



September 2013

FEDERAL EMPLOYEES

Opportunities Exist to Strengthen Performance Management Pilot

GAO Highlights

Highlights of [GAO-13-755](#), a report to Congressional Requesters

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Opportunities Exist to Strengthen Performance Management Pilot

Why GAO Did This Study

A longstanding challenge for federal agencies has been developing credible and effective performance management systems that can serve as a strategic tool to drive internal change and achieve results. In 2011, various federal agencies, labor unions, and other organizations developed the Goals-Engagement-Accountability-Results (GEAR) framework to help improve performance management.

GAO was asked to evaluate GEAR. This report (1) analyzes how the GEAR framework addresses key practices for effective performance management and identifies opportunities to improve GEAR implementation government-wide; (2) describes the status of GEAR implementation at pilot agencies and lessons learned to date; and (3) assesses the extent to which each pilot agency's GEAR implementation plan includes selected best practices for project planning. The report is based on GAO's analysis of GEAR documents, agency project plans, and interviews with agency officials.

What GAO Recommends

As GEAR is adopted government-wide, GAO recommends that the Director of OPM, in collaboration with the CHCO Council, define roles and responsibilities for OPM, the CHCO Council, and individual agencies, in such areas as updating the toolkit (as needed) and disseminating information on GEAR more broadly. GAO also recommends that OPM, Coast Guard, HUD, and NCA update their GEAR project plans to be consistent with best practices for project planning.

OPM, DHS, HUD, and VA agreed with the recommendations.

View [GAO-13-755](#). For more information, contact Robert Goldenkoff, (202) 512-6806, or goldenkoff@gao.gov

What GAO Found

GAO found that the GEAR framework generally addresses previously identified key practices for effective performance management, such as aligning individual performance expectations with organizational goals, but refinements could improve future government-wide implementation. Five federal agencies are piloting GEAR—the Departments of Energy (DOE), Homeland Security/Coast Guard (DHS/Coast Guard), Housing and Urban Development (HUD), Veterans Affairs/National Cemetery Administration (VA/NCA), and the Office of Personnel Management (OPM)—with the intention to expand GEAR government-wide. The Chief Human Capital Officers Council (CHCO Council) is developing a toolkit based, among other things, on the experience of the pilot agencies. The toolkit is intended to help additional agencies implement the GEAR framework; CHCO Council representatives expect the toolkit to be complete by the end of September 2013. However, beyond the toolkit, neither the CHCO Council nor OPM have identified next steps to implement GEAR government-wide, such as identifying roles and responsibilities. Further, neither OPM nor the CHCO Council has plans to regularly update the GEAR framework or toolkit to include additional lessons learned, or to make such information available more broadly to key stakeholders, such as human resource professionals who may be responsible for future implementation. Without taking these steps, agencies that have already begun implementing GEAR risk losing their momentum; in addition, it may be challenging to implement GEAR government-wide.

The five pilot agencies adopted various approaches to implementing GEAR – DOE, HUD, and OPM implemented GEAR agency-wide, while Coast Guard and NCA adopted GEAR in single units – based on agency needs, available resources, and GAO's lessons learned to date. For example, early stakeholder involvement, including engagement between those representing labor and management, resulted in greater transparency and fewer obstacles. In addition, administering employee surveys to identify the greatest needs before implementing GEAR helped establish a baseline to better track results.

Each of the pilot agencies developed a GEAR project plan that outlined specific actions. DOE's GEAR plan was the most thoroughly documented. The other four agency plans did not include all project planning best practices, as shown in the table below. Without these elements, agencies may be limited in their ability to determine what needs to be done, when it should be done, who should do it, and how to measure progress towards achieving objectives.

Some Agencies' GEAR Project Plans Were More Complete Than Others

Agency	Extent to which plans included project planning good practices				
	Objectives	Specific actions	Roles and responsibilities	Schedules	Performance measures
Coast Guard	Yes	Yes	Yes	Partially ^a	No
DOE	Yes	Yes	Yes	Yes	Yes
HUD	No	Yes	No	Yes	Yes
NCA	Yes	Yes	Partially ^a	Partially ^a	No
OPM	No	Yes	No	Yes	Yes

Source: GAO analysis.

^aGAO assessed an agency's plan as partially including a best practice if it included limited information on a specific best practice but did not do so consistently throughout the plan.

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Abbreviations

AFGE	American Federation of Government Employees
CHCO Council	Chief Human Capital Officers Council
DHS	Department of Homeland Security
DOE	Department of Energy
FEVS	Federal Employee Viewpoint Survey
GEAR	Goals-Engagement-Accountability-Results
GS	general schedule
HCF	Human Capital Framework
HUD	Department of Housing and Urban Development
LMAC	Labor Management Advisory Committee
LMR Council	National Council on Federal Labor-Management Relations
MSN	Memorial Service Network
NCA	National Cemetery Administration
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PAAT	Performance Appraisal Assessment Tool
PIO	Performance Improvement Officer
SES	Senior Executive Service
VA	Department of Veterans Affairs
WBS	work breakdown structure
WG	wage grade

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September 12, 2013

The Honorable Darrell Issa
Chairman
Committee on Oversight and Government Reform
House of Representatives

The Honorable Blake Farenthold
Chairman
Subcommittee on Federal Workforce, U.S. Postal Service and
the Census
Committee on Oversight and Government Reform
House of Representatives

In our past work we have noted how current budget and long-term fiscal pressures, combined with a potential wave of employee retirements, could produce gaps in leadership and institutional knowledge that could impair the ability of federal agencies to carry out their complex and evolving missions.¹ We concluded that effective performance management systems that link individual performance to organizational results will be key to mission success in this difficult environment. In 2011, representatives of various federal agencies, labor unions, and management organizations were brought together by the National Council on Federal Labor-Management Relations (LMR Council), in conjunction with the Chief Human Capital Officers Council (CHCO Council), to identify ways to reform and improve employee performance management in the federal government.² The resulting effort, the Goals-Engagement-Accountability-Results (GEAR) framework, is a set of five high-level recommendations intended to create high-performing organizations that

¹GAO, *High-Risk Series: An Update*, [GAO-13-283](#) (Washington, D.C.: February 2013).

²The National Council on Federal Labor-Management Relations is an advisory committee established by Executive Order No. 13522 in 2009. It consists of the Director of the Office of Personnel Management and the Deputy Director for Management of the Office of Management and Budget (who serve as co-chairs), the chair of the Federal Labor Relations Authority, other federal officials, union officials from federal employee unions, and representatives of federal management organizations. Its purpose is to advise the President on matters involving executive branch labor-management relations and other activities related to improving federal labor-management partnerships, relations, and the delivery of government services. *Creating Labor-Management Forums to Improve Delivery of Government Services*, 74 Fed. Reg. 66203 (Dec. 9, 2009).

are aligned, accountable, and focused on results.³ Five federal agencies are piloting GEAR, either agency-wide or in single units: the Department of Energy (DOE), the Department of Housing and Urban Development (HUD), the Department of Homeland Security/United States Coast Guard (DHS/Coast Guard), the Department of Veterans Affairs/National Cemetery Administration (VA/NCA), and the Office of Personnel Management (OPM).⁴

You asked us to evaluate the GEAR framework. This report (1) analyzes how the GEAR framework addresses key practices for effective performance management and identifies opportunities, if any, to improve GEAR implementation government-wide; (2) describes the status of each pilot agency's GEAR implementation and any lessons learned to date; and (3) assesses the extent to which each agency's GEAR implementation plan includes selected best practices for project planning.

To address our first objective, we systematically reviewed the GEAR report from the LMR Council to determine whether the goals, recommendations, and actions described in the document reflected key practices for effective performance management that we previously identified.⁵ We verified that the key practices were applicable for purposes of this engagement by conducting a literature review of leading performance management practices and consulting with internal subject matter experts. In addition, we interviewed OPM officials and CHCO

³Employee Performance Management Workgroup, Report to the National Council on Federal Labor-Management Relations, *Goals – Engagement – Accountability – Results: Getting in GEAR for Employee Performance Management* (Revised November 2011).

⁴For purposes of this report, we are referring to both departments and agencies as "agencies."

⁵GAO, *Results-Oriented Cultures: Creating a Clear Linkage between Individual Performance and Organizational Success*, [GAO-03-488](#) (Washington, D.C.: March 14, 2003). These best practices were based on previously issued reports on public sector organizations' approaches to reinforcing individual accountability for results.

Council officials who were members of the LMR Council work group that drafted the report.⁶

To address our second objective, we obtained and analyzed each agency's GEAR implementation plan(s) and obtained and analyzed updates from the agencies and other documentation that identified their current GEAR implementation status. We developed an interview instrument to discuss agency strategies with human resource/human capital officials, program managers, and other officials responsible for GEAR implementation. We also interviewed labor union representatives about any problems or concerns with implementing the GEAR framework. In addition, in May 2013 we visited Coast Guard Base Boston, where we observed initial GEAR training sessions and interviewed supervisors and employees about their reactions to the training and the GEAR framework. We chose this site because the Coast Guard was the most recent of the five pilot agencies to implement GEAR and we were able to visit soon after the start of their implementation efforts.

To address our third objective, we identified project planning best practices (drawn primarily from *Standards for Internal Control in the Federal Government*, GAO's definitions of performance measurement, and GAO's guide for best practices in project schedules) and assessed the inclusion of information contained in the agencies' GEAR plans against the best practices.⁷ We focused on the inclusion of the following best practices because they were relevant to GEAR: (1) plan objective(s) describing a goal; (2) specific actions needed to attain that goal; (3) roles and responsibilities identified and assigned to project stakeholders; (4)

⁶The CHCO Council was established under the Chief Human Capital Officers Act of 2002, enacted as part of the Homeland Security Act of 2002, to advise and coordinate the activities of members' agencies on such matters as the modernization of human resource systems, improved quality of human resource information, and legislation affecting human resource operations and organizations. The council includes 25 members drawn from the 15 executive departments and 8 additional agencies designated by OPM's director. The council is chaired by the OPM director; the Deputy Director for Management of the Office of Management and Budget is vice chair. See Pub. L. No. 107-296, 116 Stat. 2135, 2288 (Nov. 25, 2002), at 5 U.S.C. § 1401 note.

⁷GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: Nov. 1999); *Performance Measurement and Evaluation*, [GAO-11-646SP](#) (Washington, D.C.: May 2011); and *GAO Schedule Assessment Guide: Best Practices for project schedules*, Exposure Draft [GAO-12-120G](#) (Washington, D.C.: May 2012). We included Exposure Draft [GAO-12-120G](#) as it presents ten best practices associated with developing and maintaining a reliable, high-quality schedule based on the planning process (the schedule is essentially a model of the project plan).

schedules containing logically related project elements leading to the goal; and (5) valid performance measures that permit comparison between desired outcomes and actual results. We assessed each agency's GEAR plan to determine the extent to which the information that was included met each of the five best practices. In cases in which plans provided inconsistent information, we used a rating of "partially" included. In addition, we noted strengths and areas for further attention in each plan.

We conducted this performance audit from February 2013 to September 2013 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. Further details of our scope and methodology appear in Appendix I.

Background

A long-standing challenge for federal agencies has been developing credible and effective performance management systems that can serve as a strategic tool to drive internal change and achieve results.⁸ According to OPM regulations, performance management is the systematic process by which an agency involves its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of agency mission and goals.⁹ Performance management includes such actions as planning work and setting expectations, continually monitoring performance, developing the capacity to perform, periodically rating performance in a summary fashion, and rewarding good performance.

In December 2009, the LMR Council was created to establish a cooperative and productive form of executive branch labor-management relations in an effort to improve the productivity and effectiveness of the federal government.¹⁰ The LMR Council is co-chaired by the Director of

⁸[GAO-03-488](#).

⁹5 C.F.R. § 430.102(a).

¹⁰Exec. Order No. 13522 (Dec. 9, 2009). The President extended the Council through September 30, 2013, in Exec. Order No. 13591, *Continuance of Certain Federal Advisory Committees*, 76 Fed. Reg. 74623 (Nov. 23, 2011).

the Office of Personnel Management (OPM) and the Deputy Director for Management of the Office of Management and Budget (OMB) with members representing executive branch departments and agencies, several labor unions, and other management associations. The LMR Council serves as an advisor to the President on matters involving executive branch labor-management relations; it also promotes partnership efforts between labor and management within the executive branch. For example, the order states that management should discuss workplace challenges and problems with labor and endeavor to develop solutions jointly, rather than advise union representatives of predetermined solutions to problems and then engage in bargaining over the impact and implementation of the predetermined solutions.

In April 2011, the LMR Council, in conjunction with the CHCO Council, set out to examine the federal government's performance management accountability framework and to make recommendations for improvement. The CHCO Council supports OPM in the strategic management of human capital at federal agencies and provides a forum for senior management officials to exchange human resources best practices.¹¹ By May 2011, a work group was formed (with members representing various federal agencies, labor unions, and management organizations from both the LMR and CHCO Councils) to discuss ways to examine the existing system of employee performance management in ways that the work group felt were different from previous attempts that focused on actions such as increasing employee accountability through changes to regulations.

The work group developed the GEAR report, issued in 2011, which identified challenges with the federal performance management system, such as

- a lack of evidence that the mechanical aspects of public and private sector performance management systems, such as rating levels and awards, do a good job of improving employee and organizational performance; and
- a disconnect among the various functions responsible for organizational performance improvement and employee performance

¹¹GAO, *Federal Training Investments: Office of Personnel Management and Agencies Can Do More to Ensure Cost-Effective Decisions*, [GAO-12-878](#) (Washington, D.C.: Sept. 17, 2012).

improvement. For example, there were few formally structured opportunities for the individuals responsible for these functions to interact and communicate.

As a result of identifying these challenges, according to the GEAR report, the work group agreed to

- focus on the relational elements of organizational and employee performance management, such as how to set clear expectations in work plans through frequent formal and informal feedback between supervisors and employees; and
- engage employees and agency managers, through their labor unions and CHCOs, and identify successful practices that have improved the selection and training of supervisors and the engagement between employees and supervisors such as two-way communication and continual informal feedback.

The work group constructed the GEAR framework, as presented in the GEAR report, with the following recommendations:

1. Articulate a high performance culture.
2. Align employee and organizational performance management.
3. Implement accountability at all levels.
4. Create a culture of engagement.
5. Improve supervisor assessment, selection, development, and training.

OPM officials told us that the practices in the GEAR report are well known and credible but not universally applied in federal agencies.¹² According to an OPM senior official, the GEAR recommendations are “common sense but not common practice.” The same official noted that the GEAR recommendations align with current regulations addressing federal performance management, but that GEAR adds specific strategic and

¹²For example, OPM regulations for Senior Executive Service (SES) performance management systems require such systems to expect excellence in SES performance and link individual performance management with organizational goals. 5 C.F.R. § 430.301.

technical guidance and communication strategies.¹³ Agency officials said that combining the recommendations into one framework can aid officials in maintaining focus and attention on improving performance management in the context of competing priorities.

The GEAR recommendations and framework were presented to and accepted by the LMR Council in November 2011. By December 2011, five agencies had volunteered to implement the GEAR framework. Of these, three agencies – DOE, HUD, and OPM – implemented GEAR agency-wide with few exceptions. Two agencies – Coast Guard and NCA – implemented GEAR in single units. The agencies all created GEAR implementation plans and periodically met as a group to discuss strategies and challenges, and to share successes and additional training opportunities throughout implementation. The pilot agencies also periodically reported their progress to both the LMR and CHCO Councils. No additional agencies have volunteered to pilot GEAR. However, in *Analytical Perspectives: Performance and Management* section in the President's Budget for Fiscal Year 2014, there is a stated goal of broader application of the GEAR framework across the federal government, with no stated timeframe for completion.¹⁴

¹³5 C.F.R. part 430.

¹⁴Office of Management and Budget, *Fiscal Year 2014 Analytical Perspectives: Budget of the U.S. Government* (Washington, D.C.: 2013).

The GEAR Framework Generally Addresses Key Performance Management Practices; Refinements Could Improve Future Government-wide Implementation

The GEAR Framework Generally Addresses Key Performance Management Practices

We have previously identified a set of key practices for modern, effective performance management, which appear with summary descriptions in table 1.¹⁵ Our current review found that the GEAR framework generally addressed seven of these key practices, but it does not give clear attention to two other practices.

Table 1: GEAR Generally Addresses Key Practices for Effective Performance Management

Key practice	GEAR example
<p>Align individual performance expectations with organizational goals. An explicit alignment helps individuals see the connection between their daily activities and organizational goals.</p>	<p>GEAR reflects this practice. GEAR recommends that agencies drive ongoing alignment and cascading of established organizational performance objectives down through executive, manager, supervisor, and employee performance goals.</p>
<p>Connect performance expectations to crosscutting goals. Placing an emphasis on collaboration, interaction, and teamwork across organizational boundaries helps strengthen accountability for results.</p>	<p>GEAR does not clearly reflect this practice. LMR work group members told us that agencies' crosscutting goals would be subsumed under more general agency and individual performance goals.</p>
<p>Provide and routinely use performance information to track organizational priorities. Individuals use performance information to manage during the year, identify performance gaps, and pinpoint improvement opportunities.</p>	<p>GEAR reflects this practice. GEAR recommends that agencies use metrics at all organizational levels to verify goal achievement and accountability for employees and supervisors.</p>

¹⁵ [GAO-03-488](#).

Key practice	GEAR example
<p>Require follow-up actions to address organizational priorities. By requiring and tracking follow-up actions on performance gaps, organizations underscore the importance of holding individuals accountable for making progress on their priorities.</p>	<p>GEAR reflects this practice. GEAR recommends that agencies develop semi-annual reports to determine effectiveness and program efficiency, and that senior executives also meet semi-annually to review progress and determine needed actions on identified issues and/or problems.</p>
<p>Use competencies to provide a fuller assessment of performance. Competencies define the skills and supporting behaviors that individuals need to effectively contribute to organizational results.</p>	<p>GEAR reflects this practice. GEAR recommends agencies improve their feedback culture within their performance management systems, such as simplifying existing performance management processes to make them meaningful with specific linkages to agency mission, goals, and/or strategies.</p>
<p>Link pay to individual and organizational performance. Pay, incentive, and reward systems that link employee knowledge, skills, and contributions to organizational results are based on valid, reliable, and transparent performance management systems with adequate safeguards.</p>	<p>GEAR does not reflect this practice. LMR work group members told us that GEAR does not specifically address pay for performance because Congress controls pay.</p>
<p>Make meaningful distinctions in performance. Effective performance management systems strive to provide candid and constructive feedback and the necessary objective information and documentation to reward top performers and deal with poor performers.</p>	<p>GEAR reflects this practice. GEAR recommends that agencies discuss and set standards that clearly differentiate among levels of performance.</p>
<p>Involve employees and stakeholders to gain ownership of performance management systems. Early and direct involvement helps increase employees' and stakeholders' understanding and ownership of the system and belief in its fairness.</p>	<p>GEAR reflects this practice. GEAR recommends working with labor-management forums, groups of supervisors, and management organizations.</p>
<p>Maintain continuity during transitions. Because cultural transformations take time, performance management systems reinforce accountability for change management and other organizational goals.</p>	<p>GEAR reflects this practice. GEAR recommends regular succession assessments for supervisory positions at risk.</p>

Source: GAO analysis of GEAR report.

As shown in table 1, two practices—connecting performance expectations to crosscutting goals, and linking pay to organizational performance—do not receive clear attention in the GEAR framework. LMR work group members who helped to draft the GEAR report told us they did not specifically discuss agency crosscutting goals during the drafting and instead, focused on aligning employee and organizational performance management. However, they also told us that GEAR does not deter agencies from connecting performance expectations to crosscutting goals, and that they felt that crosscutting goals would be subsumed under individual and agency performance goals, as appropriate. OPM officials agreed that connecting performance expectations to crosscutting goals is essential to improving performance across the federal government.

In addition, these same LMR work group members said that they excluded linking pay to performance because Congress authorizes pay. Congress is responsible for authorizing pay-for-performance plans, and

tools to reward good performance with pay are increasingly limited in the federal government. They said that the GEAR report suggests appropriate action for both good and poor performance and that use of pay-for-performance could be understood as such an action.

According to the GEAR report, effective, and productive relationships between managers and employees are necessary for performance improvements. The greater an employee's level of engagement, the more likely he or she is to go beyond the minimum required. GEAR emphasizes promoting employee-supervisor engagement through continual informal feedback and frequent (up to four times per year) formal feedback. Beyond the establishment of competencies and aligned goals, GEAR recommends frequent interaction and accountability—both for supervisors and employees—based on measurable goals.

The GEAR report also recommends that agencies improve the assessment, selection, development, and training of supervisors, emphasizing that agencies should select and assess supervisors based on supervisory and leadership proficiencies, rather than technical competencies, and should hold them accountable for performance of supervisory responsibilities. In addition, GEAR emphasizes the need to hold supervisors accountable for providing feedback, documenting performance discussions, and holding poorly-performing employees accountable. According to the GEAR report, focusing on accountability of managers and supervisors helps to ensure continual, effective communication and to make performance management a daily feature of work. Senior officials at three of the pilot agencies reported that supervisors sometimes say there is not enough time for supervisory responsibilities. For example, officials at DOE and HUD said that supervisors sometimes see their supervisory responsibilities as secondary to programmatic responsibilities and may not allocate sufficient time to set clear expectations or provide frequent feedback to employees.

As part of improving supervision, GEAR recommends greater integration between the agency units dealing with organizational performance and those dealing with individual employee performance. Specifically, GEAR proposes greater integration between the CHCO and Performance Improvement Officer (PIO) functions to improve overall program execution, either through creation of a Performance Management Integration Board or through continuous communication so that the

functions work in tandem.¹⁶ Similarly, GEAR emphasizes long-term integration of performance management into agency functions. For example, it recommends mentoring to ensure general organizational continuity, continual planning and assessment to ensure continued focus on personnel management and high performance, and targeted training and development programs to ensure agencies will have qualified supervisors and be able to fill other critical occupations. We have previously concluded that integrating human capital planning with broader organizational strategic planning is essential for ensuring that agencies have the talent and skill mix needed to cost-effectively execute their mission and program goals.¹⁷

OPM and CHCO Council Have Not Fully Defined their Roles for Implementing GEAR Government-wide

While OPM and the CHCO Council have been supportive of the pilot effort to date, neither entity has identified their specific respective roles or responsibilities for achieving the current administration's goal of implementing GEAR more broadly across the federal government going forward. Clearly defined roles and responsibilities will be important for maintaining the momentum of the pilot, sharing the pilot effort's lessons learned, and encouraging additional agencies to implement the GEAR framework.

OPM has taken several steps to help the pilot agencies implement GEAR. For example, OPM officials have facilitated conversations among the pilot agencies to share information and lessons learned, and have made web-based training on performance management available to federal agencies at no cost.¹⁸ According to OPM officials, OPM, as co-chair of the CHCO Council, will provide leadership and direction for the government-wide implementation of GEAR, but the future of GEAR will be determined by

¹⁶The PIO role was created by a 2007 executive order and established in law and elevated by the GPRA Modernization Act of 2010, which stated that it should be given to a "senior executive" at each agency who reports directly to each agency's chief operating officer. The duties of the PIO include advising the agency head and chief operating officer on goal-setting and measurement, reviewing progress toward agency priority goals, and assisting in the development and use of performance measures in personnel performance appraisals and other personnel processes and assessments as appropriate.

¹⁷GAO, *Human Capital Management: Effectively Implementing Reforms and Closing Critical Skills Gaps Are Key to Addressing Federal Workforce Challenges*, [GAO-12-1023T](#) (Washington, D.C.: Sept. 19, 2012).

¹⁸The suite of web-based performance management courses were developed by the Office of the Director of National Intelligence.

the CHCO Council as a whole and not by OPM alone. They noted that the GEAR framework is intended to be flexible and thus did not want to mandate how agencies should implement it.

CHCO Council officials agreed that the framework provides flexibility to the agencies; however, the same CHCO officials also cited the need for some standardization of GEAR metrics to ensure accountability among agencies. As noted, in *Analytical Perspectives: Performance and Management* of the President's Budget for Fiscal Year 2014, "the CHCO Council is currently reviewing the progress of GEAR and lessons learned in these agencies and identifying other leading practices across the Federal sector and private sector with the goal of broader application of the GEAR framework across the Federal Government."¹⁹

For its part, the CHCO Council is reviewing the pilot agencies' implementation of GEAR with an eye toward identifying promising practices. Specifically, CHCO Council officials told us that an internal work group is identifying promising practices and metrics that, when combined, may provide additional guidance in the form of a diagnostic toolkit to assist agencies in implementing the GEAR framework. According to CHCO Council work group members, a toolkit is needed because the GEAR recommendations were high-level in nature, and the report itself did not include practical guidance. For example, an agency may want to implement GEAR's recommendation to create a culture of engagement, but the GEAR report provided limited guidance on how to do so.

According to a CHCO Council work group member, the diagnostic toolkit will enable agencies to identify their level of "maturity" on a scale by analyzing the results of the Federal Employee Viewpoint Survey (FEVS), the Human Capital Framework (HCF), the non-SES Performance Appraisal Assessment Tool (PAAT), and the SES certification process. Federal agencies can use these tools to measure whether, and to what extent, conditions characterizing successful organizations are present in federal agencies (FEVS); to assist officials in achieving results in personnel management programs (HCF); and to assess agencies' performance appraisal systems and develop plans and strategies for making improvements (non-SES PAAT and SES certification process).

¹⁹OMB, *FY 2014 Analytical Perspectives* (Washington, D.C.: 2013).

From this, agencies can use the results to identify a range of promising practices that the agency may choose from, based on identified resources and needs. According to the same CHCO Council work group members, these promising practices align with the five GEAR recommendations and reflect a range of initiatives (compiled from both public and private sector efforts, as well as pilot agencies' experiences), that provide options for agencies based on their specific needs. The CHCO Council's subgroups plan to complete the diagnostic toolkit by August 2013 and to present the final product to the CHCO Council by the end of September 2013. However, beyond its completion in September 2013, the CHCO Council has no stated plans to update the toolkit, such as collecting lessons learned on an ongoing basis from the pilot agencies, or including additional promising practices as needed. Without gathering information from the pilot agencies as they continue their implementation process, valuable information that could help agencies implement GEAR in the future may be lost.

While the toolkit shows promise for refining the future implementation of GEAR, its utility in this regard could be limited because neither the CHCO Council nor OPM have stated plans to broadly disseminate it. CHCO Council officials told us that the completed diagnostic toolkit will be presented to the entire CHCO Council but there is no plan to share that information on a broader basis, which would be consistent with the Administration's goal to more broadly implement GEAR government-wide. CHCO Council officials stated that it was OPM's responsibility to determine the future of the diagnostic toolkit. One vehicle for disseminating the toolkit's information more broadly could be the OMB Max Federal Community Website where OPM officials have already posted informational material on GEAR and where pilot agencies can add their own information and experiences.²⁰ Without making such information more widely available, front-line managers, supervisors, representatives of labor unions, and other federal human capital stakeholders may not have access to information that could improve employee engagement.

Moving forward, it will be important for both OPM and the CHCO Council to agree upon their specific roles and responsibilities if the goal of broader

²⁰The MAX Federal Community is used by the Office of Management and Budget and federal agencies to share information and collaborate. Although all individuals with ".gov", ".mil", or "fed.us" in their e-mail address can create an account and access most of the OMB Max Federal Community, only executive branch employees are able to view GEAR information posted on the website by pilot agencies.

application of the GEAR framework government-wide is to be realized. Once specific roles and responsibilities have been established going forward, plans may be made to update the GEAR framework and diagnostic toolkit as needed and to broadly disseminate the information so that stakeholders government-wide who are already implementing GEAR (or may implement in the future) will have access to the most recent guidance available.

Pilot Agencies Adopted Various Approaches to Implementing GEAR; Opportunities Exist to Capture Lessons Learned

Pilot Agencies Adopted Various Approaches to Implementing GEAR

The five pilot agencies adopted various approaches to implementing all five of the GEAR recommendations based on their needs and available resources. The GEAR report provides agencies with a framework focused on feedback, employee-supervisor engagement, and improving supervision; it gives agencies the flexibility to implement as they see fit. Thus, three of the five agencies – DOE, HUD, and OPM – implemented GEAR agency-wide, while two agencies – Coast Guard and NCA– established pilots in single units. DOE, HUD, and OPM officials all said that the project had the best chance of changing the organizational culture if they implemented it agency-wide. For example, HUD officials said they felt that implementing GEAR agency-wide would permit it to be better embedded in the performance culture. An OPM official said that GEAR focused attention on previously identified human capital needs, such as supervisor assessment, that had not been addressed due to limited resources and competing priorities.

VA is implementing GEAR within its NCA agency as a single unit pilot in its Memorial Service Network (MSN) II in the southeastern region of the country. According to VA officials, VA chose the NCA because it has a reputation as a high-performing organization and an existing focus on metrics and feedback. NCA officials said they chose to implement GEAR

as a single unit, rather than agency-wide, because doing so allowed them to provide closer attention and support. The Coast Guard is implementing GEAR at Base Boston, which, according to officials, was chosen as the pilot site for several reasons: the presence of both general schedule (GS) and wage grade (WG) employees (who happen to be supervised by both military and civilian personnel) a wide variety of occupations, and the representation of a single union – the American Federation of Government Employees (AFGE) – rather than the multiple unions that are present at other Coast Guard bases.²¹ Coast Guard officials said they chose to pilot GEAR at a single unit because implementation brought challenges such as dealing with such a large military population (approximately 42,000 military personnel that rotate bases approximately every two to three years and operate on a different performance management plan compared with approximately 9,000 civilian employees) and negotiating with approximately nine unions. According to one Coast Guard official, to develop more than one site would create a capacity issue that would make it very difficult to plan and implement.

Table 2 shows how many employees will be covered by GEAR at each agency, as well as each agency’s time frame for implementation. Additional information on the actions taken by each agency is included in appendices V-IX.

Table 2: Estimated Number of Employees Affected by GEAR and Estimated Timeline for Implementation at the Pilot Agencies

Agency	Approximate number of employees affected	Estimated start date for pilot implementation	Estimated pilot completion date
Coast Guard Base Boston	200	April 2013	March 2014
Department of Energy	8,400	March 2012	Early 2014, but expect to maintain indefinitely

²¹The Classification Act of 1949 established the General Schedule, a single, nationwide pay structure for federal employees that today consists of 15 pay grades, each with 10 pay steps. Most white-collar federal employees are paid under the General Schedule. Wage grade employees are paid under the Federal Wage System, which is a coordinated wage system for federal employees in trade, craft, and labor occupations.

Agency	Approximate number of employees affected	Estimated start date for pilot implementation	Estimated pilot completion date
Department of Housing and Urban Development	8,100	January 2012	September 2013
National Cemetery Administration, Memorial Service Network II	240	October 2012	2016
Office of Personnel Management	5,800	December 2011	Through September 2013

Source: GAO analysis of pilot agency plans.

Each of the agencies said they had engaged labor unions during GEAR implementation. Of the agencies that mentioned the results of their engagement, DOE officials said that prior to launching the pilot, the Office of the Chief Human Capital Officer briefed the local unions that cover their employees, but received no feedback. In contrast, NCA officials said that the two unions that cover their employees, AFGE and the National Association of Government Employees, have been involved in GEAR implementation and made contributions to NCA's approach to GEAR. Coast Guard officials said the agency met with union representatives for several extensive discussions involving facilitators and brain-storming sessions, in order to include union input in the final GEAR implementation plan. As a result of these discussions, Coast Guard officials told us that the agency has the approval of the union and that both parties are mutually responsible for the successful implementation of GEAR. Representatives from labor unions that we interviewed generally agreed that the GEAR pilot agencies had briefed them during GEAR implementation.

Finally, although the five pilot agencies have defined different benefits that they hope to achieve through implementing GEAR, some common benefits include improved performance management overall, better engagement between employees and supervisors, and improved communication throughout the agencies.

Opportunities Exist to Capture Lessons Learned for Future Implementation Efforts

The GEAR pilot agencies have demonstrated leadership over their own implementation efforts. Our work with the pilot agencies identified lessons learned both from implementation within their agencies, and from hearing about the experiences of others including the following:

-
- **Strong agency leadership support from the beginning helped provide needed attention and focus upon implementation efforts.** For example, DOE’s Secretary sent a memo to all DOE employees stating his personal support for the LMR Council GEAR report and the agency’s commitment to the pilot effort.
 - **Early stakeholder involvement with employees, management, executive team and unions resulted in greater transparency and fewer obstacles during implementation.** For example, NCA officials told us that two labor unions that have been involved in GEAR implementation contributed valuable input that enhanced the agency’s approach to GEAR – such as suggesting that exceptional performance be defined in performance plans.
 - **Timing GEAR implementation to coincide with the beginning of the annual performance cycle in order to better track changes resulting from GEAR.** For example, Coast Guard officials told us that they decided to implement GEAR at the start of their annual performance cycle, based on the experience of another pilot agency that implemented GEAR within a cycle and faced greater difficulty because of their timing.
 - **Administer employee surveys prior to implementation to identify the greatest needs and to establish a baseline to better track results.** For example, Coast Guard administered a survey to its Base Boston employees to solicit their thoughts, experiences, and assessment of the current state of the employee performance management systems.
 - **Leverage shared training opportunities across agencies to conserve limited resources.** For example, OPM officials told us that they worked with the Office of the Director of National Intelligence to make a suite of performance management web courses available to all agencies free of charge.
 - **Incorporate supervision as part of an agency’s performance expectations.** For example, according to DOE officials, they developed a mandatory supervisory element which holds supervisors accountable for each phase of the performance process.
 - **Allow additional time for supervisors to meet their requirements.** For example, HUD instituted quarterly in-service days for managers for the purpose of focusing on communication and employee feedback.

-
- **Ensure continued momentum for implementation by accepting GEAR as a long-term culture change commitment.** For example, HUD officials told us that agency leadership is committed to cultural transformation and the time required to accomplish it.

As the pilot agencies continue with their implementation plans, additional lessons may be learned. As we stated earlier in this report, OPM and the CHCO Council officials have not yet identified a plan following the completion of the diagnostic toolkit to capture additional lessons learned.

Some Agencies' GEAR Project Plans Were More Complete than Others

As we concluded in May 2012, a well-developed and documented project plan can help ensure that agencies are able to gauge progress, identify and resolve potential problems, and promote accountability at all levels of the project, increasing the likelihood of successful implementation.²² Project planning is the basis for controlling and managing project performance, including managing the relationship between cost and time.²³ As we have previously concluded, preparing a project plan encourages agency managers and stakeholders to systematically consider what is to be done, when and how it will be done, what skills will be needed, and how to gauge progress and results.²⁴ Agency approaches to such planning can vary with each agency's particular needs and mission. Nevertheless, existing best practices stress the importance of accountability and sound planning for any project.²⁵ Inherent in such planning is the development and use of a project management plan that describes, among other factors, the project's objectives, implementation actions, lines of responsibility, estimated schedule for development and implementation, and performance measures. Having accurate and transparent project cost and schedule information is also essential to effective oversight.

Each of the pilot agencies developed a GEAR project plan that outlined specific actions. Other elements (such as schedules and roles and

²²GAO-12-120G.

²³GAO-12-120G.

²⁴GAO, *Securities and Exchange Commission: Progress Made on Strategic Human Capital Management*, GAO-06-86 (Washington, D.C.: Jan. 10, 2006).

²⁵GAO-12-120G.

responsibilities) were either implemented to varying degrees, or (in some cases) not implemented at all. Best practices emphasize the importance of establishing a complete description that ties together all project activities and evolves over time to continuously reflect the current status and desired outcome of the project.²⁶ For example, DOE's GEAR project plan was the most thoroughly documented of the five plans we assessed and included project planning best practices for all five elements we assessed. The other four agency plans did not include all project planning best practices. Not including such best practices could limit their effectiveness in further implementing the GEAR framework. As a result, the information included in the plans may not be specific enough to improve engagement, provide accountability, or measure progress in the agencies.

We identified project planning best practices from *Standards for Internal Control in the Federal Government*, our definitions of performance measurement, and our guide for leading practices in project planning.²⁷ We assessed information contained in the agencies' GEAR plans against the inclusion of the following best practices: (1) plan objectives, describing a goal; (2) specific actions needed to attain that goal; (3) roles and responsibilities identified and assigned to project stakeholders; (4) schedules containing logically related project elements leading to the goal; and (5) valid performance measures that permit comparison between desired outcomes and actual results. Since the volunteer pilot agencies are in the process of implementing GEAR, we assessed them on the contents of the plan and not against the progress made towards implementation of the plan. The GEAR report did not include guidance on developing project plans. Table 3 identifies the extent to which the five agency GEAR project plans address each of the project planning best practices.

²⁶ [GAO-12-120G](#).

²⁷ [GAO/AIMD-00-21.3.1](#), [GAO-11-646SP](#), and [GAO-12-120G](#).

Table 3: Agencies' GEAR Project Plans Included Varying Levels of Detail

Agency	Objectives included	Specific actions included	Roles and responsibilities included	Schedules included	Performance measures included
Coast Guard	Yes	Yes	Yes	Partially ^a	No
Department of Energy	Yes	Yes	Yes	Yes	Yes
Department of Housing and Urban Development	No	Yes	No	Yes	Yes
National Cemetery Administration	Yes	Yes	Partially ^a	Partially ^a	No
Office of Personnel Management	No	Yes	No	Yes	Yes

Source: GAO analysis.

^aWe assessed an agency's plan as partially including a best practice if it included limited information on a specific best practice but was not consistently provided throughout the plan.

Coast Guard's GEAR Plan Lacks Performance Measures that Would Better Enable Officials to Identify Success

Table 4: Coast Guard's GEAR Project Plan Does Not Include Performance Measures

Agency	Objectives included	Specific actions included	Roles and responsibilities included	Schedules included	Performance measures included
Coast Guard	Yes	Yes	Yes	Partially ^a	No

Source: GAO analysis.

^aWe assessed an agency's plan as partially including a best practice if it included limited information on a specific best practice but was not consistently provided throughout the plan.

We found that the Coast Guard's GEAR plan includes information on objectives, specific actions, and roles and responsibilities, as shown in table 4. According to the plan, the Coast Guard selected its pilot location at Base Boston, with both military and civilian personnel, as a result of discussions between management and labor unions. The plan clearly states that a primary project manager in the Coast Guard's human resources office and a project manager at Base Boston are in charge of GEAR implementation.

The Coast Guard's plan has a high-level schedule that includes nine different actions and dates, such as deploying a communication plan to the workforce in February 2013, with the last date being the start of the pilot in April 2013. This is the last date in the plan associated with a

specific action. Elsewhere in the plan, the Coast Guard lists pending and ongoing actions under each of its objectives but does not include dates. According to Coast Guard officials, the pilot will run the length of a performance cycle (from April 1, 2013 to March 31, 2014). However, based on the plan, we are unable to determine whether the Coast Guard has additional actions planned for implementing GEAR that extend beyond preparing for and starting the project itself. Best practices note that planning and scheduling are continual processes throughout the life of a project.²⁸ They state that planning may be done in stages throughout the project as stakeholders learn more details. Because GEAR-related work continued at Coast Guard after April 1, 2013 the information included in the plan is insufficient to gauge progress.

In addition, the plan lacks detail in defining performance measures that include clearly stated performance targets that are aligned to the plan's objectives and enable the agency to monitor and measure progress. According to the plan, the Coast Guard disseminated a pre-pilot survey in March 2013 at Base Boston with plans for additional surveys mid- and post-pilot to create a baseline. In addition, the Coast Guard created a data repository to gather and analyze performance management responsibilities. However, for both examples, there is no statement within the plan specifying whether these are performance measures or identifying what types of data are being collected. According to internal control standards, performance measures should be established to evaluate the success or failure of their activities and programs.²⁹ Performance measurement involves identifying performance goals and measures, establishing performance baselines by tracking performance over time, identifying targets for improving performance, and measuring progress against those targets. Without additional information on performance measures, the Coast Guard is missing opportunities to gauge progress and measure the success of their implementation efforts and, as a result, the agency may not have all available data for decision-making. Specifically, agency officials told us that the success of GEAR's implementation at Base Boston is one of the factors that will determine whether or not the Coast Guard exports the GEAR framework to its remaining bases and employees.

²⁸ [GAO-12-120G](#).

²⁹ [GAO/AIMD-00-21.3.1](#).

**DOE's GEAR Plan
Includes All Selected Best
Practices**

Table 5: DOE's GEAR Project Plan Meets All Selected Best Practices

Agency	Objectives included	Specific actions included	Roles and responsibilities included	Schedules included	Performance measures included
Department of Energy	Yes	Yes	Yes	Yes	Yes

Source: GAO analysis.

DOE's GEAR plan was the most thoroughly documented of the five pilot plans and met all of the best practices we identified, as shown in table 5.

Highlights of the plan include:

- an articulation of the challenges facing the implementation of each objective;
- an analysis of DOE's Federal Employee Viewpoint Survey (FEVS) data, one of its GEAR performance measures, that articulates one of the challenges facing the agency: a significant gap between a supervisor's expectations for performance and an employee's understanding of those expectations;³⁰
- an action plan snapshot for management review that highlights accomplishments made in the 75 days since the last management review (such as an increase in completing planned training sessions) as well as the priorities and actions the agency will target before the next review (such as posting DOE's 2012 FEVS results on its public website); and
- a graphic outlining the training requirements for new supervisors and the continual learning options for more experienced supervisors and managers.

In addition, DOE communicated the importance of the GEAR framework, the reasons why implementation was necessary, and how employees could potentially be impacted through various platforms that targeted numerous stakeholders. The multiple communications approach

³⁰OPM conducts FEVS, which is a tool that measures employees' perceptions of whether and to what extent conditions characterizing successful organizations are present in their agencies.

highlights the support agency leadership is providing for the success of GEAR. For example, the plan includes:

- a memorandum for all DOE employees from the Secretary showing his support for GEAR and the importance of ongoing communication;
- a memorandum from DOE’s CHCO outlining steps that would be taken to implement GEAR and the importance of supervisors engaging in four formal performance-based discussions;
- a memorandum from DOE’s Acting CHCO outlining the training framework to improve the agency’s performance-based culture and mandatory supervisory training requirements;
- information presented to the DOE local unions detailing what GEAR implementation would mean for employees in different roles of the organization; and
- a summary of the GEAR framework in DOE’s workforce training newsletter, including examples of what employees and managers at every level can expect from GEAR.

HUD’s GEAR Plan Lacks Objectives that Would Identify the Agency’s Purpose In Implementing the GEAR Framework and Does Not Assign Roles and Responsibilities

Table 6: HUD’s GEAR Project Plan Does Not Include Objectives or Roles and Responsibilities

Agency	Objectives included	Specific actions included	Roles and responsibilities included	Schedules included	Performance measures included
Department of Housing and Urban Development	No	Yes	No	Yes	Yes

Source: GAO analysis.

HUD’s GEAR plan identifies 16 specific action steps, such as issuing guidance, completing fiscal year 2012 ratings, and developing a monthly in-service day policy. The plan is outlined in a work breakdown structure (WBS) format with actions, or task names, with most of the actions listed in order of completion with descriptions and schedules listed for each

action.³¹ The plan also includes GEAR performance metrics, the source of the data, and in some cases the target rates the agency hopes to achieve. Agency officials told us that the planned completion date of GEAR implementation is September 2013.

The plan does not clearly define objectives, as shown in table 6 and as a result, the actions outlined in the plan do not indicate a purpose or goal(s) the agency hopes to achieve by completing the stated actions. Best practices note that all activities necessary to accomplish a project's objectives should be defined.³² Without such objectives, the actions listed in HUD's plan lack a framework that clearly links the actions to each other or to a greater purpose.

In addition, the plan does not include information on roles and responsibilities, such as the individual(s) or office(s) that will be held accountable for completing the actions consistent with best practices. For example, according to the plan, HUD will develop an awards policy, but there is no information that indicates the individual(s) or office(s) responsible for creating such a policy. Without such identification, HUD runs the risk of the actions not being implemented on time or at all due to a lack of knowledge regarding who is responsible for the specific action item.

NCA's GEAR Plan Lacks Performance Measurements that Would Better Enable Officials to Gauge Success

Table 7: NCA's GEAR Project Plan Does Not Include Performance Measures

Agency	Objectives included	Specific actions included	Roles and responsibilities included	Schedules included	Performance measures included
National Cemetery Administration	Yes	Yes	Partially ^a	Partially ^a	No

Source: GAO analysis.

^aWe assessed an agency's plan as partially including a best practice if it included limited information on a specific best practice but was not consistently provided throughout the plan.

³¹A work breakdown structure (WBS) defines in detail the work necessary to accomplish a project's objectives.

³²[GAO-12-120G](#).

According to NCA officials, the agency is implementing the GEAR framework as a pilot among several occupations within one of its Memorial Service Networks (MSN), with plans to expand to additional occupations and possibly export the GEAR framework to other networks in the future. However, the NCA project plan does not include any information about which occupations or networks are included in the pilot. In addition, it does not include information detailing how the agency identified the specific occupations in the pilot or why a specific network was selected over others.

The NCA plan includes partial information on roles and responsibilities associated with the objectives and specific actions, as shown in table 7. For example, the first key action under the goal of reinforcing NCA's high performance culture states that it will establish a group of top level NCA executives who will oversee the implementation of GEAR. However, the plan does not include information on these individuals and there are no other roles or responsibilities identified anywhere else in the plan. By not identifying roles and responsibilities, it is unclear who is accountable for actions included within the plan and for managing project performance.

Although NCA's plan did not include a schedule of activities, NCA provided a separate schedule of GEAR activities. Best practices state that a schedule provides not only a road map for systematic project execution but also the means by which to gauge progress, identify and resolve potential problems, and promote accountability at all levels of the program.³³ A schedule provides a time sequence for the duration of an activity and helps everyone understand both the dates for major milestones and the activities that drive the schedule. Without a schedule linked to the GEAR plan itself and its objectives, it may be difficult for NCA to determine the progress that has been made and whether or not the agency is on track for implementation.

Finally, NCA officials told us that they will export the GEAR framework to the four remaining MSNs in fiscal year 2014. However, NCA's plan does not include performance measures that would enable the agency to gauge their progress towards implementing their overall GEAR objectives, determine if the pilot was successful, or identify areas where improvement is needed. As we have previously defined, performance measurement focuses on whether a program has achieved its objectives,

³³[GAO-12-120G](#).

expressed as measurable performance standards.³⁴ Without such information, NCA may be unable to determine whether or not the actions taken in the single unit pilot should be replicated in the remaining networks, or whether changes are necessary.

OPM’s GEAR Plan Lacks Clear Objectives that Would Identify the Agency’s Purpose in Implementing the GEAR Framework and Does Not Assign Roles and Responsibilities

Table 8: OPM’s GEAR Project Plan Does Not Include Objectives or Roles and Responsibilities

Agency	Objectives included	Specific actions included	Roles and responsibilities included	Schedules included	Performance measures included
Office of Personnel Management	No	Yes	No	Yes	Yes

Source: GAO analysis.

OPM’s GEAR plan includes specific actions and performance measures that will help the agency gauge progress in implementing the GEAR framework, as shown in table 8. For example, OPM’s plan includes actions that focus on quarterly progress reviews, standardizing performance commitments to improve supervisor accountability, requiring supervisor training on GEAR, and improving the assessment and selection of supervisors by standardizing weighting of supervisory/leadership competencies against other relevant competencies. In addition, the plan includes five performance measures, with most including target rates and dates. OPM describes one of the performance measures as an improvement by 5 percent in two indices in the FEVS.³⁵ The FEVS job satisfaction index is one of the metrics used by OPM to assess whether agencies are effectively managing the talent management system. In addition, in 2011 OPM added an index to measure employee engagement (which OPM defines as the extent to

³⁴[GAO-11-646SP](#).

³⁵OPM, the central human resources agency for the federal government, has conducted the FEVS every year since 2010. Prior to 2010, OPM conducted the survey during even numbered years, beginning in 2004. The most recent survey sample of 2012 included the views of over 687,000 federal employees from 82 federal agencies. The survey results represent a snapshot in time of the perceptions of the federal workforce. In 2012 the FEVS was generally implemented as a census, rather than a sample-based survey, in an effort to gather the opinions of the entire federal workforce. The four index measures are: leadership and knowledge management; results-oriented performance culture; talent management; and job satisfaction.

which an employee is immersed in the content of the job and energized to spend extra effort in job performance). According to the plan, OPM's target goal is 62 percent of positive responses in the results-oriented performance culture index and 75 percent of positive responses for the employee engagement index.

OPM officials told us that they plan on implementing all of the GEAR recommendations agency-wide. However, the plan lacks clearly defined objectives consistent with best practices. For example, the plan lists the action "including a requirement to conduct a minimum of quarterly progress reviews," but the action is not linked to either agency objectives or GEAR recommendations. Because there is no link between actions and objectives, the plan does not clearly identify issues or problems that the actions are targeted to address.

In addition, OPM's plan does not include information on roles and responsibilities as called for by best practices. As a result, it is unclear which individual(s) or office(s) is responsible for specific actions. Specifically, many of the actions listed in the plan affect supervisors and the consequences of such actions may impact their individual roles and responsibilities. For example, one of the specific actions identified is standardizing supervisor performance commitments; however, the plan does not identify a responsible party linked to this action. As a result, supervisors and managers may not be able to identify a source of information if questions on these performance commitments arise.

Conclusion

The GEAR framework presents an opportunity for federal agencies to increase employee engagement and improve performance management. Indeed, even though the GEAR pilot has only been in place a short period of time, agency officials have already described such benefits as improved engagement and communication between employees and supervisors. Although the recommendations outlined in the GEAR report do not represent new concepts, implementing them in practice may present challenges unique to each agency, as demonstrated by the experience of the five pilot agencies. OPM has facilitated conversations among participating GEAR agencies to identify lessons learned and the CHCO Council is developing a GEAR toolkit to help agencies improve performance management and increase employee engagement. However, going forward, the roles and responsibilities of OPM, the CHCO Council, and participating federal agencies have not been fully defined, including how to identify future promising practices, and how to update and disseminate information on the government-wide implementation of GEAR. Clearly defined roles and responsibilities will be important for

capitalizing on the improvements made at the five pilot agencies, as well as for sustaining and achieving the current Administration's goal of implementing GEAR more broadly. Without these next steps, the momentum and lessons learned from the GEAR pilot may be lost and desired performance management reforms in federal agencies may not be fully realized.

The five pilot agencies deserve significant credit for taking steps to implement the GEAR recommendations and improve performance management within their organizations in a relatively short amount of time. Although it is too early to tell whether GEAR is changing organizational culture within the pilot agencies, leading practices identified during the pilot should help inform GEAR implementation efforts at other agencies. However, as part of implementing the GEAR model, most of the pilot agencies did not develop complete project plans that will help guide their GEAR-related efforts into the future. Updating these plans to fully reflect the nature and scope of their efforts will help ensure that these agencies meet the goals of their respective GEAR efforts and serve as a model for other agencies to follow.

Recommendations for Executive Action

Recognizing that moving toward a more performance-oriented culture within federal agencies is likely to be a continuous effort and to ensure that the opportunity GEAR recommendations offer to improve performance management is not lost, we recommend the Acting Director of OPM, in collaboration with the Chief Human Capital Officers Council, define roles and responsibilities of OPM, the CHCO Council, and participating federal agencies going forward as the GEAR framework is implemented government-wide. In doing so, OPM, in collaboration with the CHCO Council, could define roles and responsibilities such as

- supplementing the GEAR report and updating the diagnostic toolkit as needed to reflect additional promising practices and lessons learned (such as those we identified) and guidance on using metrics. This should include considering whether connecting performance expectations to crosscutting goals should be part of the GEAR framework.
- disseminating the information contained in the GEAR report and diagnostic toolkit through multiple venues and various government-wide websites, such as OMB Max, to ensure federal managers, supervisors and other stakeholders have access to promising practices and additional guidance on improving performance management.

In addition, to improve agencies' GEAR implementation plans, we recommend that:

- the Secretary of Homeland Security direct the Commandant of the Coast Guard take the following two actions to update the agency's GEAR implementation plan to include: (1) performance measures that permit comparison between desired outcomes and actual results and (2) additional information on schedules that are linked to specific actions;
- the Secretary of Housing and Urban Development take the following two actions to update the agency's GEAR implementation plan to: (1) include objectives describing the goals the agency plans to achieve and (2) identify roles and responsibilities for specific actions and stakeholders;
- the Secretary of Veterans Affairs direct the Under Secretary for Memorial Affairs take the following three actions to update the National Cemetery Administration's GEAR implementation plan to include: (1) performance measures that permit comparison between desired outcomes and actual results, (2) additional information on roles and responsibilities for specific actions and stakeholders, and (3) additional information on schedules that are linked to specific actions; and
- the Acting Director of OPM to take the following two actions to update the agency's GEAR implementation plan to: (1) include objectives describing the goals the agency plans to achieve and (2) identify roles and responsibilities for specific actions and stakeholders.

Agency Comments and Our Evaluation

We provided a draft of this report to the Acting Director of OPM and the Secretaries of Homeland Security (Coast Guard), Housing and Urban Development, Energy, and Veterans Affairs (National Cemetery Administration). The Associate Director for Employee Services at OPM, the Chief of Staff at Veterans Affairs, and the Director of the Departmental GAO-Office of Inspector General Liaison Office at DHS provided written comments on a draft of the report, which are reprinted in appendixes II, III, and IV, respectively.

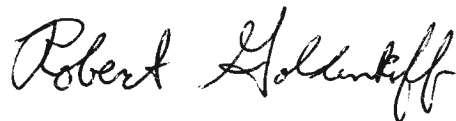
In their written responses, OPM, DHS, and VA officials agreed with our recommendations. HUD officials also stated that they agreed with our recommendation to HUD in an e-mail exchange. We modified our assessment of VA's GEAR implementation plan, changing schedules

from not included to partially included, based on additional information the agency provided after the report was sent for comment.

DOE, DHS, and VA also suggested technical changes to the report, which we incorporated where appropriate.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until thirty days from the report date. At that time, we will send copies to the Secretaries of Energy, Homeland Security, Housing and Urban Development, and Veterans Affairs, and the Acting Director of the U.S. Office of Personnel Management, as well as the appropriate congressional committees and other interested parties. In addition, this report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff members have any questions about this report, please contact me at (202) 512-6806 or goldenkoffr@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 key contributions to this report are listed in appendix XII.



Robert Goldenkoff
Director
Strategic Issues

APPENDIX I: Objectives, Scope, and Methodology

This report (1) analyzes how the Goals-Engagement-Accountability-Results (GEAR) framework addresses key practices for effective performance management and identifies opportunities, if any, to improve GEAR implementation government-wide; (2) describes the status of each pilot agency's GEAR implementation and any lessons learned to date; and (3) assesses the extent to which each agency's GEAR implementation plan includes selected best practices for project planning. The GEAR framework is currently being piloted in five departments and agencies – the Departments of Energy (DOE), Homeland Security/United States Coast Guard (DHS/Coast Guard), Housing and Urban Development (HUD), Veterans Affairs/National Cemetery Administration (VA/NCA), and the Office of Personnel Management (OPM). For purposes of this report, we are referring to both departments and agencies as “agencies.”

To analyze how the GEAR framework addresses key practices for effective performance management and identify opportunities, if any, to improve GEAR implementation government-wide, we verified that key practices we previously identified were applicable for purposes of this engagement by conducting a literature review of leading performance management practices and consulting with internal subject matter experts. In addition, OPM officials reviewed these criteria and agreed that many of the practices are very important contributors to organizational success. We systematically reviewed the GEAR report from the National Council on Federal Labor-Management Relations (LMR Council) using a methodology to determine whether the goals, recommendations, and actions described in the document qualitatively reflected the presence or absence of the key practices. We also reviewed LMR Council meeting minutes and other materials from LMR Council meetings. Finally, we interviewed OPM officials and Chief Human Capital Officers Council officials, some of whom were members of the LMR Council work group that drafted the report.

To describe the status of each agency's GEAR implementation and any lessons learned to date, we obtained and analyzed each agency's GEAR implementation plan(s) to identify agency strategies for GEAR implementation as well as key actions taken and outstanding. We obtained and analyzed status updates from the agencies and other documentation about their current GEAR implementation status. We described agencies' strategies to implement GEAR. We developed a structured interview instrument to discuss agency strategies and the rationale for GEAR implementation and identify challenges and successes with human resource/human capital officials, program managers, and other officials responsible for GEAR implementation. We

also interviewed labor union representatives about any problems or concerns with implementing the GEAR framework. We interviewed OPM officials responsible for assisting the pilot agencies in GEAR implementation as well as OPM officials who had contributed to developing the GEAR framework in their capacity as LMR Council members for perspectives on lessons learned. In addition, we conducted a site visit at the Coast Guard's Base Boston in May 2013, where we observed initial GEAR training sessions and interviewed supervisors and employees about their reactions to the training and GEAR itself. We chose this site because the Coast Guard was the most recent of the five pilot agencies to implement GEAR and we were able to visit soon after the start of their implementation efforts.

To assess the extent to which each agency's GEAR implementation plan includes selected best practices for project planning, we identified project planning best practices primarily from *Standards for Internal Control in the Federal Government*, GAO's definitions of performance measurement, and GAO's guide for best practices in project schedules, and assessed the inclusion of information contained in the agencies' GEAR plans against the best practices.¹ We focused on the following best practices because they were relevant to GEAR: (1) plan objective(s) describing a goal; (2) specific actions needed to attain that goal; (3) roles and responsibilities identified and assigned to project stakeholders; (4) schedules containing logically related project elements leading to the goal; and (5) valid performance measures that permit comparison between desired outcomes and actual results. Since the pilot agencies are in the process of implementing GEAR, we assessed them on the contents of the plan and not against the progress made towards implementation of the plan. Two analysts independently assessed each agency's GEAR plan to determine the extent to which information that was included met all five best practices and rated each plan using a three-level scale of included, partially included, or did not include, and reached a level of inter-rater agreement greater than 80 percent. In addition, we noted strengths and areas for further attention in each plan.

¹GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: Nov. 1999); *Performance Measurement and Evaluation*, [GAO-11-646SP](#) (Washington, D.C.: May 2011); and *GAO Schedule Assessment Guide: Best Practices for project schedules*, exposure draft [GAO-12-120G](#) (Washington, D.C.: May 2012). We included the exposure draft of [GAO-12-120G](#) as it presents ten best practices associated with developing and maintaining a reliable, high-quality schedule based on the planning process (the schedule is essentially a model of the project plan).

We assessed partial inclusion if the agency made at least one reference to a specific best practice within the plan but were not able to assess full inclusion if the information was not consistently provided.

We conducted this performance audit from February 2013 to September 2013 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 Office of Personnel Management



Employee Services

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

AUG 30 2013

Mr. Robert Goldenkoff
Director
U.S. Government Accountability Office
441 G St, NW
Washington, DC 20548

Dear Mr. Goldenkoff:

Thank you for providing a draft of the Government Accountability Office report, "Federal Employees: Opportunities Exist to Strengthen Performance Management Pilot" to the U.S. Office of Personnel Management (OPM). We appreciate the opportunity to provide you with comments about this report.

Response to Recommendations

RECOMMENDATION:

We recommend the Director of OPM, in collaboration with the Chief Human Capital Officers Council define roles and responsibilities of OPM, the CHCO Council, and participating federal agencies going forward as the GEAR framework is implemented government-wide. In doing so, OPM, in collaboration with the CHCO Council could define roles and responsibilities such as:

- *supplementing the GEAR report and updating the diagnostic toolkit as needed to reflect additional promising practices and lessons learned (such as those we identified) and guidance on using metrics. This should include considering whether connecting performance expectations to cross-cutting goals should be part of the GEAR framework,*
- *disseminating the information contained in the GEAR report and diagnostic toolkit through multiple venues and various government-wide websites, such as OMB Max, to ensure federal managers, supervisors and other stakeholders have access to promising practices and additional guidance on improving performance management.*

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MANAGEMENT RESPONSE:

We concur. As the U.S. Office of Personnel Management (OPM) continues to work with our partners in Federal agencies via the Chief Human Capital Officers (CHCO) Council to implement the Goals-Engagement-Accountability-Results (GEAR) framework Governmentwide, we will use the recommendations in your report to (1) clarify the roles of the parties, (2) continually learn from one another to adopt promising practices to improve organizational and employee performance management, and (3) strengthen our project plans.

As we discussed, OPM, in cooperation with the Office of Management and Budget will build upon our existing working relationships through the CHCO Council to ensure that GEAR is implemented effectively. Rather than a compliance driven, one-size-fits-all approach, the success of GEAR is dependent upon agency execution, which can only be fully successful when individual agencies and their components adopt management practices that are consistent with the GEAR framework yet tailored to the practical concerns of each agency's mission and organizational culture.

RECOMMENDATION:

In addition, to improve its agencies' GEAR implementation plans, we recommend the Director of OPM to take the following two actions to update its GEAR implementation plan to include: (1) objectives describing the goals the agency plans to achieve and (2) identify roles and responsibilities for specific actions and stakeholders.

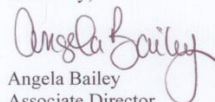
MANAGEMENT RESPONSE:

We concur. We will take action to update the OPM GEAR implementation plan to further clarify the goals the agency plans to achieve through the use of objectives. We will also further define the roles and responsibilities expected of our stakeholders within the OPM GEAR implementation.

Please contact Ms. Janet Barnes, Director, Internal Oversight & Compliance on (202) 606-3270, should your office require additional information.

Your report is thoughtful and helpful, and we thank you for the input.

Sincerely,



Angela Bailey
Associate Director
Employee Services

Appendix III: Comments from the Department of Homeland Security

U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

September 6, 2013

Robert Goldenkoff
Director, Strategic Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Re: Draft Report GAO-13-755, "FEDERAL EMPLOYEES: Opportunities Exist to Strengthen Performance Management Pilot"

Dear Mr. Goldenkoff:

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the U.S. Government Accountability Office's (GAO's) work in planning and conducting its review and issuing this report.

DHS values GAO's review of the U.S. Coast Guard's (Coast Guard) pilot implementation of the Goals-Engagement-Accountability-Results (GEAR) framework at Base Boston. Efforts such as timing the GEAR model to coincide with the beginning of the annual performance cycle and identifying needs through employee surveys to establish a baseline to better track results are two of the more significant lessons learned from the implementation of this pilot program.

The draft report contained five recommendations, one of which was directed to DHS and with which the Department concurs. Specifically, GAO recommended that the Secretary of Homeland Security direct the Commandant of the Coast Guard to:

Recommendation: Take the following two actions to update the agency's GEAR implementation plan to include: (1) performance measures that permit comparison between desired outcomes and actual results and (2) include additional information on schedules that are linked to specific actions.

Response: Concur. The Coast Guard's Personnel Management Directorate will evaluate approaches, identify implementation plans to measure GEAR outcomes and provide the additional information on schedules linked to specific actions. At this time, internal meetings of the Coast Guard's Labor Management Forum, a working group of senior officials across multiple Coast Guard directorates, are being scheduled to coordinate future plans with the American Federation of Government Employees, to collectively address labor and management relations as a result of the implementation of GEAR.

Estimated Completion Date: To Be Determined.

Again, thank you for the opportunity to review and comment on the draft report. Technical comments were previously provided under separate cover. Please feel free to contact me if you have any questions. We look forward to working with you in the future.

Sincerely,



Jim H. Crumpacker
Director
Departmental GAO-OIG Liaison Office

Appendix IV: Comments from the Department of Veterans Affairs



DEPARTMENT OF VETERANS AFFAIRS
Washington DC 20420

September 4, 2013

Mr. Robert Goldenkoff
Director, Strategic Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Goldenkoff:

The Department of Veterans Affairs (VA) has reviewed the Government Accountability Office's (GAO) draft report, "**FEDERAL EMPLOYEES: Opportunities Exist to Strengthen Performance Management Pilot**" (GAO-13-755). VA generally agrees with GAO's conclusions and concurs with GAO's recommendation to the Department.

The enclosure specifically addresses GAO's recommendation and provides technical comments to the draft report. VA appreciates the opportunity to comment on your draft report.

Sincerely,

Jose D. Riojas
Chief of Staff

Enclosure

Enclosure

Department of Veterans Affairs (VA) Response to
Government Accountability Office (GAO) Draft Report
***“Federal Employees: Opportunities Exist to Strengthen Performance
Management Pilot”***
(GAO 13-755)

GAO Recommendation: To improve its GEAR implementation plans, GAO recommends that the Secretary of Veterans Affairs direct the Under Secretary for Memorial Affairs to take the following three actions to update the National Cemetery Administrations’ GEAR implementation plan to include: (1) schedules that are linked to specific actions, (2) performance measures that permit comparison between desired outcomes and actual results, and (3) include additional information on the roles and responsibilities for specific actions and stakeholders.

VA Response: Concur. The National Cemetery Administration (NCA) will update and refine its Goals-Engagement-Accountability-Results (GEAR) Plan. The plan was implemented in October 2012 and has guided efforts that have led to significant achievements. Updates to the plan will include: (1) appropriate linkage between future schedules and actions; (2) performance measures that facilitate assessment of results; and (3) information on the roles and responsibilities for specific actions and stakeholders. NCA will implement updates to its GEAR Plan prior to the start of the next performance cycle in October 2013.

Appendix V: GEAR Implementation

Approach for the Department of Homeland Security/Coast Guard

DHS was involved in the early development of the GEAR framework as part of the CHCO Council and subsequently volunteered the Coast Guard to pilot the GEAR framework, with consideration given to expanding implementation after achieving success through the limited pilot effort. The Coast Guard is implementing all five of GEAR's recommendations in a single-site pilot at Base Boston, affecting approximately 200 employees, both GS and WG. The Coast Guard chose Base Boston for several reasons: the presence of both GS and WG employees – who happen to be supervised by both military and civilian personnel, a wide variety of occupations, and the representation of a single union rather than the multiple unions that are present at other bases. Coast Guard officials said they chose to implement GEAR as a pilot because agency-wide implementation brought challenges such as dealing with such a large military population – approximately 42,000 military personnel that rotate bases approximately every two to three years and operate on a different performance management plan compared with approximately 9,000 civilian employees – and negotiating with approximately nine unions. According to one senior Coast Guard official, to develop more than one site would create a capacity issue that would make it difficult to plan and implement GEAR.

The Coast Guard began planning for GEAR in March 2012 and launched the pilot in April 2013 to coincide with the start of the annual performance process. According to Coast Guard officials, the planning process was in place but implementation was delayed due to Base Boston personnel being deployed to assist in Hurricane Sandy recovery efforts. The pilot is expected to run for the length of one annual performance cycle and complete on March 31, 2014. According to Coast Guard officials, agency officials met with union representatives for extensive discussions involving facilitators and brainstorming sessions in order to include union input in the final GEAR implementation plan. As a result of these discussions, Coast Guard officials told us that the agency has the approval of the union and that both parties are mutually responsible for the successful implementation of GEAR.

The Coast Guard currently requires every civilian employee to have a documented performance appraisal at the end of the rating cycle and under GEAR implementation, employees and supervisors are to receive increased training to improve the accountability and engagement between employees and supervisors. Coast Guard officials noted that the agency needs to improve its culture of engagement. They said part of the problem is that supervisors do not have enough time to provide feedback, and employees do not know how to prepare adequately for their

**Appendix V: GEAR
Implementation
Approach for the Department of
Homeland Security/Coast Guard**

assessments or feedback sessions. By September 2013, all new supervisors (both civilian and military) will have to take 40 hours of mandated supervisor training so they will have a base knowledge of how to provide effective feedback. For more information on steps the Coast Guard has taken to implement GEAR, see table 9.

Coast Guard has identified the following benefits that may be realized at Base Boston through GEAR implementation:

- improved performance management accountability;
- improved employee-supervisor engagement through training and additional educational resources;
- increased communications to improve awareness and importance of the performance management process;
- improved overall labor management relations through involvement of the labor unions; and
- projected fewer grievances over performance appraisals at the end of the pilot.
-

Table 9: GEAR Implementation Status According to the Department of Homeland Security/Coast Guard as of July 2013

Mission	The U.S. Coast Guard's mission is to protect the public, the environment, and U.S. economic interests—in the nation's ports and waterways, along the coast, on international waters, or in any maritime region as required to support national security.
GEAR Implementation agency-wide or traditional pilot	Pilot at Base Boston.
Approximate number of employees affected by GEAR implementation	200 employees, both civilian (GS and WG) and military.
GEAR recommendation implementing	<ol style="list-style-type: none"> 1. Articulate a high performance culture. 2. Align employee and organizational performance management. 3. Implement accountability at all levels. 4. Create a culture of engagement. 5. Improve supervisor assessment, selection, development and training.

**Appendix V: GEAR
Implementation
Approach for the Department of
Homeland Security/Coast Guard**

Steps taken	<ul style="list-style-type: none">• Developed implementation plan in conjunction with union to begin with new rating cycle (November 2012) and assigned project manager.• Developed data analysis repository.• Deployed communication plan to workforce.• Conducted performance management and employee/labor relations training (February 2013).• Conducted communications and team building training (March 2013).• Implemented DHS supervisor guidance and required supervisor cornerstone training completed for all supervisors (March 2013).• Conducted pre-pilot survey (March 2013).• Assessed 2012 FEVS results.• Updated civilian webpage to include performance management resources.• Established civilian personnel webpage; posted performance counseling progress review guidance on human resources website.• Promoted diversity and inclusion efforts.• Developed performance plans with two progress reviews for employees and one for supervisors.• Published quarterly newsletter articles about performance management system responsibilities.• Posted 2010 Coast Guard hiring guide.• Mandated 40-hour e-training for supervisors.• Required supervisory performance element for all supervisors.• Implemented GEAR April 1, 2013.
Ongoing action	<ul style="list-style-type: none">• Hold supervisors accountable for performance management system responsibilities.• Post performance management guidance.• Use job aids conducting reviews.• Enhance performance management training at pilot site.• Conduct GEAR communications throughout workforce.• Continue to partner with labor-management forum.

**Appendix V: GEAR
Implementation
Approach for the Department of
Homeland Security/Coast Guard**

Steps outstanding	<ul style="list-style-type: none">• Conduct OAS and FEVS surveys.• Identify, record, and evaluate pilot successes and milestones throughout the pilot.• Cascade senior executive service performance measures to program achievement.• Launch GEAR presence on civilian human resources website.• Move toward bringing all Coast Guard employees onto DHS performance management system to ensure goal alignment.• Establish performance conversation timeliness guidelines for senior leadership.• Establish employee accountability levels.• Provide additional resources for education and notice about performance management system responsibilities.• Assess performance management compliance with data repository.• Conduct and analyze pre-, mid, and post surveys.• Issue quarterly diversity reports.• Institute regular meetings of employees and supervisors.• Enhance supervisor mentoring and coaching.• Conduct additional or new training for supervisors.
Metrics and oversight	<ul style="list-style-type: none">• Internal GEAR baseline and follow up surveys.• Number of employee grievances.• Training.

Source: GAO analysis of Coast Guard information.

Appendix VI: GEAR Implementation Approach for the Department of Energy

DOE officials said the agency is implementing the GEAR framework in part because it aligned with existing human capital priorities and supported DOE's vision of improving its performance-based culture. DOE is implementing GEAR agency-wide with the exception of Bonneville Power Administration and the National Nuclear Security Administration, affecting approximately 8,400 employees.¹ DOE officials told us that a holistic approach to GEAR implementation provided the best opportunity for success and that only by engaging the entire organization could the agency hope to improve organizational culture. According to DOE officials, implementing GEAR is a two-year effort and the agency is in the second year of implementation; however, DOE is implementing the GEAR framework as part of a larger continuous effort to improve its performance-based culture. DOE employees are covered by local union collective bargaining agreements and according to DOE officials, each union local was engaged in GEAR implementation where appropriate. DOE does not have any unions with department-level recognition or collective bargaining rights. Before launching the pilot, the DOE Office of the CHCO briefed local union representatives on the GEAR framework and asked for their input on rollout. Agency officials said that they received no feedback from the unions.

As a first step towards implementation of GEAR, DOE officials surveyed supervisors and employees to establish a baseline. Additionally, DOE officials said they held employee focus groups about the agency's performance management system to help inform some of the key actions of the GEAR implementation plan. Agency officials said that they expected, and found, that employees did not view the effective execution of the performance management process as positively as supervisors; in other words, performance discussions are occurring but they are not perceived by employees as adding value. Based on data showing that timely completion of the reviews declined over the previous year, DOE officials have begun to look for ways to streamline the review process. This includes shifting to a system that allows supervisors to indicate satisfactory performance without the need for extensive documentation. Officials also said that a new electronic performance assessment system,

¹DOE officials reported that the National Nuclear Security Administration is in the midst of a five-year personnel demonstration project that is testing alternative personnel concepts including pay banding and linking pay and rewards to performance. The Bonneville Power Administration was exempt from implementing GEAR by the Secretary because they operate under a separate performance management system. The two units together have approximately 6,500 employees.

ePerformance, has facilitated completion of quarterly reviews. According to DOE officials, ePerformance allows management to monitor feedback sessions centrally and ensure that supervisors complete them in a timely fashion, something that was impossible under the agency's old paper-based system for conducting performance reviews. According to DOE officials, it is still not possible to ensure that all reviews are of good quality, only that they are timely. DOE officials feel that improved communication between managers and employees will be a major benefit. To reinforce the importance DOE places on supervision, the agency developed a mandatory supervisory critical element, which holds supervisors accountable for each phase of the performance process, according to officials. DOE also issued a mandatory training framework for supervisors and employees to support ongoing improvements in the agency's performance-based culture. For more information on steps DOE has taken to implement GEAR, see table 10.

According to DOE officials the agency will realize additional benefits from implementing the GEAR framework, including

- incremental improvements to its organizational culture on a yearly basis demonstrated through employee feedback and other human capital metrics, such as ePerformance metrics;
- continued focus on human capital efforts at senior levels of agency management; and
- reinforcement of performance management as a year-round priority.

In addition, DOE officials stated that benefits resulting from GEAR implementation have already been realized. For example, DOE officials stated that their use of human capital performance metrics, supported by GEAR's recommendation to align performance management with organizational performance management, has resulted in DOE reducing its reliance on targeted support service.

**Appendix VI: GEAR
Implementation Approach for the
Department of Energy**

Table 10: GEAR Implementation Status According to the Department of Energy as of July 2013

Mission	The mission of the Energy Department is to ensure America's security and prosperity by addressing its energy, environmental, and nuclear challenges through transformative science and technology solutions.
GEAR Implementation agency-wide or traditional pilot	Agency-wide except for the National Nuclear Security Administration and the Bonneville Power Administration.
Approximate number of employees affected by GEAR implementation	8,400 employees.
GEAR recommendation implementing	<ol style="list-style-type: none"> 1. Articulate a high performance culture. 2. Align employee and organizational performance management. 3. Implement accountability at all levels. 4. Create a culture of engagement. 5. Improve supervisor assessment, selection, development, and training.
Steps taken	<ul style="list-style-type: none"> • Developed agency strategic plan (May 2011). • Conducted performance management training (fiscal year 2011 Q4 for fiscal year 2012). • Issued Secretary's statement and conducted town halls. • Designed and implemented progress review template. • Implemented ePerformance software to support new processes; implemented ePerformance metrics. • Tracking ePerformance milestones like timely completion of reviews and ratings. • Conducted analysis of EVS and employee/manager surveys. • Engaged local unions regarding GEAR. • Improved both managers' and employees' education and support. • Developed Five Conversations training (which provides information to supervisors on how to have difficult conversations with employees), which is now being leveraged by OPM. • Issued supervisory mandatory training framework. • Incorporated automatic notifications and periodic reminders to inform new supervisors of mandatory training requirements. • Conducted follow-up employee survey. • Strengthened PIO/CHCO collaboration to improve compliance with ePerformance requirements for timely performance management discussions.

**Appendix VI: GEAR
Implementation Approach for the
Department of Energy**

Steps outstanding	<ul style="list-style-type: none">• Continue to emphasize performance-based culture, continuation of effort/lasting cultural change.• Continue to socialize relevant HR metrics (compliance, satisfaction, mission accomplishment).• Provide training to improve feedback and other conversations.• Continue ePerformance improvements.• Improve DOE on-boarding process.• Continue to track FEVS indices.• Continue to execute an effective supervisory, manager and employee training framework.• Incorporate tracking and monitoring as part of data-driven reviews (HR Stat and Business Quarterly Reviews).• Ensure that constructive action is taken when supervisors do not meet training requirements.
Metrics and oversight	<ul style="list-style-type: none">• 5% increase in Results-Oriented Culture and Employee Engagement indexes by September 2013.• Timeliness of performance plan execution, review, and evaluation.• Focus groups.• Internal GEAR baseline and follow up surveys.

Source: GAO analysis of DOE information.

Appendix VII: GEAR Implementation Approach for the Department of Housing and Urban Development

According to agency officials, HUD's CHCO was an active participant in the CHCO Council meetings that first developed the GEAR concepts. The agency volunteered to participate because GEAR is consistent with the Secretary's Transformation Initiative, which aims to improve the quality of performance plans and increase the quality and timeliness of feedback. While HUD was already pursuing several objectives that it now views as part of GEAR, GEAR provided a framework of guiding principles that helped HUD officials organize their efforts. HUD is implementing GEAR agency-wide (with the exception of its Office of the Inspector General) affecting approximately 8,100 employees and four labor unions.¹ HUD has established the Labor-Management Advisory Committee (LMAC), which includes representatives from each of HUD's four unions as well as managers. HUD officials did not think they could be successful if they implemented GEAR within a single unit. They felt that implementing it agency-wide would permit it to be better embedded in the performance culture. HUD plans for GEAR to be fully implemented in September 2013.

At the beginning of implementation, HUD decided not to pursue GEAR's fifth goal – improving the assessment, selection, development, and training of supervisors – based on staff capacity at that time, according to HUD officials. Since then, the agency has recruited a Chief Learning Officer and has taken several actions to implement the fifth goal, such as distributing guidance on holding crucial conversations with employees and adding supervisory training courses. As a result of GEAR, HUD has acquired a new performance management system that supports strategic alignment to individual performance objectives and will support feedback on performance objectives, including feedback from peers and subordinates. HUD officials said that they procured a new performance management system in October 2012 and completed union negotiations in June 2013 to adopt a new performance management policy and framework. Senior executives have already moved to the new performance management system and the agency is in the process of rolling it out to the rest of the agency. For more information on steps HUD has taken to implement GEAR, see table 11.

¹The American Federation of Government Employees is the major union at headquarters; HUD's California, Memphis, and Detroit regions each have a National Federation of Federal Employees Local.

**Appendix VII: GEAR
Implementation Approach for the
Department of Housing and
Urban Development**

HUD has identified the following benefits that may be realized as a result of GEAR implementation:

- increased alignment between HUD’s work and mission through performance objectives outlined in the department’s strategic plan;
- more engaged workforce through increased quality and timeliness of feedback;
- more accurate performance ratings as performance plans better reflect the work staff are doing;
- help with retention of employees; and
- improved performance management overall at HUD.

Table 11: GEAR Implementation Status According to the Department of Housing and Urban Development as of July 2013

Mission	HUD’s mission is to create strong, sustainable, inclusive communities and quality affordable homes for all. HUD is working to strengthen the housing market to bolster the economy and protect consumers; meet the need for quality affordable rental homes; utilize housing as a platform for improving quality of life; build inclusive and sustainable communities free from discrimination; and transform the way HUD does business.
GEAR Implementation agency-wide or traditional pilot	Agency-wide except for the Office of Inspector General.
Approximate number of employees affected by GEAR implementation	8,100 employees.
GEAR Recommendation implementing	<ol style="list-style-type: none"> 1. Articulate a high performance culture. 2. Align employee and organizational performance management. 3. Implement accountability at all levels. 4. Create a culture of engagement. <p>Note: HUD officials decided not to pursue goal 5 based on staff capacity – no Chief Learning Officer (CLO) – at the time of implementation. A CLO has since been hired and HUD is creating a structure for goal 5.</p>
Steps taken	<ul style="list-style-type: none"> • Redefine senior executive service plans. • Train on new Employee Performance Planning and Evaluation System (EPPES) framework. • Begin tracking fiscal year 2012 midyear reviews (95% target by May 2012) ratings and fiscal year 2013 plans (both 95% target by December 2013). • Issue fiscal year 2012 rating and fiscal year 2013 performance plan guidance. • Deploy managers’ performance management training. • Develop monthly in-service day policy. • Develop awards policy. • Acquire new ePerformance system.

**Appendix VII: GEAR
Implementation Approach for the
Department of Housing and
Urban Development**

Steps outstanding	<ul style="list-style-type: none">• Complete EPPES framework design and add template to ePerformance system.• Develop awards policy.• Completely replace ePerformance system.
Metrics and oversight	<ul style="list-style-type: none">• 5% increase in Results-Oriented Culture and Employee Engagement indexes by November 2013.• Internal “pulse” survey.• Timeliness of establishing performance plans.• Timeliness of completion of performance ratings.• Percentage of staff who feel their performance plan reflects the work they do and sets clear expectations.• Percentage of staff who have talked with their direct supervisor about their performance.

Source: GAO analysis of HUD information

Appendix VIII: GEAR Implementation Approach for the Dept. of Veterans Affairs/ National Cemetery Administration

Unlike the other pilot agencies, VA officials had no official interaction with the LMR Council in the development of the GEAR framework. VA began implementing GEAR in October 2012 to coincide with the VA performance management cycle. VA officials project the implementation to be complete by 2016. VA is implementing GEAR within its NCA agency as a single unit pilot in MSN II, encompassing national cemeteries located in the southeastern area of the country. NCA officials expect to expand GEAR to the remaining four networks beginning in 2014. VA chose the NCA because it has a reputation as a high-performing organization and an existing focus on metrics and feedback. VA officials said they chose to implement GEAR as a single unit, rather than agency-wide, because doing so allowed them to provide closer attention and support.

NCA is implementing the GEAR framework to seven mission critical occupations totaling approximately 240 employees. NCA plans to include 10 additional occupations in MSN II during fiscal year 2014, and to also apply the GEAR framework to the original seven mission critical occupations in the remaining four networks beginning in fiscal year 2014. NCA plans to continue to phase in occupations during fiscal years 2014-2016. According to NCA officials, representatives from two unions have been involved in GEAR implementation and contributed valuable input that has enhanced NCA's approach to GEAR. Although NCA officials told us they are committed to all five of GEAR's recommendations, the agency is currently implementing four of the recommendations and plans to implement the fifth recommendation after an evaluation of current approaches to assessing, selecting, and developing supervisors has been completed.

According to NCA officials, NCA has increased feedback to employees on individual, unit, and agency goals and performance by implementing a three-step feedback process with meetings every four months (in February, June, and October), as well as providing tools to assist supervisors in preparing for and conducting those one-on-one meetings. Supervisors and employees also receive a monthly performance scorecard with information on several of NCA's performance targets that include agency, region, and cemetery-level performance in key operational areas such as client satisfaction and employee safety.

As part of GEAR, NCA defined "exceptional" performance, in addition to the "fully successful" level, in new performance plans for all seven of the targeted occupations. NCA officials said that officials representing labor unions recommended this approach so employees have a clear target. NCA officials stated that this practice will continue as new performance plans are created. NCA plans to also refine their approach to rewarding

**Appendix VIII: GEAR
Implementation Approach for the
Dept. of Veterans Affairs/
National Cemetery
Administration**

and recognizing exceptional performers to correspond with what employees value. For example, they are considering possible generational preferences in the nature of rewards and preferences associated with the stages of employees' careers. For more information on steps NCA has taken to implement GEAR, see table 12.

NCA has identified the following benefits that may result from GEAR implementation:

- by aligning performance goals with organizational goals, employees may better understand the connection between their daily activities and the organization's success;
- employees can better identify performance successes, gaps, and opportunities to improve performance at their cemetery and within their network; and
- involving employees and their labor representatives in efforts to improve performance management systems increases their understanding and ownership of these systems and organizational goals and increases their belief in the fairness of the systems, including in the ability to reinforce accountability.

Table 12: GEAR Implementation Status According to the Department of Veterans Affairs/National Cemetery Administration as of July 2013

Mission	NCA honors Veterans and their families with final resting places in national shrines and with lasting tributes that commemorate their service and sacrifice to our Nation.
GEAR implementation agency-wide or traditional pilot	Pilot in one of NCA's five networks.
Approximate number of employees affected by GEAR implementation	240 employees. Currently, seven mission critical occupations are covered by GEAR: (1) cemetery director; (2) cemetery foreman; (3) cemetery caretaker; (4) cemetery representative; (5) equipment operator; (6) cemetery technician; and (7) program support assistant. NCA will include 10 additional occupations in fiscal year 2013.
GEAR recommendation implementing	<ol style="list-style-type: none"> 1. Reinforce NCA's high performance culture. 2. Align employee and organizational performance management. 3. Implement accountability at all levels. 4. Create a culture of engagement. 5. Improve the assessment, selection, development and training of supervisors.

**Appendix VIII: GEAR
Implementation Approach for the
Dept. of Veterans Affairs/
National Cemetery
Administration**

Steps taken	<ul style="list-style-type: none">• Developed performance plans for seven mission-critical occupations.• Established successful and exceptional performance standards.• Implemented three-step performance appraisal review with feedback at three annual meetings and attention to NCA's goals and performance, past employee performance and contributions, and future performance expectations.• Developed tools to simplify supervisor performance management and reduce employee work required for self assessments, and requests for training or special assignments.• Designed of a monthly "scorecard" that presents NCA and division performance data and targets. Officials reported that this facilitates discussion about local results and opportunities for improvement.• Established of a national labor forum that facilitates communication between NCA and union leaders.• Delivered web-based training to supervisors and employees to improve understanding of critical points in the performance management process.• Identified GEAR-specific performance standards among current ones like customer satisfaction metrics and employee surveys.
Steps outstanding	<ul style="list-style-type: none">• Revision of performance plans for 10 additional occupations to incorporate them into the pilot.• Development of GEAR-based performance management training plans for both supervisors and employees.• Implementation of an e-plan to export GEAR initiatives to NCA's four remaining Networks.• Development of a GEAR Rewards and Recognition Program with a guide for NCA supervisors and managers to reward exceptional performance.• Assessment of NCA's current employee orientation process, and design of comprehensive on-boarding program.• Assessment of NCA's current process for selecting new supervisors and development of recommendations to enhance current processes.
Metrics and oversight	<ul style="list-style-type: none">• Employee performance metrics.• Employee perspectives from FEVS and VA's internal survey.• Perspectives gained from focus groups.• Customer service metrics.

Source: GAO analysis of NCA information.

Appendix IX: GEAR Implementation Approach for the Office of Personnel Management

OPM's Director, as Chair of the CHCO Council and co-chair of the LMR Council, helped propose the idea of examining the federal government's performance management accountability framework and make recommendations for its improvement, which resulted in the GEAR framework. In addition, OPM officials reported that the agency collaborated with and supported all pilot agencies in the initial development of their processes and implementation efforts. As a result of their role in developing the framework, OPM is implementing GEAR agency-wide, affecting approximately 5,800 employees, including employees represented by two unions. According to OPM officials, it made sense to implement GEAR agency-wide from the beginning. OPM had previously identified human capital needs, such as improving supervisor assessment, that had not been addressed due to limited resources and competing priorities. However, an official said that GEAR focused attention on some of these issues and provided a framework to move forward. Initially, OPM planned on implementing four of the five GEAR goals agency-wide, according to OPM officials, and did not take steps to implement the first goal of articulating a high-performance culture. However, according to OPM officials, the agency is currently developing a performance culture statement, in collaboration with its employees and elected labor representatives, which officials stated would meet GEAR's first goal of articulating a high-performance culture when complete.

OPM officials said that they decided to focus on the assessment and selection of supervisors. Currently, OPM is identifying supervisory competencies to be balanced with technical requirements of supervisors. For example, an official said that OPM is expanding its use of situational judgment assessments, an emerging approach from the law enforcement and security community in which the supervisor would be assessed on his or her leadership qualities in addition to the ability to communicate effectively. In addition, OPM is implementing quarterly progress reviews using previously developed forms for supervisors and employees. An OPM official said that the simplicity of the new forms will make it easier for supervisors to use. For more information on steps OPM has taken to implement GEAR, see table 13.

OPM has identified the following benefits that may be realized as a result of GEAR implementation:

- employees will understand the agency mission and goals and be engaged in the process of achieving those goals;

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- employees will receive feedback on their performance at least quarterly;
- supervisors will be hired based on their leadership potential and demonstrated supervisory competencies; and
- supervisors will be held accountable for practicing good performance management.

Table 13: GEAR Implementation Status According to the Office of Personnel Management as of July 2013

Mission	Recruit, retain, and honor a world-class workforce to serve the American people.
GEAR implementation agency-wide or traditional pilot	Agency-wide.
Approximate number of employees affected by GEAR implementation	5,800 employees.
GEAR recommendation implementing	<ol style="list-style-type: none"> 1. Articulate a high performance culture. 2. Align employee and organizational performance management. 3. Implement accountability at all levels. 4. Create a culture of engagement. 5. Improve supervisor assessment, selection, development and training.
Steps taken	<ul style="list-style-type: none"> • Established quarterly progress reviews to reinforce performance management as a year-round priority. • Created new performance management form. • Standardized supervisory commitment language. • Conducted mandatory training for all supervisors and executives. • Made other courses made available. • Periodically highlighted GEAR in weekly publications. • Conducted supervisor assessment and selection. • Gathered supervisor views on competencies and weighting through survey and focus groups. • Designed occupational questionnaire and structured interview questions for supervisor applicants. • Implemented mandatory use of supervisor assessment questionnaire. • Collaborated with DOE on Five Conversations training (which provides information to supervisors on how to have difficult conversations with employees). • Revamped OPM supervisory training curriculum.
Steps outstanding	<ul style="list-style-type: none"> • Design enhanced online situational test (target September 2013).

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Metrics and oversight

- Extent to which agency goals are met.
 - 5% increase in Results-Oriented Culture and Employee Engagement indexes by September 2013.
 - Score of 80 or higher on Performance Appraisal Assessment Tool.
 - 100% target for timely progress review completion (using FEVS item).
 - Employee, manager, and supervisor compliance with training requirements.
-

Source: GAO analysis of OPM information.

Appendix X: GAO Contact and Staff Acknowledgements

GAO Contact

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Staff Acknowledgements

In addition to the contact named above, Tom Gilbert, Assistant Director; Dewi Djunaidy; Karin Fangman; Robert Gebhart; Erik Kjeldgaard; and Cindy Saunders made key contributions to this report.

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