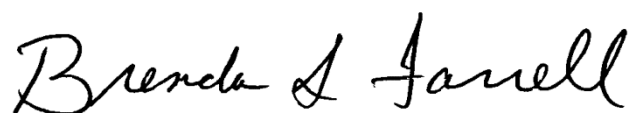
DOD also partially concurred with our third recommendation that DOD establish and adhere to timelines that will ensure issuance of future strategic workforce plans in accordance with statutory timeframes but, similarly to its other responses, added that no additional direction is needed from the Secretary of Defense at this time. In its comments, DOD stated that the department does have an established planning process and timeline, and that this established process aligns with the budget cycle and takes about a year to complete because of the size and complexity of the department. DOD added that the planning cycle timeline is flexible enough to allow for significant events, among other things, and provided a notional strategic workforce plan timeline as an attachment to its agency comments. However, we continue to believe it is key that DOD take steps to adhere to the timelines it establishes to meet congressional reporting requirements and enhance the utility of its future reports. As we note in our report, DOD has issued all of its strategic workforce plans late since 2007.

Regarding our fourth recommendation, DOD also partially concurred that DOD provide guidance for developing future workforce plans that clearly directs the functional communities to collect information that identifies not only the number or percentage of personnel in its military, civilian, and contractor workforces but also the capabilities of the appropriate mix of those three workforces. While DOD agreed that additional improvements are necessary, the department again stated that it did not believe additional direction is necessary from the Secretary of Defense. In its comments, DOD stated that is preparing to pilot a capabilities-based approach to assess civilian and military workforce and contract support. We continue to note DOD's existing requirement to conduct an assessment of the appropriate mix of military, civilian, and contractor personnel capabilities, and we look forward to seeing the results of DOD's pilot program.

Finally, DOD also partially concurred with our fifth recommendation that the department enhance its results-oriented performance measures by revising existing measures or developing additional measures that will more clearly align with DOD's efforts to monitor progress in meeting the strategic workforce planning requirements contained in statute. However, again, DOD did not believe any additional direction from the Secretary of Defense was needed. In its response, DOD stated that the measures in the fiscal year 2010-2018 strategic workforce plan do assess progress both in implementing the strategic workforce plan and in meeting the statutory requirements and, as an attachment to its comments, provided a matrix—that it developed in response to our draft report—to show linkages between the two. Based on the matrix, we agree with DOD's assertion that some alignment does exist between the performance measures and the statutory criteria. However, the justification that DOD provided in its matrix for demonstrating these linkages is not always clear. Further, DOD did not include this analysis in its plan. We did not state in our report that the performance measures that DOD developed were inappropriate in some way. However, our analysis did find that DOD continues to struggle to meet its statutory reporting requirements. Therefore, we continue to believe that DOD can enhance its performance measures by more clearly aligning them to those requirements.

We are sending copies of this report to the Secretary of Defense, the Under Secretary of Defense for Personnel and Readiness, and appropriate congressional committees. In addition, this report will also be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions regarding this report, please contact me at (202) 512-3604 or farrellb@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix III.

A handwritten signature in black ink that reads "Brenda S. Farrell". The script is cursive and fluid, with the first letters of each word being capitalized and prominent.

Brenda S. Farrell
Director,
Defense Capabilities and Management

List of Committees

The Honorable Carl Levin
Chairman
The Honorable John McCain
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Daniel Inouye
Chairman
The Honorable Thad Cochran
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Howard P. McKeon
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable C.W. Bill Young
Chairman
The Honorable Norman D. Dicks
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

Appendix I: Scope and Methodology

For all three objectives, we evaluated DOD's 2010-2018 Strategic Workforce Plan and supporting documentation.¹ We also interviewed Department of Defense (DOD) officials responsible for developing the Strategic Workforce Plan. These include officials from the Strategic Human Capital Planning Office and the Defense Civilian Personnel Advisory Service within the Office of the Under Secretary of Defense for Personnel and Readiness, the Office of the Under Secretary of Defense for Intelligence, and the military departments. We also met with functional community managers in the information technology, financial management, logistics, and law enforcement communities to determine how each of these communities conducted their strategic workforce planning and how coordination occurred between the various levels of DOD. We selected these four functional communities because they represent three of the largest and one of the smallest functional communities included in the plan. Further, DOD business-systems modernization (information technology), financial management, and DOD supply-chain management (logistics) are on GAO's High-Risk list. To aid in all aspects of our review, we also met with Office of Personnel Management (OPM) officials to identify relevant policy or guidance to federal agencies. Finally, we found the data contained in DOD's 2010-2018 plan to be sufficiently reliable for purposes of assessing efforts in developing and producing civilian strategic workforce plans and providing context of these efforts.

To determine the extent to which DOD assessed existing and future critical skills, competencies, and gaps in its civilian workforce, we reviewed information and data contained in DOD's 2010-2018 strategic workforce plan to identify which of the functional communities completed these assessments, the methods and tools that the functional communities used to conduct the assessments, and the extent to which the functional communities reported the results of their assessments. We obtained and reviewed existing DOD guidance, including guidance related to any automated systems the department may use to facilitate

¹For DOD's 2010-2018 plan, 11 of 12 functional communities—which consist of employees who perform similar functions—provided some information on 22 occupations that DOD has identified as mission critical. The Acquisition Functional Community did not submit its assessments for inclusion in DOD's 2010-2018 Strategic Workforce Plan and, according to DOD officials, a separate report on the acquisition community will be submitted to Congress in March 2013. For the purposes of this report, we evaluated the information and data provided by the 11 functional communities that were included in DOD's 2010-2018 plan.

these assessments. We also obtained and reviewed OPM guidance on conducting assessments of the skills, competencies, and gaps of the federal civilian workforces. This included a review of documents to ascertain how DOD used OPM's Workforce Analysis Support System and Civilian Forecasting System to develop the department's civilian-workforce forecasts and projections. Finally, to evaluate the timeliness of DOD's submissions of its strategic workforce plans, we reviewed GAO's prior work on DOD's previous plans as well as our work on internal control standards.

To determine the extent to which DOD assessed its workforces to identify the appropriate mix of military, civilian, and contractor personnel capabilities, we reviewed information and data contained in DOD's 2010-2018 strategic workforce plan to identify which functional communities assessed their workforce mix and the process those communities used to carry out their assessments. We also analyzed DOD's plan to determine the extent to which the plan included an evaluation of the specific capabilities of military, civilian, and contractor personnel. Additionally, we obtained and reviewed DOD guidance on conducting assessments of the appropriateness of the mix of workforces in the federal government.

To determine the extent to which DOD assessed its progress in implementing its strategic workforce plan by using results-oriented performance measures, we reviewed DOD's 2010-2018 strategic workforce plan to identify the performance measures DOD chose to assess its implementation of its plan. We also obtained and reviewed DOD and OPM guidance on using results-oriented performance measures and then evaluated DOD's efforts to apply such guidance. We evaluated DOD's results-oriented performance measures and compared them to the statutory requirements for the plan as identified in the section 115b of Title 10 of the United States Code to determine the extent to which the measures developed addressed the requirements. We also evaluated the performance measures using best practices identified in our previous work to determine their validity and appropriateness.

We conducted this performance audit from July 2011 to September 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Comments from the Department of Defense



DEPARTMENT OF DEFENSE
DEFENSE CIVILIAN PERSONNEL ADVISORY SERVICE
4800 MARK CENTER DR
ALEXANDRIA, VA 22350-1100

SEP 21 2012

Ms. Brenda Farrell
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, NW, Washington, DC 20548

Dear Ms. Farrell:

Enclosed are the Department of Defense (DOD) comments to the U.S. Government Accountability Office (GAO) Draft Report, GAO-12-1014, "Human Capital: DOD Needs Complete Assessments to Improve Future Civilian Strategic Workforce Plans" dated September 7, 2012 (GAO Code 351623). DOD concurs with recommendation 1 and partially concurs with recommendations 2, 3, 4, and 5.

Overall, GAO conducted a thorough review and assessment of the DOD Strategic Workforce Plan for Fiscal Year 2010-2018. The GAO team was very cooperative and responsive to our scheduling and process requests. However, we are disappointed that the draft GAO report does not appear to give the Department credit for the major progress that has been made in most areas, including the "path ahead" actions identified to reframe the planning process from the current state to a comprehensive future state by 2015. The overall negative tone of the report overshadows the monumental efforts that the Department has invested in reframing the functional community management construct to create a practical workforce plan for an agency with over 780,000 civilians and more than a million military personnel and contractor personnel.

In the plan delivered to Congress in March 2012, the Department was deliberate in applying lessons learned from previous workforce plans and identifying specific challenges and the actions being taken to address those challenges to meet all statutory planning requirements by 2015. Some of the GAO recommendations simply restate areas for improvement that the Department identified in the plan, which have already been implemented since the plan was published. The enclosure responds to specific recommendations and statements in the GAO draft report and contains embedded documents with supplemental information.

Questions regarding this response should be directed to Ms. Daphne Williams,
daphne.williams@cpms.osd.mil, telephone 571-372-2251, or Ms. Susan Hager,
susan.hager@cpms.osd.mil, telephone 571-372-2253.

Sincerely,



Lynne E. Baldrighi
Director, Strategic Programs & Advisory Services

Enclosure:
As stated

GAO DRAFT REPORT DATED SEPTEMBER 7, 2012
GAO-12-1014 (GAO CODE 351623)

**“HUMAN CAPITAL: DOD NEEDS COMPLETE ASSESSMENTS TO
IMPROVE FUTURE CIVILIAN STRATEGIC WORKFORCE PLANS”**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATIONS**

RECOMMENDATION 1: The GAO recommends that the Secretary of Defense direct the Under Secretary of Defense for Personnel and Readiness to include in the guidance that it disseminates for developing future strategic workforce plans clearly defined terms and processes for conducting these assessments. (See page 21/GAO Draft Report.)

DOD RESPONSE: Concur. The Department has already provided numerous governance/policy documents, reporting templates, instructions, meetings, and training sessions to assist key stakeholders in meeting the strategic workforce plan (SWP) reporting requirements. The Department collects lessons learned and best practices following each SWP cycle and adjusts the planning and reporting guidance, assessment techniques, processes and associated templates, etc., as needed for the next cycle. The Department strives for continuous improvement in the development and communication of policy and operational guidance for future SWPs and has already provided additional guidance for the FY12 planning cycle. Therefore, no additional direction from the Secretary of Defense is needed at this time.

RECOMMENDATION 2: The GAO recommends that the Secretary of Defense direct the Undersecretary for Personnel and Readiness to conduct and report on the results of its gap analyses for DoD’s mission-critical occupations. When managers cannot conduct such analyses, GAO recommends that DoD report a timeline in the strategic workforce plan for providing these assessments. (See page 21/GAO Draft Report.)

DOD RESPONSE: Partially concur. In the Fiscal Year (FY) 10-18 SWP, the Department focused on identification of critical skill gaps based on staffing levels in mission critical occupations (MCOs). The chart titled “Projected Gains, Requirements, and Net Change”, which was included in each functional community appendix, depicts gains and losses from FY 10 through FY 18 based on the MCO targets provided and historical attrition patterns. MCO skill gaps occur in cases where data trending demonstrates that losses outpace gains

(negative net change) over time. Where MCO skill gaps were identified, the functional communities developed recruitment, retention, and development strategies to close MCO gaps. Recruitment and retention gap analysis was also addressed and assessed as a key milestone within the Rolling Wave Maturity Model in support of the legislative requirements. The requirement to conduct and report on the results of critical skill (MCO) gap analysis was met in the FY 10 SWP.

However, competency gaps will be assessed in the future using a Defense Competency Assessment Tool that is scheduled for initial deployment by FY 14. A competency gap assessment timeline will be included in the next SWP, and DOD plans to report competency gap analyses for MCOs and major civilian occupations by FY 15. No additional direction from the Secretary of Defense is needed at this time.

RECOMMENDATION 3: The GAO recommends that the Secretary of Defense direct the Under Secretary of Defense for Personnel and Readiness to establish and adhere to timelines that will ensure issuance of future strategic workforce plans in accordance with statutory timeframes. (See page 21/GAO Draft Report.)

DOD RESPONSE: Partially concur. No additional direction from the Secretary of Defense is necessary at this time. The Department does have an established planning process and timeline, and tracks progress towards key milestones identified in its Rolling Wave Maturity Model. The established process aligns with the budget cycle and takes about a year to complete because of the size and complexity of the Department.

The planning cycle timeline is flexible enough to allow for significant events impacting the workforce such as out-of-cycle budget changes or efficiency reviews, and to allow for component input, review and coordination. The SWP is a living document that provides future projections based on historical trends and projected program requirements. It provides direction for workforce management strategies, which are subject to continual change and adjustment.

Following is a notional timeline for the biennial strategic workforce planning cycle with an illustration attached below:

NOTIONAL STRATEGIC WORKFORCE PLAN TIMELINE

YEAR 1 – DEVELOP THE PLAN

1) SET DIRECTION (ABOUT 3-4 MONTHS, MAY–SEP). Baseline data is collected on latest authorized manpower requirements based on the Program

Objective Memorandum (POM) and end of fiscal year on board employee counts. The baseline year data provides the foundation for future year forecasts.

2) ANALYZE THE WORKFORCE AND DEVELOP STRATEGIES (ABOUT 3-4 MONTHS, OCT-FEB). From the baseline data, forecasts are run for future years, projected workforce gaps and trends are analyzed, and strategies are developed to close gaps.

3) DRAFT, COORDINATE, AND ISSUE THE PLAN (ABOUT 4-6 MONTHS, MAR-JUL). The plan is drafted, edited, coordinated with stakeholders across the Department, and submitted to Congress.

YEAR 2 – IMPLEMENT STRATEGIES & MONITOR PROGRESS

During the second year of the cycle, the Department:

- Communicates and implements strategies in the plan;
- Tracks progress towards skill gap closure;
- Collects lessons learned from the last plan and modifies guidance for development of the next plan;
- Reviews and updates mission critical and high risk occupations;
- Begins training and preparation for the next planning cycle.

See attachment 1. DoD Notional Strategic Workforce Timeline

RECOMMENDATION 4: The GAO recommends that the Secretary of Defense direct the Under Secretary of Defense for Personnel and Readiness to provide guidance for developing future strategic workforce plans that clearly directs the functional communities to collect information that identifies not only the number or percentage of personnel in its military, civilian, and contractor workforces but also the capabilities of the appropriate mix of those three workforces. (See page 22/GAO Draft Report.)

DOD RESPONSE: Partially concur. The Department agrees that additional improvements are necessary in assessing the appropriate mix of capabilities delivered by the military and civilian workforces, as well as through contracted support. However, the Department does not believe additional direction is necessary from the Secretary of Defense. The Department is preparing to pilot a capabilities-based approach to assess civilian and military workforce, and contract support, mix for high risk MCOs in the next SWP. This pilot effort will be based on leveraging existing statutorily required data-sets and tools, such as the Inventory of Contracts for Services and the data compiled in support of the Federal Activities Inventory Reform Act.

RECOMMENDATION 5: The GAO recommends that the Secretary of Defense direct the Under Secretary of Defense for Personnel and Readiness to enhance the department's results-oriented performance measures by revising existing measures or developing additional measures that will more clearly align with DoD's efforts to monitor progress in meeting the strategic workforce planning requirements in section 115b of title 10 of the United States Code. (See page 22/GAO Draft Report.)

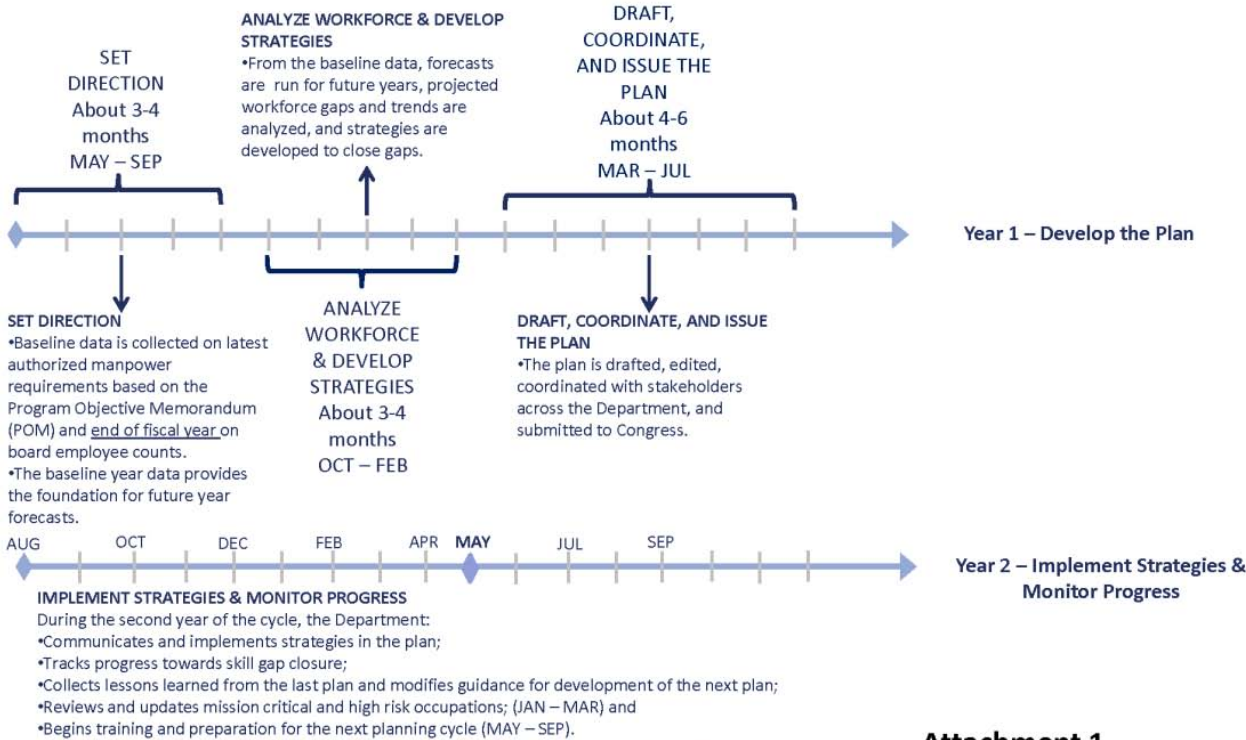
DOD RESPONSE: Partially concur. While performance measures should be continuously refined and improved, the Department's measures in the FY 10-18 SWP do assess progress both in implementing the strategic workforce plan and in meeting the statutory requirements. Additional direction from the Secretary of Defense is not required. The matrix below shows the linkage between DOD's results-oriented performance measures and the legislative requirements.

The purpose and outcomes of the Department's results-oriented performance measures are two-fold. First, performance objectives #1-4 (see attached GAO NDAA Performance Measure Matrix) provide overarching metrics for assessing DOD's progress in implementing its strategic workforce plan and in shaping and improving the overall civilian workforce. Secondly, the identified measures were selected to align with congressionally mandated requirements and to assist the Department in meeting these legislative requirements. Key milestones in the Rolling Wave Maturity Model were established to recognize and assess interim progress over time in meeting the overall legislative criteria.

Although GAO has advised that DOD is not required to develop performance measures that monitor progress in meeting the statutory requirements, the Department has done so. The Department will also continue to review and update performance measures, as appropriate, for each successive SWP.

See attachment 2. Alignment of Performance Measures

DOD Notional Strategic Workforce Plan Timeline



Attachment 1



**Appendix II: Comments from the Department
of Defense**

Prepared 29 Aug 12 for GAO Review

Alignment of DOD Performance Measures to Legislative Criteria (Title 10 USC Section 115b)					
Legislative Criteria	DOD Results Oriented Performance Measures				Justification
	Perf. Obj. #1. % of managers reporting they have the talent they need to meet mission, using EVS Survey results	Perf. Obj. #2. % difference between MCO actual end-strength and target end-strength	Perf. Obj. #3. % of workforce planning key milestones in the Rolling Wave Model completed by each MCO	Perf. Obj. #4. Number of MCO competency models developed	
(1) The critical skills of the Department's existing workforce	X	X	X		The congressional legislative requirement to shape and improve the overall civilian workforce by assessing current critical skills is addressed by performance objectives #1, 2, & 3. The EVS question addressing the extent to which DoD's workforce has the job-relevant skills necessary to accomplish organizational goals is an indicator of existing critical skills capability. Performance objective #2 measures the extent to which MCOs met the FY 10 identified manpower requirements (targets). MCOs meeting the FY 10 targets demonstrate to what extent the Department's workforce possesses current required critical skills. Performance objective #3 (Rolling Wave Maturity Model) helps DoD to shape and improve the overall civilian workforce by measuring each MCO's accomplishment of key workforce planning milestones over time (FY 10 - FY 18). DoD's functional community construct and strategic workforce planning process will continue to evolve and mature, resulting in continual workforce shaping and improvements to the overall civilian workforce. Performance objectives #1-3 are in direct support of the legislative requirement.

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of Defense**

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Legislative Criteria	DOD Results Oriented Performance Measures				Justification
	Perf. Obj. #1. % of managers reporting they have the talent they need to meet mission, using EVS Survey results	Perf. Obj. #2. % difference between MCO actual end-strength and target end-strength	Perf. Obj. #3. % of workforce planning key milestones in the Rolling Wave Model completed by each MCO	Perf. Obj. #4. Number of MCO competency models developed	
(2) The critical competencies of the Department's existing workforce			X	X	Performance objective #4 measures the number of competency models completed in FY 10. In order to assess critical competencies of DoD's existing workforce, enterprise-wide competency models need to be developed. This objective is an interim measure toward meeting the legislative requirement. Additionally, the identification of competencies was assessed as a key milestone within the Rolling Wave Maturity Model in support of the legislative requirement.
(3) Critical skills needed in the future within the Department's civilian workforce to support national security requirements and effectively manage the Department during the 7-year period following the year in which the plan is submitted	X		X		The congressional legislative requirement to shape and improve the overall civilian workforce by assessing future critical skills is addressed by performance objectives #1 & 3. The EVS question addressing the extent to which DoD's workforce has the job-relevant skills necessary to accomplish organizational goals is an indicator of future critical skills capability. Performance objective #3 (Rolling Wave Maturity Model) helps DoD to shape and improve the overall civilian workforce by measuring each MCO's accomplishment of key workforce planning milestones over time (FY 10 - FY 18). DoD's functional community construct and strategic workforce planning process will continue to evolve and mature, resulting in continual workforce shaping and improvements to the overall civilian workforce now and in the future. Performance objectives #1-3 are in direct support of the legislative requirement.

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Legislative Criteria	DOD Results Oriented Performance Measures				Justification
	Perf. Obj. #1. % of managers reporting they have the talent they need to meet mission, using EVS Survey results	Perf. Obj. #2. % difference between MCO actual end-strength and target end-strength	Perf. Obj. #3. % of workforce planning key milestones in the Rolling Wave Model completed by each MCO	Perf. Obj. #4. Number of MCO competency models developed	
(4) Critical competencies needed in the future within DoD's civilian workforce to support national security requirements and effectively manage the Department during the 7-year period following the year in which the plan is submitted				X	See comments under legislative requirement #2 above.
(6) The appropriate mix of military, civilian, and contractor personnel capabilities			X		Workforce mix was addressed in the FCM reporting templates, and it was assessed as a key milestone within the Rolling Wave Maturity Model in support of the legislative requirement. Performance objective #3 provides the current measure for assessing DoD's appropriate workforce mix. DoD concurs with the recommendation to focus on the capabilities of the appropriate mix of civilian, military, and contractor workforces in future SWPs.
(7) An assessment of gaps in the existing or projected DoD workforce that should be addressed to ensure that the Department has continued access to the critical skills and competencies			X		In FY 10, DoD's focus was on identification of critical skill gaps based on staffing levels in mission critical occupations (MCOs). Specifically, the plan focused on the recruitment, retention, and development strategies identified to close gaps. Performance objective #3 provides the current measure for assessing MCO skill gaps. Recruitment and retention gap analysis was addressed and assessed as a key milestone within the Rolling Wave Maturity Model in support of the legislative requirement.

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	Perf. Obj. #1. % of managers reporting they have the talent they need to meet mission, using EVS Survey results	Perf. Obj. #2. % difference between MCO actual end-strength and target end-strength	Perf. Obj. #3. % of workforce planning key milestones in the Rolling Wave Model completed by each MCO	Perf. Obj. #4. Number of MCO competency models developed	
(8) An assessment, using results-oriented performance measures, of DoD's progress in implementing the SWP under this section during the previous year	X	X	X	X	The purpose and outcomes of the Department's results-oriented performance measures are twofold. Performance objectives #1-4 provide overarching metrics for assessing DoD's progress in implementing its strategic workforce plan and in shaping and improving the overall civilian workforce. Secondly, the measures and specific focus areas identified in this matrix were selected to align with congressionally mandated requirements. As DoD's strategic workforce planning initiative expands and matures, measures will be revised, as appropriate, to move the program forward and to closely align to legislative requirements.
(9) Specific recruiting and retention goals, especially in areas of identified as critical skills and competencies, including DoD's program objectives to be achieved, and the funding needed to achieve goals			X		The Analyze the Workforce section of DoD's FY 10 SWP contains an analysis of forecasted MCO gains, losses, staffing or critical skills gaps, and the recruitment and/or retention goals necessary to close gaps and meet authorized manpower requirements (targets). Recruitment and retention gap analysis and goals for gap closure were assessed as a key milestone within the Rolling Wave Maturity Model in support of the legislative requirement.
(10) Specific strategies for developing, training, deploying, compensating, and motivating DoD's civilian workforce, including program objectives to be achieved and the funding needed to implement strategies			X		Specific strategies for developing, training, compensating, closing identified critical skills gaps, etc. were addressed in the FCM reporting templates and assessed as a key milestone within the Rolling Wave Maturity model in support of the legislative requirement.

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Legislative Criteria	DOD Results Oriented Performance Measures				Justification
	Perf. Obj. #1. % of managers reporting they have the talent they need to meet mission, using EVS Survey results	Perf. Obj. #2. % difference between MCO actual end-strength and target end-strength	Perf. Obj. #3. % of workforce planning key milestones in the Rolling Wave Model completed by each MCO	Perf. Obj. #4. Number of MCO competency models developed	
(14) Any incentives necessary to attract or retain any civilian personnel possessing the skills and competencies identified			X		Specific strategies targeting workforce compensation and/or the closing of identified critical skills gaps were assessed as a key milestone within the Rolling Wave Maturity model in support of the legislative requirement.

Appendix III: GAO Contact and Staff Acknowledgments

Contact

Brenda S. Farrell, (202) 512-3604 or farrellb@gao.gov.

Staff Acknowledgments

In addition to the individual named above, Marion Gatling, Assistant Director; David Moser, Assistant Director; Jerome Brown; Julie Corwin; Brian Pegram; Richard Powelson, Courtney Reid; Terry L. Richardson; Norris Smith; Jennifer Weber; and Michael Willems made key contributions to this report.

Related GAO Products

Human Capital: Complete Information and More Analysis Needed to Enhance DOD's Civilian Senior Leader Strategic Workforce Plan. [GAO-12-990R](#). Washington, D.C.: September 19, 2012.

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Defense Acquisitions: Further Actions Needed to Improve Accountability for DOD's Inventory of Contracted Services. [GAO-12-357](#). Washington, D.C.: April 6, 2012.

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