



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

The Director

Friday, April 26, 2013

MEMORANDUM FOR: Chief Human Capital Officers

FROM: Elaine Kaplan, Acting Director

Subject: Revising the Human Capital Planning, Reviews, and Reporting Framework

The Office of Personnel Management (OPM), the Chief Human Capital Officers (CHCO) Council, and the Office of Management and Budget (OMB) have launched an effort to focus human resource planning, reporting, and management to improve Federal agency performance and productivity. This memorandum outlines the key objectives and next steps of this integration effort.

Objectives

Revising our human capital planning, management review processes, and reporting has two key objectives:

1. Develop and implement workforce strategies that advance progress on each agency's mission performance goals and objectives.
2. Streamline core human resource (HR) policies, procedures, and technology to focus agency HR operations on supporting managers and employees in hiring, engaging, and retaining top talent, while reducing time and costs of HR processes and reporting.

To advance the first objective, OPM and OMB will help agencies develop workforce management strategies that advance specific mission goals. OPM is considering regulatory changes that will allow agencies to use agency Government Performance and Results Act (GPRA) Strategic Plans and Annual Performance Plans, instead of preparing separate human capital plans and reports, to identify and address HR issues, strategies, and planned actions essential to making progress on the goals and objectives. For example, GPRA Plans might identify specific skills gaps or offices where low employee engagement needs to be raised to make progress on a strategic goal. If these changes are adopted, the transition to this new approach to documenting strategic human capital plans would begin with the development of the Strategic Plan and Annual Performance Plans to be released with the Fiscal Year (FY) 2015 Budget.

To advance the second objective, we plan to identify and promote best practices and increase shared delivery and co-investment in common HR functions and systems that strengthen HR services. Possible areas of opportunity include increasing managerial engagement in the hiring process, addressing agency-wide problems identified by the Federal Employee Viewpoint

Survey, processing retirement applications more quickly and accurately, and improving labor-management relations.

Finally, to facilitate the increased focus on driving agency performance, we are considering a plan, for which we will collect agency and public comment, to reduce current HR reporting requirements. Numerous human capital reports have accumulated over the years, and agencies have complied with an increasing number of planning and reporting requirements. The attached appendix lists the plans and reports that OPM and OMB have identified as possible candidates for elimination or consolidation, and what we will propose for each existing report.

Next Steps

To develop a shared vision for advancing these objectives, OPM and OMB will work with agencies in the following broad areas:

1. Refining Roles and Responsibilities

Marking the 10th anniversary of passage of the Chief Human Capital Officers (CHCO) Act of 2002, OPM has undertaken a comprehensive review of the Human Capital Assessment and Accountability Framework (HCAAF), which formed the systems, standards, and metrics for strategic human capital management required under the CHCO Act. In early 2013, OPM rolled out the revised HCAAF, now known as the Human Capital Framework (HCF), which reflects what we have learned over the past decade. We hope you will find it more flexible, more practical, easier to understand, and more useful to agencies. It will become effective when proposed changes to 5 CFR part 250 are final.

Next Step: As part of this framework, the roles and responsibilities of CHCOs and other leaders, hiring managers, and HR professionals will be reassessed in relation to shared responsibility for the revised HCAAF and its implementation.

2. Setting Goals and Planning

Under the GPRA Modernization Act, each agency prepares a strategic plan with the first full budget in a new term of an administration along with an annual performance plan that sets two-year priority goals. Every agency will be developing a new Strategic Performance Plan and Annual Performance Plan for release with the FY 2015 Budget and delivering it to Congress in February 2014, which, recognizably, is an aggressive timeline. In the future, we envision a framework where agency CHCOs will work with their Chief Operating Officers, Performance Improvement Officers (PIOs), and program managers to incorporate human capital strategies needed to accelerate progress on the agency's performance goals.

In addition, future agency GPRA plans should identify priority HR improvements through a review of current HR processes and practices; results of the Federal Employee Viewpoint Survey; findings from customer surveys about agency HR services; key HR data such as hiring manager satisfaction scores and retention rates across offices; and predictions of future agency HR trends such as expected retirement and retention patterns. Examples of such agency-wide HR strategies might include large departments and agencies consolidating HR functions; implementation of specific career pathway programs; retraining to align talent to new mission

requirements; recruitment and learning activities to fill critical skills gaps; efforts to improve Federal Employee Viewpoint Survey scores in areas of weakness; and retention strategies where high separation rates create problems.

OPM is currently crafting a proposal to amend the regulatory language at 5 CFR part 250 to integrate agencies' strategic human capital plans within their strategic and annual performance plans. OPM intends to propose elimination of the requirement for agencies to submit separate Strategic Human Capital Plans in time for the preparation of the next agency strategic plans that will be released with the FY 2015 budget. Pursuant to that proposal, OPM would instead expect agencies to integrate human capital planning into agency strategic and performance plans, and into HRStat meetings, described below. We anticipate that proposed revisions to 5 CFR part 250 would also facilitate updating the HCAAF in future years so it remains responsive to the needs of Federal agencies.

Next Step: Assuming the regulations are actually amended in the manner proposed, further guidance on the transition plan toward this full integration of human capital strategy with GPRA Modernization Act requirements will be developed over the course of 2013 in collaboration with agency PIOs, CHCOs, and other leadership.

3. Data-Driven Performance Reviews

Internal Reviews

The GPRA Modernization Act requires that the Chief Operating Officer (COO) with support from the PIO conduct quarterly data-driven reviews of agency performance. They are to engage the program managers responsible for the goals under discussion and focus on determining what the performance data reveals about agency progress toward priority and other performance goals, problems impeding progress, and root causes contributing to problems. They also review, discuss, and decide actions planned for future improvement.

To assure that human capital is fully integrated into these quarterly reviews, CHCOs should work with their PIOs and COOs to ensure participation in quarterly and annual internally-driven performance reviews on agency priority and other performance goals.

As a complement to these COO-led reviews of progress on agency goals, OPM is pilot testing a new approach to quarterly reviews of agency human capital progress called "HRStat." Under HRStat, CHCOs convene quarterly reviews on key human capital goals. The HRStat sessions allow for review of key human capital metrics relevant to an agency's general HR goals and in-depth analysis of HR problems for the goals that are the subject of the COO's quarterly performance reviews. The quarterly HRStat meetings are intended to enable quick course correction, if needed, to assure progress is being made.

OPM is currently partnering with 16 agencies to design and pilot test the HRStat process, starting with agency identification of a few priority HR goals. HRStat is a three-phased initiative. Phase-One pilot agencies completed their quarterly reviews at the end of FY 2012. OPM has launched HRStat 2.0 by evaluating the pilot program for refinement and replication throughout FY 2013. OPM expects to implement HRStat Governmentwide in Calendar Year 2014 with the launch of HRStat 3.0.

Public Reporting

The GPRA Modernization Act also requires COOs to report publicly each quarter on progress toward meeting agency priority goals. Additionally, agencies will post annual performance results on an OMB public web site. Public reporting will focus on Governmentwide metrics, including measures taken from survey results such as the Federal Employee Viewpoint Survey or Managers' Satisfaction Survey, or Governmentwide metrics determined through collaboration with agencies and the CHCO Council. Beginning with the FY 2015 Annual Performance Report, agencies will also begin to review annually their progress on their strategic objectives, as outlined in section 6 of OMB Circular A-11.

Next Step: Agencies that agreed to pilot the HRStat process will use this method as a substitution for the annual Human Capital Management Reporting requirement for FY 2012. All other agencies are required to submit their final Human Capital Management Report for FY 2012, and will be expected to begin implementing HRStat following guidelines issued by OPM in FY 2013. Going forward, OPM will work with CHCOs to develop public reporting through Performance.gov. OPM, in conjunction with the CHCO Council, plans to develop internal benchmarks to define key strategic operational HR metrics all agencies will collect and share. More details on this process will be forthcoming from OPM including specific legislative and regulatory proposals needed to implement these reporting changes.

4. Modernizing and Reducing Human Capital Reporting

The President's Executive Order 13583 on Diversity directed OPM to "review applicable directives to agencies related to the development or submission of agency human capital and other workforce plans and reports in connection with recruitment, hiring, promotion, retention, professional development, and training policies and practices, and develop a strategy for consolidating such agency plans and reports where appropriate and permitted by law...."

To respond to this direction and reduce the burden associated with HR reporting to enable use of resources for strategic priorities, OPM has partnered with the CHCO Council to review all current human capital reporting. Criteria for recommending steps to pursue elimination includes assessment of the data's value of strategic human capital management at the agency and Governmentwide level, and the Enterprise Human Resources Integration (EHRI) system's ability to automatically capture reliable and valid data provided in existing reports. Based on this review and stakeholder input, OPM has developed a list of 12 reports proposed for elimination. The full list of these reports and the recommendations for each are listed in the attachment.

OPM's EHRI Office is conducting a comprehensive review with program owners to identify data from the reports proposed for elimination that is considered valuable for strategic human capital management. Agencies are required to participate actively in assuring EHRI produces complete, accurate, reliable and valid data that the Federal human capital community can use to analyze, plan for, and support the Federal workforce.

Next Step: OPM and OMB will continue to work with CHCOs and PIOs to clarify and refine these requirements and guidelines referenced above. The EHRI data elements may be phased in to ensure agencies have adequate lead time to provide reliable and accurate data, and that OPM

has identified the necessary data to retain to provide comprehensive information about the Federal workforce.