



Report to the Committee on Oversight
and Government Reform, House of
Representatives

December 2017

FEDERAL PAY

Opportunities Exist to Enhance Strategic Use of Special Payments

Accessible Version

GAO Highlights

Highlights of [GAO-18-91](#), a report to the Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

Federal agencies can provide additional compensation by using seven broadly available special payment authorities to recruit and retain employees to address needed skills. Though special payments can help fill mission-critical skills gaps, agencies also face constrained budgets, which underscores the importance of cost-effective use of authorities. OPM and the CHCO Council play important roles in assuring effective federal human capital management.

GAO was asked to examine agency use, challenges, and improvements needed, if any. This report 1) describes CHCO agencies' use of special payment authorities in fiscal years 2014-2016; 2) assesses to what extent CHCO agencies examined effectiveness; and 3) evaluates how OPM has helped agencies address recruitment and retention needs. GAO obtained information from CHCO agencies on use of authorities through a questionnaire. GAO also analyzed OPM personnel data and agency documents, and interviewed agency officials.

What GAO Recommends

GAO is making three recommendations, including that OPM should work with the CHCO Council on tracking data and providing guidance and tools to assess effectiveness of authorities, among others. OPM concurred or partially concurred with all recommendations, and described planned steps to implement them.

View [GAO-18-91](#). For more information, contact Yvonne D. Jones at (202) 512-2717 or jonesy@gao.gov.

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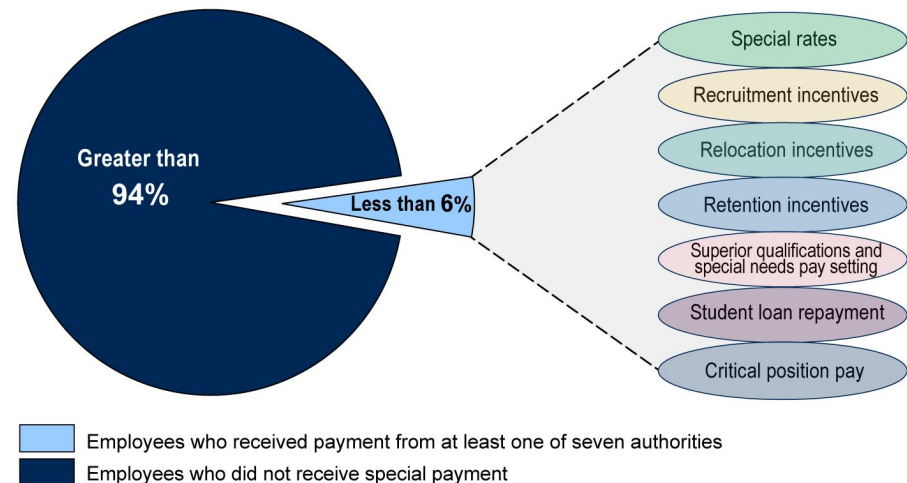
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Opportunities Exist to Enhance Strategic Use of Special Payments

What GAO Found

Generally, federal agencies have seven broadly available government-wide special payment authorities to help address recruitment and retention challenges. Chief Human Capital Officer (CHCO) Council agencies reported using these authorities to varying degrees but overall for few employees in fiscal years 2014-2016. For example, in fiscal year 2016, less than 6 percent of the over 2 million CHCO agencies' employees received compensation from at least one of the authorities (see figure). The two most frequently used—special rates and retention incentives—were used for over 74,000 employees and over 13,000 employees, respectively, each year. The least-used—critical position pay—was used for as few as seven employees a year. CHCO agencies also reported using the range of authorities to help address skills gaps, particularly for science, technology, engineering, and mathematics occupations.

CHCO Agency Employees Receiving Special Payments, Fiscal Year 2016



Note: Not all employees were eligible for payment from all authorities.

Source: GAO analysis of Chief Human Capital Officer agencies' questionnaire responses and Office of Personnel Management Enterprise Human Resource Integration data. | GAO-18-91

CHCO agencies reported that these authorities had positive impacts—such as on-staff retention and applicant quality—but had few documented effectiveness assessments. Nine of 10 agencies that reported having documented assessments provided them, but GAO found that only 3 had information on effectiveness, such as its impact on meeting staffing needs.

The Office of Personnel Management (OPM) collects agency data on use but has not tracked data to analyze how much authorities help agencies improve recruitment and retention government-wide. OPM may be missing opportunities to promote strategic use by providing guidance and tools on assessing effectiveness. For example, OPM has not explored reasons for trends in use of critical position pay or consistently shared best practices and innovative ways to use authorities. Without tracking data and providing guidance to help agencies assess effectiveness, OPM will be unable to determine whether use of special payment authorities helps agencies to improve recruitment and retention.

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Abbreviations

3R	Recruitment, Relocation, and Retention
CDC	Centers for Disease Control and Prevention
CHCO	Chief Human Capital Officer
CY	Calendar Year
DHS	Department of Homeland Security
DOD	Department of Defense
DOJ	Department of Justice
DOT	Department of Transportation
EHRI	Enterprise Human Resources Integration
FASTs	Federal Agencies Skills Teams
GS	General Schedule
HHS	Department of Health and Human Services
HR	Human Resources
HRU	Human Resources University
Interior	Department of the Interior
IRS	Internal Revenue Service
IT	Information Technology
MCO	Mission-Critical Occupation
OMB	Office of Management and Budget
OPM	Office of Personnel Management
SEC	Securities and Exchange Commission
State	Department of State
STEM	Science, Technology, Engineering, and Mathematics
TIGTA	Treasury Inspector General for Tax Administration
Title 5	Title 5 of the United States Code
Treasury	Department of the Treasury
USDA	United States Department of Agriculture
VA	Department of Veterans Affairs

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December 7, 2017

The Honorable Trey Gowdy
Chairman

The Honorable Elijah E. Cummings
Ranking Member

Committee on Oversight and Government Reform
House of Representatives

Federal agencies can provide additional payments to current employees and offer additional compensation to prospective employees in certain circumstances to support their recruitment and retention efforts, and address human capital challenges. These special payments can be strategic tools to help recruit and retain highly qualified personnel. However, balancing constrained budgets with a potential wave of employee retirements and the need to fill gaps in mission-critical skills within the federal workforce underscores the need for agencies to cost effectively use special payment authorities. These include special pay rates, incentives, and student loan repayments.¹

The Office of Personnel Management (OPM) works with agency chief human capital officers (CHCOs) to provide human capital tools and guidance to support agency missions.² Continued collaborative efforts between OPM and the CHCO Council assist agencies in using compensation flexibilities to address human capital challenges.³ Our prior work has shown that increasing agencies' awareness of available flexibilities and evaluating existing tools are key aspects for successfully managing the range of human capital flexibilities.⁴ Moreover, we have reported that building agency capacity in using human capital flexibilities

¹We use the term "special payment authorities" in this report to refer to certain compensation flexibilities available government-wide to federal agencies through Title 5 of the United States Code to recruit, retain, or both recruit and retain needed employees. Table 1 provides descriptions of the seven authorities that are included in this report.

²For example, GAO, *Human Capital: Strategies to Help Agencies Meet Their Missions in an Era of Highly Constrained Resources*, [GAO-14-168](#) (Washington, D.C.: May 7, 2014); and *Human Capital: OPM Can Better Assist Agencies in Using Personnel Flexibilities*, [GAO-03-428](#) (Washington, D.C.: May 9, 2003).

³The CHCO Council includes the CHCOs of the executive departments and serves to coordinate and collaborate on the development and implementation of federal human capital policies.

⁴GAO, *Human Capital: Effective Use of Flexibilities Can Assist Agencies in Managing Their Workforces*, [GAO-03-2](#) (Washington, D.C.: Dec. 6, 2002).

increases the likelihood of agencies using these tools appropriately and cost effectively to address human capital challenges.⁵

You asked us to examine how much agencies use various available special payment authorities, challenges agencies face, and improvements needed to better ensure that agencies use these authorities to more effectively recruit and retain employees. This report (1) describes what is known about how much CHCO Council agencies used selected special payment authorities in fiscal years 2014-2016; (2) assesses the extent to which CHCO agencies evaluate the effectiveness of these authorities and identifies challenges, if any, the agencies reported facing in using the authorities to address mission-critical skills gap areas; and (3) evaluates how OPM has helped agencies address federal recruitment and retention needs.

To address our first objective, we administered a questionnaire to the 27 CHCO agencies to collect data on frequency of use, dollars spent, and whether agencies used the authorities to help address recruitment and retention needs in mission-critical skills gap areas in fiscal years 2014-2016.⁶ All 26 CHCO agencies that reported use of the authorities responded to our questionnaire.⁷ We also analyzed OPM's Enterprise Human Resources Integration (EHRI) personnel data for fiscal year 2014 to describe the use of authorities by occupational family, and for fiscal year 2016 to determine the total number of federal employees at the CHCO agencies.

In addition, we analyzed OPM reports on the student loan repayment and the critical position pay authorities to describe government-wide use by occupation in calendar year 2015—the most recent available reports at the time of our review. To assess the reliability of the CHCO agency reported data and the OPM EHRI data, we compared frequencies in the two data sets by agency for fiscal year 2014 (the one year of available overlapping data); reviewed OPM documentation; and interviewed OPM

⁵GAO, *Federal Workforce: Sustained Attention to Human Capital Leading Practices Can Help Improve Agency Performance*, [GAO-17-627T](#) (Washington, D.C.: May, 18, 2017).

⁶We use the term "CHCO agencies" to refer to member agencies of the CHCO Council. We did not independently verify the spending amounts agencies reported.

⁷The Office of the Director of National Intelligence told us that it has its own personnel system and does not use the Title 5 pay authorities included in the scope of our review. 50 U.S.C. § 3024.

officials. We determined that the data were sufficiently reliable to describe agency use of these authorities over this time period.

To address our second objective, we analyzed CHCO agency responses from our questionnaire on the extent to which these agencies assessed the effectiveness of using these authorities, agency-reported challenges in using these authorities, and potential changes to operations or procedures to help agencies more effectively use these authorities.

To address our third objective, we reviewed OPM procedures to collect and analyze data, and provide tools and guidance on the effective use of special payment authorities. We also reviewed the processes OPM uses to review and approve agencies' requests to use certain special payment authorities.⁸ We also interviewed OPM officials to discuss the review and approval processes and procedures. We compared the data collection, analysis, guidance, and approval processes for consistency and to determine whether they meet criteria for designing and implementing control activities in *Standards for Internal Control in the Federal Government*.⁹ See appendix I for a more detailed discussion of our objectives, scope, and methodology, and appendix II for a copy of our questionnaire.

We conducted this performance audit from September 2016 to December 2017 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.

⁸These special pay authorities include: special rates; critical position pay; and recruitment, retention, and relocation incentives that exceed certain payment thresholds.

⁹GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

Background

Title 5 Special Payment Authorities

Generally, federal agencies have seven broadly applicable special payment authorities available government-wide under Title 5 of the United States Code (hereinafter “Title 5”)—listed below in table 1—for recruitment and retention.¹⁰ Table 1 describes each authority’s legal reference, purpose, payment ranges, and whether an agency must seek OPM approval prior to use.

Table 1: Title 5 Special Payment Authorities Generally Available to Agencies

Authority	Description	Payment ranges	Approval authority
Special Rates (5 U.S.C § 5305; 5 C.F.R. part 530, subpart C.)	An agency may request OPM establish a higher rate of basic pay for an occupation or group of occupations in one or more geographic areas to address existing or likely significant handicaps in recruiting and retaining employees.	Minimum rate established may not exceed the maximum rate of basic pay for the rate range by more than 30 percent. ^a No rate may exceed Executive Schedule – Level IV (\$161,900 in 2017).	OPM.
Recruitment Incentives (5 U.S.C. § 5753; 5 C.F.R. part 575, subpart A)	May be paid to a newly-appointed employee if the agency determines that the position is likely to be difficult to fill in the absence of such incentive.	Not to exceed 100 percent of the employee’s annual rate of basic pay. ^b	Agency, up to 25 percent of the employee’s beginning annual rate of basic pay. ^c OPM, up to 50 percent. ^d
Relocation Incentives (5 U.S.C. § 5753; 5 C.F.R. part 575, subpart B)	May be paid to a current employee who must relocate to accept a position in a different geographic area if the agency determines that the position is likely to be difficult to fill in the absence of such incentive.	Not to exceed 100 percent of the employee’s annual rate of basic pay. ^b	Agency, up to 25 percent of the employee’s beginning annual rate of basic pay. ^c OPM, up to 50 percent. ^d
Retention Incentives (5 U.S.C. § 5754; 5 C.F.R. part 575, subpart C)	May be paid to a current employee (or group or category of employees) if the agency determines that the unusually high or unique qualifications of the employee or a special need of the agency for the employee’s services makes it essential to retain the employee and the employee is likely to leave federal service in the absence of such incentive. ^e	Not to exceed 50 percent of the employee’s rate of basic pay.	Agency, up to 25 percent of the employee’s rate of basic pay (10 percent for a group or category of employees). OPM, up to 50 percent.

¹⁰There are a number of other compensation flexibilities available to federal agencies, including those whose application is limited to senior executives, health care professionals, and employees serving in combat zones, among others.

Authority	Description	Payment ranges	Approval authority
Superior Qualifications and Special Needs Pay Setting (5 U.S.C. § 5333; 5 C.F.R. § 531.212)	An agency may set the rate of basic pay of a newly-appointed employee at a rate above the minimum rate of the appropriate General Schedule (GS) grade because of: <ul style="list-style-type: none"> the superior qualifications of the candidate, or a special need of the agency for the candidate's services. 	Rate of basic pay set above the minimum rate of the appropriate GS grade.	Agency.
Student Loan Repayments (5 U.S.C. § 5379; 5 C.F.R. part 537)	An agency may make student loan repayments on behalf of an eligible employee who signs a service agreement for not less than 3 years with the agency in order to recruit or retain highly qualified personnel.	Payments may be made to the loan holder of up to a maximum of \$10,000 for an employee in a calendar year, and a total of not more than \$60,000 per employee.	Agency.
Critical Position Pay (5 U.S.C § 5377; 5 C.F.R. part 535)	Permits an agency to set a higher rate of basic pay than would otherwise be payable for a position that requires expertise of an extremely high level in a scientific, technical, professional, or administrative field and is critical to the successful accomplishment of an important mission.	Not to exceed Executive Schedule—Level I ^f (\$207,800 in 2017).	OPM, in consultation with the Office of Management and Budget (OMB).

Source: GAO analysis of the U.S. Code of Federal Regulations and OPM documentation. | GAO-18-91.

^aExcluding any locality rate, other special rate, or similar payment under other authority.

^bThe employee's annual rate of basic pay at the beginning of the service period.

^cMultiplied by the number of years in the service period (not to exceed 4 years).

^dMultiplied by the number of years in the service period (up to 100 percent of basic pay).

^eRetention incentives may also be paid if the agency determines that it has a special need for the employee's services (given agency mission requirements and employee's competencies) that makes it essential to retain the employee during a period of time before the closure or relocation of the employee's organization—and the employee is likely to leave for a different position in the federal service in the absence of such incentive.

^fIn rare circumstances, a rate in excess of the rate for level I of the Executive Schedule may be approved by the President.

Mission-Critical Skills

Federal agencies face mission-critical skills gaps that pose a risk to agencies' ability to cost effectively serve the public and achieve results. Agencies can have skills gaps for different reasons. For example, skills gaps may arise in the form of: (1) staffing gaps, in which an agency has an insufficient number of individuals to complete its work; (2) competency gaps, in which an agency has individuals without the appropriate skills, abilities, or behaviors to successfully perform the work; or (3) both staffing and competency gaps. Mission-critical skills gaps may be broad— affecting several agencies—or may be specific to a given agency.

We, and others including OPM and federal agencies, have identified and reported on mission-critical skills gap areas across the government and within specific agencies. In 2015, OPM and the CHCO Council worked with agencies to refine their inventory of government-wide and agency-specific skills gaps. They identified 6 government-wide and 48 agency-specific mission-critical skills gap areas for closure. The six government-wide areas identified were Cybersecurity; Acquisition; Human Resources; Auditing; Economics; and Science, Technology, Engineering, and Mathematics (STEM). Some of the agency-specific skills gaps included border patrol agents at the Department of Homeland Security and nurses at the Veterans Health Administration and the Department of Health and Human Services. Skills gaps played a contributing role in 15 of the 34 high-risk areas identified in our most recent report on government operations with greater vulnerabilities to fraud, waste, abuse, and mismanagement, or that are in need of transformation to address economy, efficiency, or effectiveness challenges.¹¹

Office of Personnel Management

OPM is responsible for performing a number of functions to assist agencies in using the compensation flexibilities, including issuing regulations and, as necessary, providing approval authority, to ultimately help agencies build successful, high-performance organizations. OPM provides agencies with guidance and assistance on using special payment authorities via individual consults, memorandums, its website, training, and initiatives that focus on specific issues. OPM's website has guidance on each special payment authority including references to regulations.

For special payment authorities requiring OPM approval, OPM regulations provide agencies instruction concerning the information needed for OPM to review and decide whether to approve or deny requests.¹² Although the information needs vary by authority, generally agencies are to submit information and evidence reflecting recruitment

¹¹GAO, *High-Risk Series: Progress on Many High-Risk Areas, While Substantial Efforts Needed on Others*, [GAO-17-317](#) (Washington, D.C.: Feb. 15, 2017).

¹²As identified in table 1, OPM approves use of special rates; recruitment, retention, and relocation incentives greater than 25 percent of the employee's rate of basic pay (for retention incentives, greater than 10 percent for a group or category of employees); and critical position pay.

and retention challenges for the specific position(s), previous efforts to address the problem, and the basis for requested payment amounts.

OPM is responsible for oversight of the federal government's use of special payment authorities to ensure agencies are acting in accordance with applicable requirements.¹³ For example, as a part of its delegated examination audits and human resource management evaluations, OPM reviews selected samples of agency's personnel actions to assess how well they complied with statutory and regulatory requirements. In cases where agencies used certain special payment authorities, OPM uses a checklist to guide its review of documents agencies must develop and maintain to justify their uses.

OPM also is responsible for reporting to Congress on the federal government's use of certain special payment authorities. Annually, OPM requests or receives data from agencies and reports to Congress on agency use of two authorities—critical position pay and the student loan repayment. The reports include information on the use of these authorities each calendar year—such as data showing how many received payments—and the total dollar or relative amounts of special payments. OPM was required to annually report to Congress on agencies' use of the recruitment, relocation, and retention (3R) incentives in calendar years 2005-2009.¹⁴

Chief Human Capital Officers Council

The Chief Human Capital Officers Act of 2002 established the CHCO Council to advise and coordinate the activities of member agencies on such matters as the modernization of human resources systems, improved quality of human resources information, and legislation affecting human resources operations and organizations.¹⁵ The Director of OPM is the Chairperson of the CHCO Council, and the Deputy Director for

¹³OPM is responsible for enforcement of laws, rules, and regulations governing the civil service 5 U.S.C. § 1103(a)(5). *See also* 5 U.S.C. § 1104(b)(2) which requires OPM to establish and maintain oversight over activities conducted by agencies under authority delegated by OPM.

¹⁴The Federal Workforce Flexibility Act of 2004 required OPM to annually report to Congress on how agencies used the recruitment, relocation, and retention incentives. Pub. L. No. 108-411, § 101(c), 118 Stat. 2305, 2309 (Oct. 30, 2004). This requirement terminated after the first five years of reporting.

¹⁵Pub. L. No. 107-296, title XIII, § 1303, 116 Stat. 2135, 2288-89 (Nov. 25, 2002).

Management in OMB is the Vice Chairperson. The council includes CHCOs of the executive departments and any other members designated by OPM.¹⁶ It serves to coordinate and collaborate on the development and implementation of federal human capital policies. For example, the CHCO Council manages the Human Resources University (HRU) website, which is a web-based platform to share knowledge, training, best practices, and resources across agencies.¹⁷

Agencies Reported Using Special Payment Authorities to Varying Degrees but for Few Employees in Fiscal Years 2014-2016

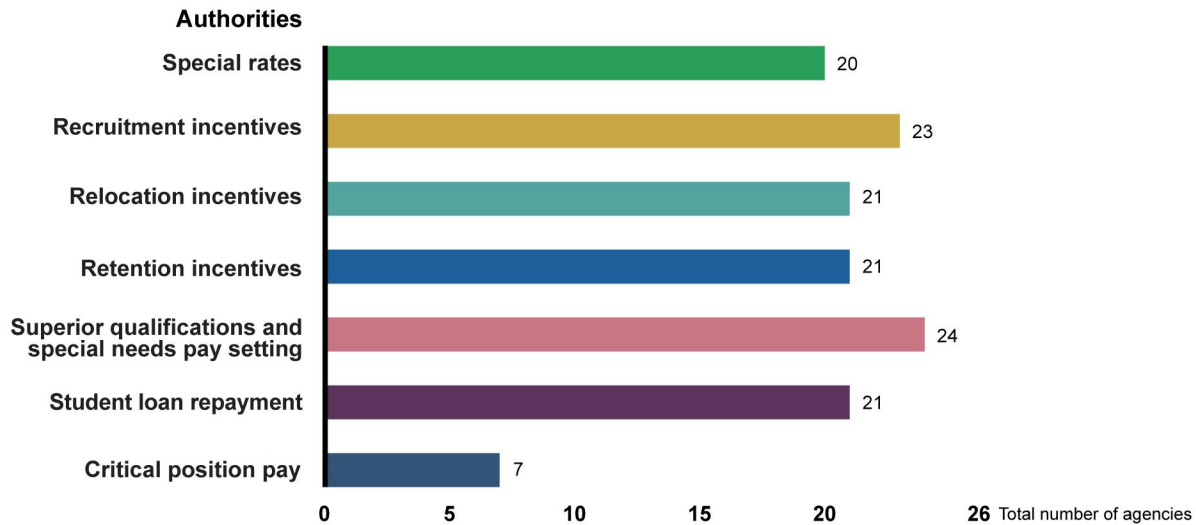
Agencies Reported Using a Range of Special Payment Authorities

CHCO agencies used a range of special payment authorities to recruit and retain employees. Our analysis of CHCO agency data found that for six selected authorities, 20 or more agencies used each between fiscal years 2014-2016, as shown in figure 1. Seven agencies reported having used the critical position pay authority.

¹⁶There are 27 CHCO Council agency members. For a complete list of CHCO Council members, see the discussion of scope and methodology in appendix I.

¹⁷<http://www.hru.gov>. HRU is the federal government's "one stop" human resources (HR) career development center. HRU is aimed at professionalizing the federal HR career field, and is designed to address competency and skills gaps within the HR community; identify and offer the best HR training across government; provide supervisors, managers, and executives with critical leadership competencies and HR technical knowledge; and establish a means for sharing resources across all agencies.

Figure 1: CHCO Agencies Used a Variety of Special Payment Authorities for Recruitment and Retention, Fiscal Years 2014-2016



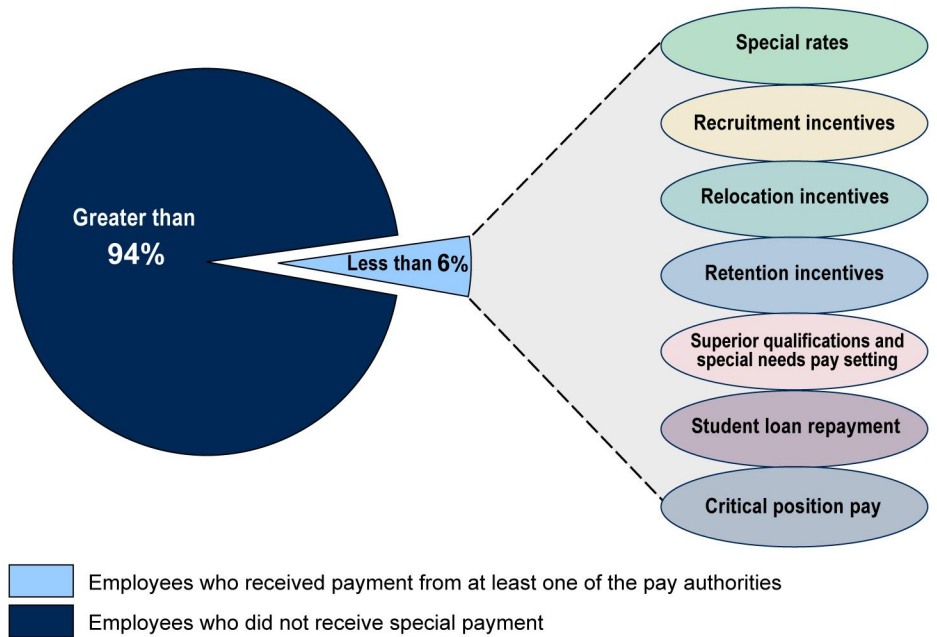
Source: GAO analysis of Chief Human Capital Officer agencies' questionnaire responses. | GAO-18-91

Agency Data Show, Overall, Few Employees Received Compensation from Special Payment Authorities

We found that CHCO agencies reported using the seven authorities for a small number of federal employees overall. For example, in fiscal year 2016, less than 6 percent of the over 2 million federal employees at CHCO agencies received compensation under at least one of the seven special payment authorities, as shown in figure 2.¹⁸

¹⁸In calculating the percentage, we used CHCO agency reported data for the numerator (about 120,000) and OPM EHRI data for the total number of federal employees at the 26 CHCO agencies—as of September 30, 2016—for the denominator (over 2 million). Not all of the over 2 million employees are eligible for all of these special payments. For example, the superior qualifications and special needs pay-setting authority can only be used for General Schedule employees.

Figure 2: CHCO Agencies Used Special Payment Authorities for a Small Number of Their Employees, Fiscal Year 2016



Source: GAO analysis of Chief Human Capital Officer agencies' questionnaire responses and Office of Personnel Management Enterprise Human Resource Integration data. | GAO-18-91

Moreover, many agencies reported using most of these authorities for a limited number of employees each year. For example, of the 24 agencies that reported using superior qualifications and special needs pay setting—the authority reportedly used by the highest number of CHCO agencies—over half (13 agencies) reported using the authority for fewer than 100 employees per year. In addition, of the 23 agencies that reported using recruitment incentives in fiscal years 2014-2016, 11 agencies reported using the authority for 10 or fewer employees per year.

As shown in table 2, agencies reported that more employees received compensation from the special rates authority, followed by use of retention incentives in fiscal years 2014-2016. Specifically, agencies reported using special rates for over 74,000 employees, of the over 2 million CHCO agency employees, in each of these fiscal years.¹⁹ On the

¹⁹The figures likely include some employees who received special rate payments under a non-Title 5 authority, such as under Title 38 authorities. Officials from some agencies said that their systems did not allow reporting data that excluded employees who received special rates payments under non-Title 5 authorities.

other end of the spectrum, agencies reported using the critical position pay authority for fewer than 40 employees in each of these years.

Table 2: Federal Employees at CHCO Agencies Who Received Compensation from Special Payment Authorities, Fiscal Years 2014-2016

Authority	FY14	FY15	FY16
Special rates	74,452	76,298	77,696
Recruitment incentives	5,055	6,626	7,243
Relocation incentives	2,792	3,645	4,350
Retention incentives	13,488	13,729	13,598
Superior qualifications and special needs pay setting	6,109	8,011	9,010
Student loan repayment	5,110	7,441	7,860
Critical position pay	7	7	34

Source: GAO analysis of CHCO agency questionnaire responses. | GAO-18-91

Note: Federal employees may receive compensation under more than one authority in a given fiscal year.

Special rates: Although CHCO agencies reported that more employees received special rates compensation than the other authorities in fiscal years 2014-2016, our analysis showed usage generally declined from between 2001- 2005, when over 139,000 employees received a special rate. An OPM official said that over time agencies have relied less on these special rates due to the introduction of locality pay.²⁰ For example, in its 2005 annual review of special rates, OPM reported that 14 special rates schedules would be terminated because higher locality rates applied at all steps of each covered grade.²¹

Critical position pay: We found that the critical position pay authority was used for the lowest number of employees of these authorities each year in fiscal years 2014-2016. The authority’s lower use relative to the

²⁰Locality pay is an annual locality-based pay adjustment for GS employees designed to reduce the gap between federal and nonfederal pay in each locality to no more than 5 percent. Locality pay may be extended to certain categories of non-GS employees by the President’s Pay Agent. 5 U.S.C. § 5304. Locality pay was created by the Federal Employees Pay Comparability Act of 1990. Pub. L. No. 101-509, title V, § 529, 104 Stat. 1389 (Nov. 5, 1990). The first locality-based payments were provided in 1994.

²¹Office of Personnel Management, *2005 Annual Review of Special Rates*, Memorandum for Heads of Executive Departments and Agencies (Washington, D.C.: Dec. 22, 2005).

other authorities is to be expected to some extent because of the government-wide cap of 800 positions for this authority.²²

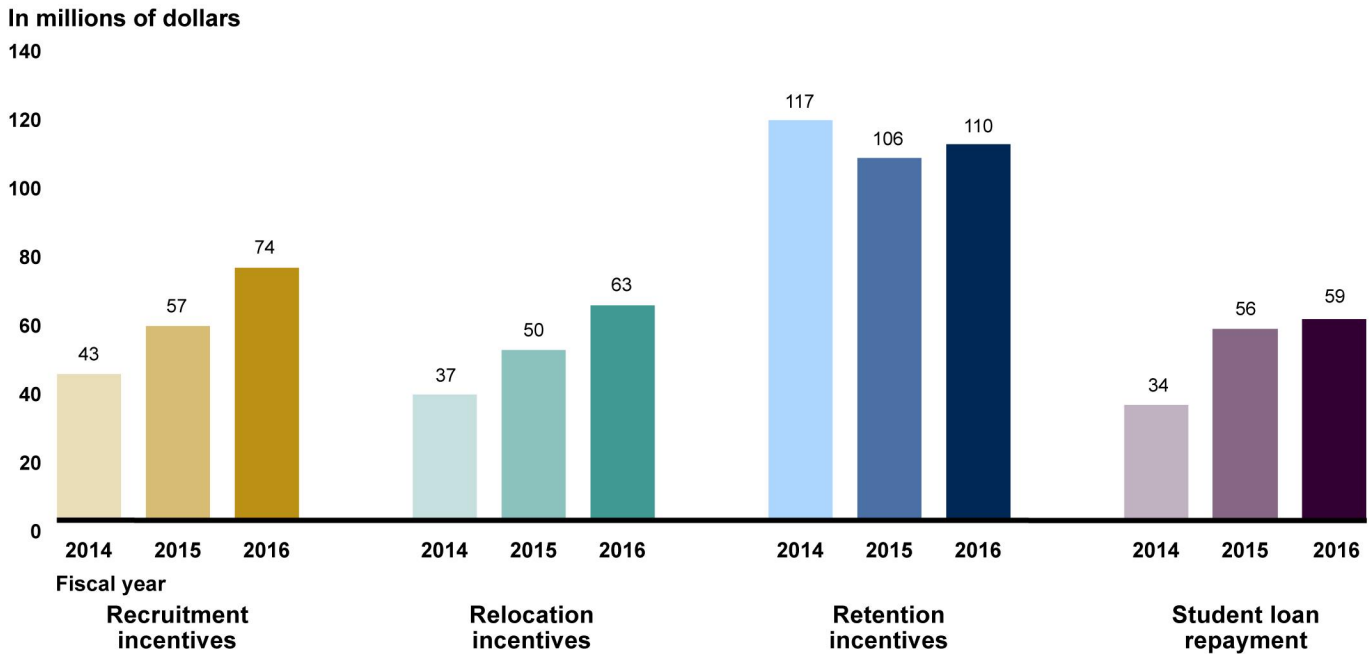
Agencies Reported Spending about \$800 Million on 3R Incentives and Student Loan Repayments

Our analysis of CHCO agency questionnaire responses found that these agencies reported spending about \$805 million total on 3R incentives and the student loan repayment authorities in fiscal years 2014-2016.²³ In addition, we found that these agencies reported spending more on retention incentives than on the other three authorities in each of these years, as shown in figure 3. Specifically, over 40 percent (about \$333 million) of this total reported spending was for retention incentives.

²²Under 5 U.S.C. 5377(f), OPM may not authorize the use of critical position pay authority to more than 800 positions government-wide at any one time, of which no more than 30 authorizations may be for positions otherwise under Executive Schedule rates of pay. Factors affecting level of use of critical position pay are addressed later in this report.

²³We did not ask agencies about spending for special rates, superior qualifications and special needs pay setting, or critical position pay because those authorities are changes to an employee's base pay rather than separate payments as with the 3R incentives and student loan repayments. As noted, we did not independently verify the agency-reported data.

Figure 3: CHCO Agency Reported Spending on Selected Payment Authorities, Fiscal Years 2014-2016



Source: GAO analysis of Chief Human Capital Officer agencies' questionnaire responses. | GAO-18-91

In addition, the agency reported use of recruitment and relocation incentives increased in each year. Overall, recruitment and relocation incentives were about \$174 million and \$149 million, respectively, of the total approximately \$805 million in reported spending between fiscal years 2014-2016. OPM officials stated that until recently agency spending on 3R incentives had been frozen, and many agencies had to limit their use of these incentives.²⁴ Finally, agency reported use of the student loan repayment authority increased in each of these years and was

²⁴In June 2011, OPM and OMB placed a limit on agencies' spending on the 3Rs. OPM and OMB asked agencies to ensure that spending on the 3Rs during calendar years 2011 and 2012 did not exceed calendar year 2010 levels. Office of Personnel Management and Office of Management and Budget, *Guidance on Awards for Fiscal Years 2011 and 2012*, Compensation Policy Memorandum 2011-10 (Washington, D.C.: June, 10, 2011). Further directives extended this spending limit for each year through November 2016, when OPM and OMB removed monetary caps for other awards that had been frozen at fiscal year 2010 spending levels (i.e., group awards, referral bonuses, and suggestion/invention awards; 3R incentives; and quality step increases.) Office of Personnel Management and Office of Management and Budget, *Guidance on Awards for Non-SES/SL/ST Employees for Fiscal Year 2017*, Memorandum for Heads of Executive Departments and Agencies, M-17-07 (Washington, D.C.: Nov. 18, 2016). The factors affecting level of use of payment authorities is further addressed later in this report.

approximately \$148 million of the total approximately \$805 in reported spending.

Agencies Used the Range of Authorities to Address Skills Gaps

CHCO Agencies Reported Using Authorities to Help Address Different Skills Gaps, Particularly for STEM Occupations

All 26 CHCO agencies reported using special payment authorities to support mission-critical skills gap areas in fiscal years 2014-2016.²⁵ We found that the number of CHCO agencies that used each of these authorities varied by skills gap area, as shown in table 3. For example, we found that superior qualifications and special needs pay setting was the authority used by the largest number of CHCO agencies in two of the five skills gap areas—STEM and Cybersecurity. We also found that 19 or more agencies reported using at least one authority to support four skills gap areas—STEM, Cybersecurity, Acquisitions, and Human Resources. Some CHCO agencies reported that certain skills gap areas were not mission critical for them. Specifically, 11 agencies reported that healthcare was not a skills gap area for them as compared to 2 or 3 agencies each for the other skills gap areas.

STEM: Our analysis of the CHCO agency data found that, of the five skills gap areas, more agencies generally reported using the special payment authorities to support STEM occupations. Of the 21 agencies that reported using at least one authority to support the STEM area, we found that 18 agencies reported using the superior qualifications and special needs pay setting authority for these occupations in fiscal years 2014-2016. The Department of Agriculture (USDA), for example, reported that this authority had been a valuable tool in recruiting for critical STEM positions from a small and highly competitive Ph.D. applicant pool. The Department of the Treasury (Treasury) reported using special payment authorities generally to match private-sector salaries or to help mitigate disparities between private- and public-sector compensation for STEM occupations.

²⁵We asked agencies about their use of special payment authorities to help address five skills gap areas that we had previously identified—acquisitions, cybersecurity, healthcare, STEM, and human resources—as well as agency-identified areas.

Cybersecurity: Similarly, of the 21 agencies that reported using at least one authority to support the cybersecurity area, 16 reported using superior qualifications and special needs pay setting to support these positions in fiscal years 2014-2016, and 13 agencies reported using recruitment incentives. For example, the Small Business Administration reported that the superior qualifications and special needs pay setting authority has helped to attract top cybersecurity talent by narrowing the gap between public- and private-sector salaries.

Acquisitions: Of the 20 agencies that reported using at least one authority to support the acquisitions area, 14 agencies reported using the student loan repayment authority, and 13 agencies reported using the superior qualifications and special needs pay setting authority for these positions. For example, the Department of Education reported using student loan repayments to help retain acquisitions employees, and in one instance, had retained an expert in multiple functional areas of government contracting.

Table 3: CHCO Agency Use of Special Payment Authorities by Skills Gap Area, Fiscal Years 2014-2016

Authority	STEM	Cybersecurity	Acquisitions	Human Resources	Healthcare ^a
Special rates	16	12	6	1	7
Recruitment incentives	16	13	6	6	7
Relocation incentives	13	8	11	13	6
Retention incentives	13	9	6	10	9
Superior qualifications and special needs pay setting	18	16	13	9	8
Student loan repayment	15	9	14	10	7
Critical position pay	1	1	0	0	1
Number of agencies that reported using at least one authority to support the skills gap area	21	21	20	19	12

Source: GAO analysis CHCO agency questionnaire responses. | GAO-18-91

Note: STEM, cybersecurity, acquisitions, and human resources were among the government-wide skills gap areas identified by OPM and the CHCO Council.

^aEleven CHCO agencies reported that healthcare was not a skills gap area for them, compared to 2 or 3 agencies that did so for each of the other skills gap areas.

Other agency-identified skills gap areas: We also found that 20 of the 26 CHCO agencies reported using special payment authorities to varying degrees to help address other or agency-specific skills gap areas. For example, Treasury reported using recruitment incentives for auditors, while the Department of Homeland Security (DHS) reported using multiple authorities, including the 3R incentives for law enforcement positions in fiscal years 2014-2016.

Agencies Frequently Used the Student Loan Repayment Authority to Support Mission-Critical Occupations

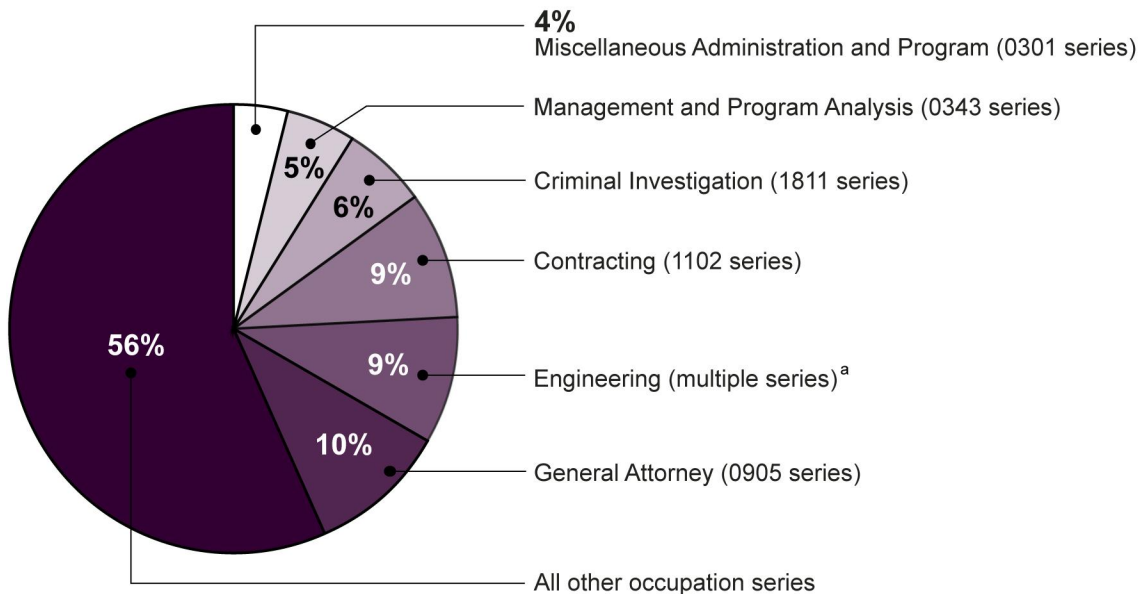
Our analysis of OPM’s Federal Student Loan Repayment Program Calendar Year 2015 Report on government-wide use found that agencies frequently used the student loan repayment authority for employees in mission-critical occupations (MCOs).²⁶ Specifically, we found that for the five agencies that most frequently used student loan repayments that

²⁶OPM’s Calendar Year 2015 Report was the most recent year available at the time of our analysis. Federal agencies are required under 5 U.S.C. § 5379(h) to report annually to OPM on their use of student loan repayments during the previous calendar and include additional agencies beyond the 26 CHCO agencies to whom we administered our questionnaire.

year—the Departments of Defense (DOD), Veterans Affairs (VA), Justice (DOJ), and State (State), and the Securities and Exchange Commission (SEC)—over 50 percent of the employees at each agency who received these benefits were in agency-specific MCOs. For example, SEC reported to OPM that approximately 72 percent of its student loan repayments were made to employees in MCOs such as accountants, attorneys, and securities compliance examiners. We also found that other agencies used the authority for employees in MCOs. For example, the Department of the Interior (Interior) reported to OPM that using the authority has been helpful in filling MCOs such as petroleum engineers, geophysicists, and biologists.

Our analysis of OPM’s 2015 report also found that the 32 agencies that had used the authority that year did so for over 200 occupations. Overall, we found that agencies most frequently used student loan repayments for attorney-, engineer-, and contracting-related occupations, as shown in figure 4.

Figure 4: Agencies Most Frequently Used the Student Loan Repayment Program for Attorneys, Engineers, and Contract Specialists, Calendar Year 2015



Source: GAO analysis of Office of Personnel Management Student Loan Repayment Report, Calendar Year 2015. | GAO-18-91

^aEngineering, one of the STEM occupations, includes 18 engineering-related occupation series.

Agencies Limited Their Use of Critical Position Pay to a Few Senior Positions

Our review of OPM's report to Congress on critical position pay in calendar year 2015 found that, as of calendar year 2015, all four positions that received the critical position pay authority were for director or other senior executive positions.²⁷ For example, the positions of Administrator of the Transportation Security Administration and the Director of the National Institutes of Health received compensation under this authority in calendar year 2015. Since OPM's 2015 report, OPM officials told us that they had approved 68 additional positions for the critical position pay authority for certain Medical Center Director positions at VA. According to data provided by VA in response to our questionnaire, the agency reported using its recently approved authority in fiscal year 2016 for 27 of these positions.

Agencies Generally Reported Positive Impacts but Few Documented Their Assessments of Special Payment Authorities

Agencies Generally Reported Positive Impacts

CHCO agencies generally reported that special payment authorities positively affected areas of operation. More specifically, these agencies reported the authorities somewhat or very positively affected at least one of seven areas we identified in our questionnaire such as staff retention, ability to meet staffing needs, or ability to fill mission-critical positions (see appendix III for the results for the other special payment authorities). For example, the 19 agencies that reported using the special rates authority said it had somewhat or very positively impacted their ability to meet their staffing needs, and 17 reported the same for staff retention and achieving their missions (see table 4).

²⁷OPM's Calendar Year 2015 Report was the most recent year available at the time of our analysis.

Table 4: CHCO Agencies Reported Impacts of Special Rates Authority on Selected Areas, Fiscal Years 2014-2016

Number of agencies reporting impact of use of special rates (N=19)

Agency area of operation	Somewhat or very positively	No effect	Somewhat or very negatively
Staff retention	17	2	0
Applicant quality	16	3	0
Ability to meet staffing needs	19	0	0
Ability to fill mission critical positions	16	3	0
Continuity of operations	14	5	0
Staff morale	14	4	1
Ability to achieve agency mission	17	2	0

Source: GAO analysis of CHCO agency questionnaire responses. | GAO-18-91

Note: One agency used this authority but did not report on impacts. We provided agencies an option to specify other impact areas not listed. One agency specified “addressing time to hire,” which is not included in our table.

CHCO agencies generally reported that special payment authorities somewhat or very positively affected their ability to fill mission critical positions. Agencies provided specific examples of the positive impact of special payment authorities and ways they responded to challenges using special payment authorities:

- **Student loan repayment authority:** The Department of Commerce reported that multiple components found this authority useful for competing with the private sector and for building a pipeline of top talent given that most of these employees were at the beginning of their careers.
- **Relocation incentives:** The Department of Energy reported using these incentives to relocate employees to meet emergency needs, including a shutdown of the Waste Isolation Plant Project in Carlsbad, New Mexico.
- **Recruitment incentives:** DOD reported that it would not have been able to effectively recruit individuals in several career fields, including engineering and nursing, without these incentives. Moreover, the Social Security Administration credited these incentives for its success in hiring experts from major corporations for cybersecurity and other program policy area positions.
- **Retention incentives:** The Environmental Protection Agency credited a retention incentive for successfully retaining a senior research scientist, thereby addressing a mission-critical skills gap and allowing

the agency's mission to continue uninterrupted and at significant savings. Moreover, State explained how using a retention incentive helped to address its Bureau of Medical Services' severe staffing shortages due to uncompetitive base salaries. VA also stated that these incentives helped create a smooth transition of institutional knowledge to newer employees and facilitate continuity of operations. DHS responded to its need to attract and retain employees in information technology (IT) and cybersecurity by developing a unique retention incentive plan that focused on specialized certification for employees in these fields. The Department of Health and Human Services' (HHS) Centers for Disease Control and Prevention (CDC) used retention incentives to retain employees that might have moved to the private sector.

- **Superior qualifications and special needs pay:** HHS's CDC reported it has been successfully using this authority to attract IT specialists, an occupation series designated as "hard-to-fill." HHS credited this authority with attracting highly qualified applicants who would otherwise have accepted higher starting salaries outside the federal government. USDA included use of this authority in its approach to addressing challenges recruiting and retaining employees in the remote oil boom Bakken region in North Dakota and Montana.

Most Agencies Reported Assessing Special Payment Authorities, but Few Agencies Documented Their Effectiveness Assessments

Twenty-five of 26 CHCO agencies reported assessing the effectiveness of at least one special payment authority used in fiscal years 2014-2016. However, our analysis found in many cases agencies did not document their assessments. Moreover, agencies often did not assess the effectiveness of all authorities they used. For example,

- 4 agencies reported having no assessments for the majority of the special payment authorities they used, and
- 11 agencies reported not assessing at least one of the authorities they used.

As seen in table 5, overall, CHCO agencies reported conducting informal effectiveness assessments more often than documenting assessments of their uses of special payment authorities.

Table 5: CHCO Agencies Reported Assessing Special Payment Authorities, Fiscal Years 2014-2016

Special payment authority	Informal assessment	Documented assessment	No assessment	Total agencies that used the authority ^a
Special Rates	14	4	3	20
Recruitment Incentives	19	7	3	23
Retention Incentives	15	4	5	21
Relocation Incentives	17	4	4	21
Superior Qualifications and Special Needs Pay Setting	18	3	6	24
Student Loan Repayment	16	5	3	21
Critical Position Pay	2	1	3	7

Source: GAO analysis of CHCO agency questionnaire responses. | GAO-18-91

^aThe sum of informal, documented and no assessment does not equal the total number of agencies that used the authority because some agencies reported conducting both informal and documented assessments for certain special payment authorities, and, in one instance, an agency did not report this information.

Our analysis of CHCO agency responses found the extent to which these agencies documented assessments of effectiveness varied by payment authority. For example, agencies reported most frequently documenting assessments for recruitment incentives and the student loan repayment authority. On the other hand, 3 of the 24 agencies using the superior qualifications and special needs pay setting authority reported documented assessments. For each of the authorities, a small number of agencies reported not assessing effectiveness at all. For instance, 5 of the 21 agencies using retention incentives did not assess their effectiveness. OPM said it did not document assessments of the effectiveness of the authorities the agency used for its own employees because meaningful analyses were not possible due to the few employees who received compensation under the authorities OPM used.

CHCO agencies that reported documenting assessments identified the various impacts they assessed for the special payment authorities they used. More specifically, of the 10 CHCO agencies that reported having documented assessments, agencies most frequently reported evaluating the impact of these authorities on meeting staffing needs and on their effectiveness relative to other human capital flexibilities.²⁸ This included

²⁸These flexibilities could include other compensation flexibilities or noncompensation flexibilities such as telework and flexible work schedules.

DOD, which reported documenting assessments for five authorities—special rates, the 3Rs, and student loan repayments—on its operations.

We requested copies of documented assessments from the 10 CHCO agencies that reported having them and 9 responded.²⁹ Three of the nine responding agencies provided documents with information on authorities' effectiveness, such as the impact on meeting staffing needs. Specifically, Interior provided documentation that showed the agency tracked workforce data, such as the number of vacancies and turnover rates related to using the 3Rs and special rates focused on oil and gas extraction.³⁰ DOD and DHS included information on the student loan repayment authority in their annual reports to OPM, and credited student loan repayments with helping to retain highly qualified employees. Six of the nine responding agencies provided documentation that justified or reported on the use of special payment authorities rather than documentation that assessed the impacts that using authorities had on agency operations. For example, three of these six agencies provided examples of reviews or information addressing compliance with regulations relevant to the use of special payment authorities. Three other of these six agencies provided documents to justify and request approval to use 3R incentives, such as to show applicants' qualifications or current employees' performance appraisals.

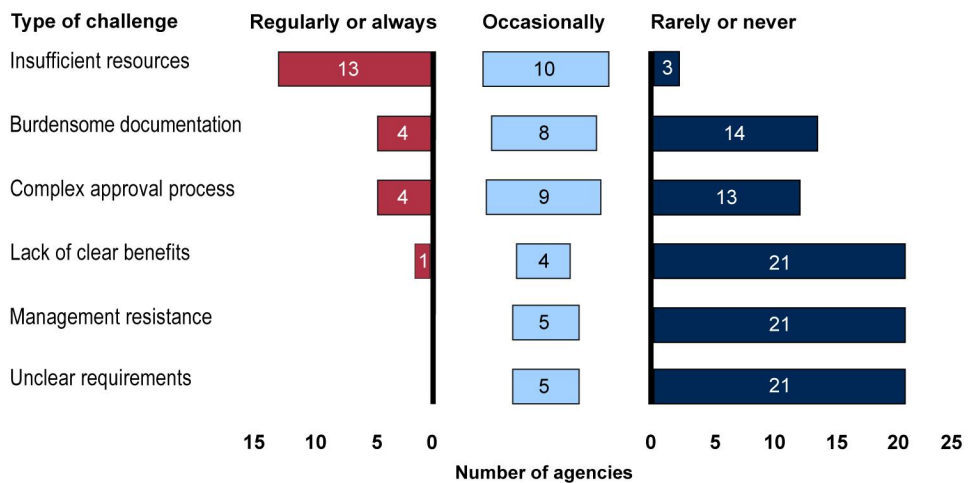
²⁹The Department of Education did not respond.

³⁰This documentation resulted from a recommendation we made that pertained to 3Rs incentives as used by three Interior bureaus. We closed this recommendation after Interior implemented it. See GAO, *Oil and Gas: Interior Has Begun to Address Hiring and Retention Challenges but Needs to Do More*, [GAO-14-205](#) (Washington, D.C.: Jan. 31, 2014).

The Most Frequently Identified Challenge Was Insufficient Resources, but Most Agencies Reported Rarely or Never Experiencing Other Types of Challenges

CHCO agencies reported that, among the six potential challenges we identified in our questionnaire, insufficient resources was the most common challenge they experienced in using special payment authorities. Most CHCO agencies reported they rarely or never experienced other challenges. With respect to insufficient resources, 13 of the 26 agencies said they regularly or always experienced this challenge (see figure 5). According to three of these agencies, budget constraints prevented them from using special payment authorities more frequently or limited their use to filling only the most critical vacancies.

Figure 5: CHCO Agencies Reported Challenges with Using Special Payment Authorities, Fiscal Years 2014-2016



Source: GAO analysis of Chief Human Capital Officer agencies' questionnaire responses. | GAO-18-91

Four CHCO agencies said they regularly or always experienced challenges with burdensome documentation or complex approval process when using special pay authorities.

We also sought feedback on certain agencies' experiences with OPM's approval processes for special payment authorities. Below are details of challenges that agencies provided.

Documentation challenges

- Interior stated that the department and its components were required to provide a significant amount of historical data to justify the need for special salary table, and that publicly-available data on market analyses and trends should drive the special pay rate process, thereby making it easier for agencies to submit requests and to adapt to current conditions.
- HHS reported that documenting special payment authorities was overly complicated for some of its divisions with smaller human resources (HR) staffs.

Process challenges

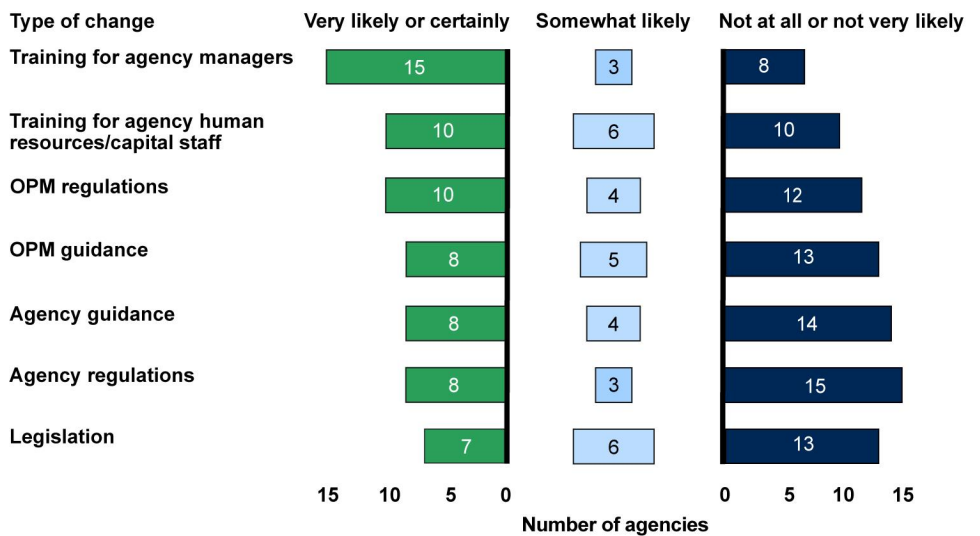
- The Department of Transportation (DOT) commented on the timeliness of OPM and OMB approvals for using the critical position pay authority. DOT said this delay—approximately 5 months—could have been a driving factor that negatively affected recruitment for a position, as other agencies could negotiate to offer the candidate higher salaries.
- Interior similarly cited a concern with approval process timeliness due to OPM’s limited staff and expertise coordinating between all the involved federal agencies with which it must deal.
- Interior suggested that when an agency must request pay flexibilities that can be approved by only OPM, OPM should train the agency’s HR staff and managers on the processes and materials needed to justify their requests, and should provide a clear understanding of timelines for approvals.

However, multiple CHCO agencies reported only rarely or never experiencing documentation or process challenges. For example, Interior credited OPM with collaborating to establish special rates to address challenges in competing with the oil and gas industry for the talent needed to meet Interior’s mission. DOD and DOJ also conveyed positive views on OPM’s approval process, crediting it with expediting a waiver request for a group retention incentive limitation and use of special rates, respectively.

Agencies Reported That Manager Training Would Likely Improve Use of Special Payment Authorities

CHCO agencies most frequently said training for agency managers is a change that would very likely or certainly improve the agency’s ability to effectively use special payment authorities (see figure 6). Conversely, about a quarter of responding agencies said legislative changes very likely or certainly would improve their ability to use special payment authorities.

Figure 6: CHCO Agencies Reported Likelihoods of Changes That Would Improve Their Use of Special Payment Authorities



Source: GAO analysis of Chief Human Capital Officer agencies’ questionnaire responses. | GAO-18-91

CHCO agencies provided examples of how potential changes would improve their ability to effectively use special pay authorities. VA responded that its central HR office was developing a pay authority toolkit to provide information on processes and procedures for using the authorities and related training for HR specialists and managers. According to VA, the toolkit, mandatory training, and regularly-scheduled refresher training were likely to increase staff’s knowledge and ease with using pay flexibilities to develop competitive compensation packages to help recruit and retain quality talent and fill critical positions.³¹ HHS also

³¹In providing comments on a draft of this report, VA officials said these efforts had since been discontinued as the office to provide the services was closed as of September 30, 2017.

expressed concerns about the use of special payment authorities in the context of ongoing budget constraints. Specifically, HHS noted that budget restraints over the last several years have led to retirements and resignations among its more experienced HR staff. This resulted in a loss of institutional knowledge on complex pay and leave authorities, including those affecting special payments. HHS officials said the loss of experienced HR staff diminishes the agency's internal capacity to train remaining staff. In addition, budgetary controls result in fewer resources for external training. Also, Interior commented that, for special payment authorities that can be approved by only OPM, OPM should provide training for their HR staff and managers responsible for using them.

OPM Has Provided Some Guidance and Collects Some Data, but Has Not Assessed Effectiveness or Documented Approval Processes

OPM Provided Guidance and Other Assistance

OPM has taken a number of steps to provide agencies with additional guidance and assistance on using special payment authorities. For example, in April 2015, OPM and the CHCO Council held a web-based, virtual human resources conference for agency officials which included a session on special payment authorities for recruitment and retention. Moreover, in January 2016, OPM issued a memorandum to agency CHCOs that stated that OPM recognized the 3Rs are essential pay flexibilities for agencies facing serious staffing challenges. The memorandum provided guidance on exceptions to spending limits on 3R incentives and OPM website links to related guidance on using the authorities.³² In August 2017, OPM posted a web-based training course for agency officials on special payment authorities and other flexibilities, including examples of their use and resources for additional information.³³

³²The spending limits were lifted in November 2016.

³³The training is on the HRU website https://hru.gov/Course_Catalog.aspx?cid=250&mgr=false.

OPM has also pursued initiatives that focus attention on addressing mission-critical skills gaps areas. As part of government-wide efforts to develop and strengthen the cybersecurity workforce, in November 2016, OPM issued a memorandum and guidance to CHCOs on strategic and cost-effective use of the various flexibilities agencies may employ to recruit and retain employees in cybersecurity positions. The guidance included checklists of steps agencies need to complete to use various special payment authorities, and described ways to combine use of special payment authorities, when appropriate, to make federal agencies more competitive in recruiting and retaining cybersecurity employees.

OPM also formed Federal Agencies Skills Teams (FASTs) for occupations as an effort to help agencies address mission-critical skills gaps areas.³⁴ As part of FASTs, OPM collected and reviewed information from agencies on the root causes of skills gaps and found that compensation levels play a role in skills gaps, in some cases. As of August 2016, OPM's approach included a strategy to hold agencies accountable for closing skills gaps in their MCOs, and to monitor metrics and progress through fiscal year 2020. In January 2015, we reported that the measures agencies had in place limited OPM and the CHCO Council's ability to track progress in closing skills gaps government-wide.³⁵ Accordingly, we recommended that OPM strengthen the approach and methodology for addressing skills gaps by working with the CHCO Council to develop targets that are clear, measurable, and outcome oriented. OPM partially concurred with the recommendation.

³⁴According to OPM, the FASTs are to analyze root causes, develop strategies to address skills gaps through action plans, and monitor progress in closing skills gaps within each occupation.

³⁵GAO, *Federal Workforce: OPM and Agencies Need to Strengthen Efforts to Identify and Close Mission-Critical Skills Gaps*, [GAO-15-223](#) (Washington, D.C.: Jan. 30, 2015).

OPM Does Not Track Special Payment Authorities to Assess Whether Using Them Improves Recruitment and Retention

It is important to identify the necessary data and establish measures to track a program's effectiveness, as well as establish a baseline to measure changes over time and assess the program in the future. We have reported that agencies can use these measurements to help them determine if a program is worth the investment, and to distinguish which of the available human capital flexibilities is better suited to address recruitment and retention needs.³⁶ *Standards for Internal Control in the Federal Government* also state that management should obtain relevant data from reliable sources that can be used to effectively monitor programs.³⁷ We have reported that understanding the relative effectiveness of various flexibilities can help identify any changes needed for agencies to more effectively use them.³⁸ As we also recently reported, collecting and using data to assess the effectiveness of authorities would be a critical first step in making more strategic use of flexibilities to effectively meet hiring needs.³⁹

OPM collects agency data on the use of special payment authorities via annual reporting on certain authorities and EHRI, but has not analyzed whether the payment authorities help agencies to improve recruitment and retention government-wide. Nor has OPM assessed trends and factors that can affect the use of these authorities. As required by statute, OPM annually collects data from agencies to report to Congress on the use of the student loan repayment and critical position pay authorities.

- **Student loan repayment:** OPM collects some information from agencies about their use of student loan repayment authority and invites agencies to provide details about their experiences in administering the authority, but has not conducted an analysis of the authority's effectiveness for addressing recruitment and retention needs. As discussed previously, we analyzed the government-wide

³⁶[GAO-05-762](#).

³⁷[GAO-14-704G](#).

³⁸[GAO-16-521](#).

³⁹GAO, *Cybersecurity: Federal Efforts are Under Way That May Address Workforce Challenges*, [GAO-17-533T](#) (Washington, D.C. April 4, 2017).

use of this authority by occupation and identified those occupations for which agencies most frequently used the authority (see figure 4). In addition, we used OPM's 2015 report and information from its FASTs skills gap initiative to identify the use of this authority for MCOs. These are two examples of analyses that OPM could perform to help understand how agencies are using this authority.

- **Critical position pay:** OPM collects data on agency use of critical position pay from the agencies with existing OPM approval, but the information does not help OPM understand how the payment authority supports recruitment or retention. OPM collects data that is required by statute to report to Congress such as who received the higher rate and the rate paid, but does not include information on the impact on recruitment and retention.⁴⁰

OPM has stopped regularly collecting and analyzing data for the 3R incentives, except on the use of retention incentives for employees likely to leave for other federal agencies, and does not collect and analyze data for special rates, leaving a void for conducting government-wide analysis that would help determine whether special payment authorities help address agency recruitment and retention needs:

- **3R incentives:** In a February 2010 memorandum to agency CHCOs on 3R incentives, OPM called for it and agencies to more actively manage the program and track data. OPM said that validated data would help OPM and agencies to understand the nature and trends of use of the incentives and better track incentives on an ongoing basis. OPM and agencies would also, if necessary, be better able to investigate any 3R data anomalies and take corrective actions. Based on its request to agencies in October 2011, OPM prepared a draft report on its analysis of agency-provided data and information on use of 3R incentives in calendar years 2010 and 2011, including what agencies reported as barriers to using the authorities and whether 3R improved recruitment and retention.⁴¹ However, OPM did not

⁴⁰OPM is required to annually report to the oversight committees of the House of Representatives and Senate on the number of positions (in the aggregate and by agency) for which higher rates were authorized or paid during the period covered, the name of each employee who received the higher rate, the rate paid each employee, the period of time during which the rates were paid, and what the rates would have been but for the authorization of a higher rate. 5 U.S.C. § 5377(h).

⁴¹Although OPM was no longer required to submit a 3Rs report to Congress, OPM requested the data consistent with its authority to review agency 3Rs determinations.

distribute the report or take action on it.⁴² Although OPM said it planned to conduct periodic reviews on an ongoing basis, since the 3R reporting requirement expired and OPM's October 2011 agency data request, OPM does not regularly collect and review government-wide information on the level of use and potential barriers.⁴³

- **Special rates:** In conducting its annual review of special rates, each year OPM asks that agencies review their respective applicable special pay rate tables to determine whether the rates should be terminated, reduced, or increased.⁴⁴ OPM considers requests to make changes based on the agency reviews, but according to OPM officials, in recent years, agencies have not identified any needed changes to special rates during that annual review process.

Moreover, OPM has not used its EHRI data to better understand trends in the use of these authorities government-wide and how agencies are using them to address their recruitment and retention challenges. As an example, we analyzed EHRI data to describe government-wide use of selected authorities by occupational family in fiscal year 2014. From that analysis, we identified differences in use across various occupational families that could be helpful in understanding how agencies are using these authorities. For example, we found that the Medical, Hospital, Dental, and Public Health family was the top occupational family for four of the five authorities. See appendix IV for additional information.

OPM also has not explored trends in agency use of the critical position pay authority. OPM has not pursued reasons why agencies have not requested approval for over 750 available slots or why agencies have used only 4 of the 36 authorized positions as of calendar year 2015. As part of an initiative to close skills gaps for the STEM workforce, in October

⁴²According to OPM officials, the agency did not issue the report because it was not a required report to Congress. In addition, sequestration and 3Rs spending limits changed the focus on the issue.

⁴³The Federal Workforce Flexibility Act of 2004 required OPM to annually report to Congress on how agencies used the recruitment, relocation, and retention incentives. Pub. L. No. 108-411, § 101(c), 118 Stat. 2305, 2309 (Oct. 30, 2004). This requirement terminated after the first five years of reporting. However, in response to the law's instruction concerning monitoring of the retention incentives for employees likely to leave for other federal agencies, OPM continues to require annual agency reporting to OPM on use of this particular incentive. 5 C.F.R. § 575.314(i).

⁴⁴OPM asks whether special rates should change by a percentage greater than any base General Schedule percentage increase that may become effective in January the following year.

2014, the White House Office of Science and Technology Policy, OPM, and OMB identified the critical position pay authority as a potentially underused flexibility. However, according to the 2015 OPM report, OPM had authorized critical position pay for 36 positions in 10 agencies as of calendar year 2015. And, only four of those agencies reported using the critical position pay authority in 2015 for four current employees (see table 6).

Table 6: Agencies Utilization of Available Critical Position Pay Authority Slots in Calendar Years (CY) 2012-2015

	CY 2012	CY 2013	CY 2014	CY 2015
Available	765	765	765	764
Approved but Unused	32	32	32	32
Used	3	3	3	4

Source: GAO analysis of OPM Critical Position Pay Reports (CY 2012-2015). | GAO-18-91

In July 2017, the Treasury Inspector General for Tax Administration (TIGTA) recommended that the Internal Revenue Service (IRS) pilot the use of critical position pay authority to recruit highly-qualified experts to lead IRS’s cybersecurity and related specialized functions. According to TIGTA, IRS would enhance its recruitment efforts by using the authority.⁴⁵ OPM officials attribute low use of critical position pay to: (1) agencies’ views that the approval process is cumbersome; (2) management resistance or cultural issues based on views about pay inequity between employees, or employees receiving higher salaries than their managers; and (3) agencies using other compensation flexibilities that do not require prior OPM approval.

OPM is not tracking government-wide data on the use of the range of special payment authorities to better understand whether or how various authorities improve recruitment and retention. OPM officials said the information they collect on special payment authorities depends on

⁴⁵IRS had previously used its own streamlined critical pay authority since 1998 to fill positions that it had designated as critical, primarily related to information technology. 5 U.S.C. § 9503. However, that authority expired on September 30, 2013, and the appointments of the few employees still serving under that authority will expire by September 30, 2017. In congressional testimony in July 2017, the Commissioner of IRS said he hopes that Congress will approve reinstating the authority through 2021, as proposed in the President’s fiscal year 2018 budget. See <https://www.appropriations.senate.gov/download/072617-koskinen-testimony> downloaded 8/15/17.

reporting requirements for the specific payment authority. For example, they said they collect information on assessing the effectiveness of student loan repayments because of the reporting requirements in the law. However, the reporting requirement does not include assessments to examine effectiveness or impediments to help OPM determine whether potential changes may be needed to address recruitment and retention challenges.⁴⁶ Instead, OPM's annual data request memorandums invite agencies to provide additional details on their experiences in administering the student loan repayments.

OPM officials said they may sometimes perform ad hoc analyses of EHRI data on certain authorities but do not regularly analyze EHRI data on the use of the various authorities government-wide. For example, OPM officials said they have queried the EHRI database on the use of selected special payment authorities for cybersecurity employees and found the numbers of 3R incentives and agencies using them increased from fiscal year 2015 to 2016, while use of student loan repayments decreased during that period. However, OPM does not regularly conduct such analyses on this or other uses of special payment authorities to understand how they are used to address skills gaps.

By not tracking and analyzing data on the use of special payment authorities, OPM and the CHCO Council do not have the information they need to help determine what potential changes may be needed, and have limited assurance that special payment authorities are helping agencies meet their needs and achieve recruitment and retention goals.

OPM May Be Missing Opportunities to Promote Strategic Use of Special Payment Authorities

Standards for Internal Control in the Federal Government requires that agency management design and implement control activities, which are the actions management puts in place through policies and procedures to achieve objectives and respond to risks. We have reported on OPM's important leadership role and the CHCO Council's support in assisting agencies with identifying and applying human capital flexibilities across

⁴⁶Agencies are required to annually submit to OPM information on the number of employees who received the benefit, the job classification of recipients, and the cost of providing these benefits. OPM is to prepare and submit to Congress a report with this information. 5 U.S.C. § 5379(h); 5 C.F.R. § 537.110.

the federal government.⁴⁷ In its most recent strategic plan, OPM reported it would lead federal human capital management by partnering with its stakeholders—including federal agencies—to develop and implement effective and relevant human resources solutions to build an engaged, productive, and high-performing workforce and develop effective compensation packages, among other things.⁴⁸ OPM also has acknowledged its leadership role in strategically promoting the effective use of at least one special payment authority—student loan repayment—and assisting agencies in the strategic use of this and other recruitment and retention tools as necessary to attract and retain a well-qualified federal workforce and support agency mission and program needs.⁴⁹

We have also previously reported on the lack of awareness among federal managers about using flexibilities to address human capital challenges.⁵⁰ In 2014, we reported that in a forum of CHCO Council agencies we convened, CHCOs said they wanted OPM to do more to raise awareness and assess the utility of tools and guidance it provides to agencies to address key human capital challenges.⁵¹ Accordingly, we recommended that OPM evaluate the communication strategy for and effectiveness of relevant tools, guidance, or leading practices created by OPM or the agencies to help ensure agencies are getting the guidance and tools that they need. OPM concurred with the recommendation.

Guidance on Assessing Effectiveness

OPM does not provide guidance on assessing effectiveness of special payment authorities in the agency's handbook on human capital flexibilities for any of the authorities we reviewed. For example, OPM does not offer examples of assessments to illustrate what data are needed and what methodologies are available for determining whether special payment authorities improve recruitment and retention. OPM has provided supplemental information on assessing effectiveness in some

⁴⁷ [GAO-03-428](#).

⁴⁸ OPM Strategic Plan FY2014-2018, <https://www.opm.gov/about-us/budget-performance/strategic-plans/2014-2018-strategic-plan.pdf>, accessed March 9, 2017.

⁴⁹ 2015 Federal Student Loan Repayment Program Report to Congress.

⁵⁰ [GAO-03-428](#).

⁵¹ [GAO-14-168](#).

student loan repayment authority annual reports and provided links to those reports on its website, but has not done so for other payment authorities. OPM officials said that they believe agencies are in the best position to collect and analyze data to determine which special payment authorities are effective for addressing recruitment and retention needs at their agency.

However, we found that CHCO agencies often did not document assessments for the special payment authorities they used. The documents agencies prepared were most often focused on justifying or reporting on use of authorities rather than on evaluating their effectiveness in improving recruitment and retention. As mentioned previously, documents addressed compliance with regulations and justifications that agencies prepared to request approval for using the authorities.

Our review found examples of data and methodologies that agencies could use to help assess whether an authority helped improve recruitment and retention. For example, DOD used data from interviews with employees hired into its entry-level developmental trainee programs to gather feedback on student loan repayment. The feedback consistently indicated that the program was a major contributing factor in employees' decisions to accept these positions. Also, Interior collected and monitored data on retention rates to assess the effectiveness of special rates in retaining its oil and gas workforce. State said that it conducted some informal assessments of its use of retention incentives but could add a question to its employee exit survey to collect data on how these incentives affect attrition. Some CHCO agency questionnaire responses included examples of other types of data or analyses that could be used to assess special payment authorities such as (1) the reduced level of resignations in a department that had experienced staffing shortages; (2) an increased rate of filling certain hard-to-fill positions; and (3) counts of the numbers of employees successfully recruited into mission-critical skills gap areas.

Tools and Guidance to Support Strategic Decisions

OPM does not provide consistent information via tools and guidance to support effective use of special payment authorities. OPM's website guidance for the student loan repayment authority provides agencies with tools including best practices, sample agency plans, and answers to frequently asked questions. However, its website guidance for superior qualifications and special needs pay setting authority, for example, only

has fact sheets which generally restate and reference the related regulations. Table 7 summarizes the various types of tools and guidance information on the agency's website about special payment authorities.

Table 7: Tools and Guidance on OPM’s Website for Title 5 Special Payment Authorities

Authority	Best practices	Sample plans	Answers to frequently asked questions	Fact sheet with legal requirements
Special rates	No	N/A	No	Yes
Recruitment incentives	No	No	Yes	Yes
Retention incentives	No	No	Yes	Yes
Relocation incentives	No	No	Yes	Yes
Superior qualifications	No	No	No	Yes
Student loan repayment	Yes	Yes	Yes	Yes
Critical position pay	No	N/A	No	Yes

Source: GAO analysis of OPM information. | GAO-18-91

Note: X indicates that OPM’s website provides information on the type of tool or guidance and “—” indicates that OPM’s website does not provide information on the type of tool or guidance. N/A indicates that the tool or guidance does not apply to the authority, according to OPM.

In addition to the tools and guidance noted above, the student loan repayment website includes links to OPM annual reports which include details that could support agency use of this authority. In OPM’s annual requests for data on student loan repayments, OPM regularly invites agencies to submit information for these reports, including on these topics:

- lessons learned,
- establishing a business case,
- program impediments, and
- ways to improve the student loan repayment program.

OPM’s guidance on using special pay authorities to address cybersecurity skills gaps illustrates how OPM provides useful information which could be applied in other mission-critical skills areas. In assisting agencies on ways to combine authorities to hire cybersecurity specialists, the guidance includes hypothetical scenarios where desirable job candidates have competing job offers or are currently employed, and provides example competitive compensation packages for entry-, mid-, and senior/expert-level employees. Such information could be useful for other

government-wide or agency-identified mission-critical skills gaps or other positions where agencies face serious recruitment or retention challenges.

OPM officials said they recognized tension between any effort to promote use of special payment authorities and OPM's role of providing oversight of special payment authorities. OPM officials said the agency promotes the use of the authorities when agencies seek OPM's help, rather than undertaking efforts to more broadly ensure agencies are fully aware of the potential benefits and innovative ways to use authorities. Further, OPM has not worked with the CHCO Council to gather and disseminate illustrative examples of data needed and methodologies to assess the effectiveness of the authorities.

With guidance to assess effectiveness and consistent tools and guidance across the range of authorities, OPM and CHCO agencies could more fully support strategic use of special payment authorities to improve recruitment and retention across the federal government.

OPM Approval Processes Are Not Fully Documented

Standards for Internal Control in the Federal Government require management to design and implement control activities through policies to achieve objectives and respond to risks.⁵² Documentation and periodic review of policies and procedures are important parts of the standards and are necessary to design, implement, and operate controls effectively. Documentation provides a means to retain organizational knowledge and mitigate the risk of having that knowledge limited to a few personnel. Documentation is also evidence that controls can be monitored and evaluated. As we previously reported, streamlining administrative processes is a key practice for effectively using human capital flexibilities.⁵³ Since agency officials must view administrative processes as worth their time compared to the expected benefit to be gained, perceived burdens and slow approval processes could dissuade them from seeking approval to use special payment authorities that could address recruitment and retention needs.

⁵²[GAO-14-704G](#) 10.01, 12.01.

⁵³[GAO-03-2](#).

OPM regulations implementing the statutory provisions set forth the basic criteria for OPM approval of certain special payment authorities, but OPM does not have documented procedures to guide OPM staff in assessing agency requests for approval. For example, OPM does not have documented criteria to assess the sufficiency of the information to support the request, such as

- the soundness of the methodology or reliability of underlying data for calculating payment amounts, or
- the sufficiency of prior agency efforts to recruit and retain employees without having to resort to additional pay.

OPM officials noted that the complexity and nature of recruitment and retention difficulties can vary significantly between agencies and the authority requested. To make decisions about an agency's request for approval, OPM officials said they apply the criteria in law, regulations, and guidance posted on OPM's website.

Our analysis shows that, since January 2009, OPM generally took 4 to 6 months to make approval decisions on CHCO agency special rates and critical position pay requests.⁵⁴ OPM officials said they have conversations with agency officials about their views on the process, but do not have procedures to systematically monitor or evaluate the process, such as to seek agency feedback on whether the approval processes are burdensome, complex, and a barrier to wider use. As noted earlier, we sought feedback on certain agencies' experiences with OPM's approval processes for special payment authorities. Although some had positive comments, others expressed concerns about the timeliness of the process, including that the length of the process may lead to missed opportunities to hire desirable candidates.

The July 2017 Treasury Inspector General for Tax Administration (TIGTA) report also said that lengthy approval processes for using critical position pay is a reason for low overall use of the authority. If pursued by IRS, the approval process would include getting the request cleared internally, approved by the Secretary of the Treasury and then, in turn, by OPM and OMB. OPM has not established a time frame within which agencies could expect a decision from OPM and OMB. OPM officials estimated that it may take several weeks or up to several months to complete the approval

⁵⁴OPM data showed that approvals for 3Rs incentive waivers generally took about one and one half months since January 2009.

process, according to TIGTA. As part of its recommendation to IRS, TIGTA recommended tracking in detail the time and effort to get the request for approval cleared internally and approved by the Secretary of the Treasury, OPM, and OMB.

OPM officials said they do not have documented procedures with criteria for approving use of special payment authorities because the complexity and nature of the requests vary significantly between agencies and the authority requested. OPM officials noted that in reviewing applications they need to be able to take into account relevant and important variables necessary to make fact-specific and reasonable determinations to help an agency find the most appropriate solution to its staffing problems. They said there is no “one-size-fits-all” formula for approving or denying requests.

However, without documented procedures for assessing requests for approval, OPM lacks a means to review and assure that approval processes achieve their objectives. Without such documents, OPM also increases the likelihood of inconsistent decisions to grant or decline approval for the use of special pay authorities. Moreover, it also increases the risk of losing organizational knowledge of the personnel with expertise in assessing requests. Additionally, by not periodically examining the procedures, OPM is not well-positioned to consider alternatives for streamlining the approval process.

Conclusions

To deal with staffing challenges resulting from skills gaps, reduced budgets, and the upcoming wave of retirements, agencies have compensation tools at their disposal that can be coupled with other flexibilities to produce an attractive package for potential and current employees. CHCO agencies generally reported that special payment authorities positively contributed to areas such as employee retention, applicant quality, and ability to meet staffing needs, among others.

OPM has acknowledged its leadership role in strategically promoting the effective use of at least one special payment authority—student loan repayment—and assisting agencies in strategic use of this and other human capital tools. However, OPM has not tracked or analyzed the government-wide data on agencies’ use of various special payment authorities to better understand whether or how various authorities improve recruitment and retention. By tracking and analyzing these data,

OPM could have information it needs to determine what potential changes may be needed, and have better assurance that special payment authorities are helping agencies meet their needs and achieve recruitment and retention goals. Moreover, OPM has not been consistent in providing guidance on assessing effectiveness of the range of special payment authorities in attracting and retaining a well-qualified federal workforce to support agency mission and program needs. Few agencies are documenting assessments. OPM has not worked with the CHCO Council agencies to provide illustrative examples of data needed and methodologies to assess the effectiveness of the authorities. By providing guidance on assessing effectiveness of these authorities, OPM and CHCO agencies could be better positioned to know whether use of the authorities is improving recruitment and retention or what changes might be needed to improve their effectiveness.

Agency officials may also perceive documentation and approval processes as time consuming or burdensome barriers to using compensation tools. Perceived delays or inefficiency in OPM's approval processes could discourage agencies from seeking to use Title 5 special payment authorities that could address recruitment and retention challenges. OPM also had not documented procedures for assessing the sufficiency of the information agencies submit to request approval. By establishing documented procedures and periodically reviewing them, OPM would increase the likelihood of consistent decisions to grant or decline agency requests for approval to use these authorities.

Recommendations for Executive Action

We are making the following three recommendations to OPM.

The Director of OPM, together with the CHCO Council, should track government-wide data to establish a baseline and analyze the extent to which the seven Title 5 special payment authorities are effective in improving employee recruitment and retention, and determine what potential changes may be needed to improve the seven authorities' effectiveness. (Recommendation 1)

The Director of OPM, together with the CHCO Council, should provide guidance on assessing effectiveness and tools—such as best practices or frequently asked questions—for the range of Title 5 special payment authorities. (Recommendation 2)

The Director of OPM should establish documented procedures to assess special payment authority requests requiring OPM approval and periodically review approval procedures to consider ways to streamline them. (Recommendation 3)

Agency Comments and Our Evaluation

We provided a draft of this report to OPM for review and comment. We also provided relevant draft report excerpts to CHCO agency officials for comment in cases where we more extensively reported an agency's illustrative examples, or where an agency's views were more significant in context of the report.⁵⁵ OPM provided written comments, which are reproduced in appendix V and summarized below. Of our three recommendations, OPM concurred with one and partially concurred with the other two. OPM also outlined its planned steps to implement the recommendations. OPM and CHCO Council agency officials also provided technical comments, which we incorporated as appropriate.

In response to our first recommendation, OPM partially concurred and outlined its plans to track data that cover a limited period to analyze agencies' use of certain Title 5 special payment authorities. OPM said it planned to analyze both student loan repayment authority data by occupation for one calendar year (2016) and the most recently available data for five of the other six special payment authorities covered in this report. This includes use for government-wide mission-critical occupations. While these actions may provide some degree of insight into the extent to which and how agencies use some of the special pay authorities, examining only recent and available data will not support establishing a baseline to measure changes over time, tracking effectiveness, or determining any changes needed in future years. We made revisions to the recommendation to clarify the value of tracking data over time for the seven special payment authorities. OPM stated that tracking government-wide workforce data available to them will not provide a complete assessment of the effectiveness of the special payment authorities because agencies are in the best position to analyze such information. We agree that agencies have first-hand information on use of special payments. Agencies also have data that can inform discussions between OPM and the CHCO Council on potential strategies

⁵⁵The agencies were the Departments of Defense, Health and Human Services, Homeland Security, Interior, Transportation, and Veterans Affairs.

for a government-wide approach to enhance strategic use of these authorities to address mission-critical skill gaps. By working with the agencies through the CHCO Council, OPM is better positioned to track government-wide data to analyze the extent to which Title 5 special payment authorities improve employee recruitment and retention and determine what potential changes may be needed to improve authorities' effectiveness.

In response to our second recommendation, OPM concurred and outlined plans such as issuing guidance with examples of assessments to illustrate what data are needed and what methodologies are available for determining whether special payment authorities help improve recruitment and retention. We believe OPM could also assist agencies by providing tools or other guidance for the authorities that OPM does not approve—such as on establishing a business case, best practices, answers to frequently asked questions, or lessons learned—to help ensure consistent information is shared with agencies to support effective use for the range of Title 5 special payment authorities. OPM could also provide agencies with tools and guidance for other mission-critical skills areas similar to those shared for addressing cybersecurity skills gaps. Such tools and guidance could include hypothetical recruitment scenarios, checklists of required steps, and examples of competitive compensation packages. OPM stated it would work on any guidance that the CHCO Council identifies to improve use of special payment authorities. With consistent tools and guidance across the range of authorities, OPM and CHCO agencies can be positioned to fully support strategic use of special payment authorities to improve recruitment and retention across the federal government.

In response to our third recommendation, OPM partially concurred and commented that there is no “one-size-fits-all” formula for approving or denying agency requests. It added that applying a rigid formula could result in unwarranted disapprovals. OPM also stated that it would document additional procedures to guide staff in evaluating agency requests and periodically review the procedures. We believe establishing documented procedures would guide staff in considering such complex factors such as the soundness of the methodology and the reliability of underlying data for calculating payments amounts. Documentation of policies and procedures is an important part of internal control standards. By documenting procedures to review requests, OPM will help ensure consistency in approval decisions and retain organizational knowledge of personnel with expertise in assessing requests.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 14 days from the report date. At that time, we will send copies of this report to appropriate congressional committees, the Acting Director of OPM, and other interested parties. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-2717 or jonesy@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 VI.

A handwritten signature in black ink that reads "Yvonne D. Jones". The signature is written in a cursive style with a large, stylized "Y" and "J".

Yvonne D. Jones
Director
Strategic Issues

Appendix I: Objectives, Scope, and Methodology

This report (1) describes what is known about how much Chief Human Capital Officer (CHCO) Council agencies used selected special payment authorities in fiscal years 2014-2016; (2) assesses the extent to which CHCO agencies evaluate the effectiveness of these authorities and identifies challenges, if any, the agencies reported facing in using the authorities to address mission-critical skills gap areas; and (3) evaluates how the Office of Personnel Management (OPM) has helped agencies address federal recruitment and retention needs. We limited our scope to the seven broadly available special payment authorities generally available government-wide under Title 5 of the United States Code to address federal agencies' recruitment and retention issues: (1) special rates, (2) recruitment incentives, (3) relocation incentives, (4) retention incentives, (5) superior qualifications and special needs pay setting, (6) student loan repayments, and (7) critical position pay.¹

To describe what is known about how much CHCO Council agencies used selected special payment authorities in fiscal years 2014-2016, we developed and administered a questionnaire to the 27 CHCO agencies to collect their fiscal years 2014-2016 data—to the extent available—on frequency of use, dollars spent, and whether they used the authorities to help address recruitment and retention needs in mission-critical skills gap areas.² All 26 CHCO agencies that reported use of the authorities

¹There are a number of other compensation flexibilities available to federal agencies, including those whose application is limited to senior executives, health care professionals, and employees serving in combat zones, among others.

²The 27 CHCO Council agencies include the Departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, Housing and Urban Development, Interior, Justice, Labor, State, Treasury, Transportation, and Veterans Affairs; the Environmental Protection Agency, General Services Administration, National Aeronautics and Space Administration, National Science Foundation, Nuclear Regulatory Commission, Office of Management and Budget, Office of Personnel Management, Office of the Director of National Intelligence, Small Agency Council, Small Business Administration, Social Security Administration, and the U.S. Agency for International Development. Federal Trade Commission received a questionnaire as the small agency representative on the CHCO Council at the time of our review.

responded to our questionnaire.³ We asked agencies to not report information related to agency-specific or non-Title 5 authorities.⁴ In our report, we use the aggregate CHCO agency reported data by authority. Federal employees may receive compensation under more than one authority in a given fiscal year, and in these instances would be counted for each authority received. For example, an employee who received a recruitment incentive and student loan repayments in the same fiscal year would be counted once for each authority in that year. We did not verify the amounts agencies reported spending.

In addition, we used CHCO reported data to determine the total use of these authorities and OPM Enterprise Human Resources Integration (EHRI) personnel data, which contains personnel action and workforce data for most federal civilian employees, to identify the approximate percentage of employees who received at least one of these seven authorities in fiscal year 2016.⁵ In calculating the percentage, we used CHCO agency reported data for the numerator and OPM EHRI data for the total number of federal employees at the 26 CHCO agencies—as of September 30, 2016—for the denominator.

We also analyzed OPM EHRI personnel data for fiscal year 2014 to describe the government-wide use of certain authorities by occupational family. To do so, we calculated the number of unique employees who received a certain authority in each fiscal year. We included federal employees on permanent and nonpermanent appointments, and all work schedules (seasonal, nonseasonal, intermittent, and full-time and part-time). Individual employees who switched occupational families during a

³The State Department responded but excluded employees in the Foreign Service from its reporting. The Office of the Director of National Intelligence was excluded because officials told us that it has its own personnel system and does not use the Title 5 pay authorities included in the scope of our review. 50 U.S.C. § 3024.

⁴For example, the Department of Energy has authority to fix compensation, without regard to how compensation is fixed under title 5, for no more than two hundred scientific, engineering, professional, and administrative personnel within specified limits under 42 U.S.C. § 7231(d). However, reported data from some agencies likely include some employees who received special payments under a non-Title 5 authority. Some agency officials said that their systems did not allow reporting data to exclude employees who received special rates payments under non-Title 5 authorities.

⁵EHRI is the primary government-wide source for information on federal employees. The EHRI data we analyzed include executive branch civilian employees, but do not include the U.S. Postal Service, most legislative or judicial branch employees, or intelligence agencies.

fiscal year could be counted more than once if they received a special payment authority under both occupational families. We primarily relied on the following EHRI data variables to describe agencies' use of certain authorities:

- **Special rates:** We used the “pay rate determinant” to identify employees who were receiving a special rate as of the end of the applicable fiscal year, and then used the “special pay table identifier” to limit our analysis to special rates authorized under 5 U.S.C § 5305.⁶ OPM officials provided a list of all authorized Title 5 special rate tables active during the fiscal years included in our review.
- **3R incentives:** We used the “legal authority” and “nature of action” codes to identify employees for whom 3R incentives were authorized during the fiscal year.
- **Superior qualifications and special needs pay setting:** We used the “pay rate determinant” and “nature of action” codes for new appointments to identify the number of employees who had received a superior qualifications and special needs pay setting authority during the fiscal year.

We reviewed OPM documentation, including OPM’s Guide to Data Standards—the guidance document that describe data elements in EHRI—to identify the specific codes used to designate employees who had received these authorities.

We also analyzed OPM calendar year 2015 reports—the most recently available at the time of our review—on the student loan repayment authority and the critical position pay authority to describe agencies’ use of these two authorities by occupation.⁷ For the student loan repayment authority, we calculated the top occupations series that received this authority government-wide. We aggregated the 18 engineering-related

⁶Some agencies have their own authority to establish pay rates for certain employees. These agency-specific pay rates are outside the scope of our review.

⁷We used these data because OPM officials said that they considered the data included in the annual reports OPM provides to Congress to be more reliable than the EHRI reported information for these two authorities.

occupations into one engineering series.⁸ In addition, for the agencies that most frequently used the authority, we calculated the approximate percentage of occupations that received the authority that were identified as mission critical by these agencies as part of OPM's and the CHCO Council's initiative to close skills gaps.

To assess the reliability of the CHCO agency reported data and OPM data, we compared frequencies from the various data sources by agency for fiscal year 2014 (the one year of available overlapping data); reviewed OPM documentation; and interviewed OPM officials. We determined that the data were sufficiently reliable to present agency use of special payment authorities over this time period.

To assess the extent to which CHCO agencies evaluate the effectiveness of special payment authorities and to identify challenges they reported facing in using the authorities, in our questionnaire to agencies we asked about their views on the impacts of each authority used in fiscal years 2014-2016. We analyzed and summarized closed-ended question response data agencies reported on authorities' impacts on agency operations, including the extent of positive or negative effects in areas such as employee retention, applicant quality, and ability to achieve the agency mission. We also asked whether and how they assessed each authority's effectiveness. We summarized closed-ended question response data on whether agencies had done documented, informal, or no effectiveness assessments of authorities in impact areas such as agency mission, meeting staffing needs, or addressing mission-critical skills gap areas. We contacted the 10 agencies that reported having documented assessments for one or more authorities to request copies of them. Nine agencies provided requested documents.⁹ We analyzed the

⁸The 18 individual series were general engineering (0801 series), engineering technical (0802 series), safety engineering (0803 series), materials engineering (0806 series), civil engineering (0810 series), environmental engineering (0819 series), mechanical engineering (0830 series), nuclear engineering (0840 series), electrical engineering (0850 series), computer engineering (0854 series), electronics engineering (0855 series), electronics technical (0856 series), bioengineering and biomedical engineering (0858 series), aerospace engineering (0861 series), mining engineering (0880 series), petroleum engineering (0881 series), chemical engineering (0893 series), and industrial engineering (0896 series).

⁹The following agencies provided documents: the Environmental Protection Agency, General Services Administration, Small Business Administration; and the Departments of Commerce, Defense, Health and Human Services, Homeland Security, Justice, and the Interior. The Department of Education did not respond to our request for documentation.

documents to determine the type of information they provided, including whether they had information on how use of the authority had been effective in the impacts the questionnaire asked about. To learn more about agencies' views on authorities' effectiveness, we also asked an open-ended question for agencies to provide examples of how authorities helped address mission-critical skills gaps. We reviewed the narratives agencies provided to identify and report examples appropriate to illustrate the various effects agencies reported.

We also asked agencies about their views on any challenges they experienced in using special payment authorities and potential changes to operations or procedures to help improve effective use of authorities. We analyzed and summarized the closed-ended question response data agencies reported on how often they experienced certain challenges, including insufficient resources, management resistance, burdensome documentation, and complex approval process. For the two most common challenges agencies reported other than insufficient resources—burdensome documentation and the complex approval process—we followed up with the three agencies that reported regularly or always experiencing both challenges. Two agencies responded.¹⁰ We also asked an open-ended question for agencies to provide narrative examples of how they identified and responded to challenges in using these authorities. We analyzed the content of the narrative responses to identify and report examples appropriate to illustrate various challenges and responses to challenges agencies reported.

To learn more about agencies' experiences with OPM's approval processes for special payment authorities, we analyzed OPM's data on agency requests to use the special payment authorities that OPM approves. In addition to our CHCO agency questionnaire response follow-up, we contacted selected agencies that OPM data identified as having requested approval to use a special payment authority since 2009. We asked seven agencies to provide narrative of their views on such topics as what worked well, challenges experienced, and any suggestions for improving the process. To provide an opportunity to learn how approval processes could affect agency decisions to not seek such approvals, we included two agencies—EPA and HHS—that had not made such requests to ask for narrative explanations of why they had not sought

¹⁰The General Service Administration and Department of the Interior responded. The Federal Trade Commission did not respond.

such approvals. All agencies provided their views.¹¹ We analyzed agencies' narrative responses to illustrate examples of the experiences agencies reported.

We also analyzed and summarized the closed-ended question response data agencies reported on how likely potential changes would improve use of special payment authorities. We followed up with five agencies that identified the three most common potential changes that would very likely or certainly improve their ability to effectively use special pay authorities—changes to training for agency managers, training for agency human resources employees, and OPM regulations. We asked them to provide narrative descriptions of changes they had in mind and how changes would improve their agency's effective use of special payment authorities. Four agencies responded.¹² We reviewed the narratives agencies provided to identify examples appropriate to illustrate the various views on potential changes agencies reported.

To evaluate how OPM has helped agencies address federal recruitment and retention needs, we interviewed OPM officials and reviewed OPM's procedures to collect and analyze data on agency use of special payment authorities, including through automated systems (EHRI) and information requests and reporting. We reviewed the procedures to assess whether OPM tracks data to assess the level and effective use of the payment authorities to improve recruitment and retention. We also reviewed and summarized the various ways OPM provides agencies information on special payment authorities, including through OPM's memorandums, opm.gov website tools and guidance on each special payment authority, and guidance for using special payment authorities to address cybersecurity skills gaps. We compared the types of information and consistency of the various ways OPM provides information to promote the strategic use of special payment authorities to include supporting agency effectiveness assessments and increased awareness and strategic decision making on the use special payment authorities. We reviewed procedures to collect information on the use of critical position pay authority and a July 2017 Treasury Inspector General for Tax

¹¹The following agencies provided views: the Environmental Protection Agency and the Departments of Defense, Health and Human Services, Homeland Security, the Interior, Justice, State, Transportation, and Veterans Affairs.

¹²The following agencies provided narrative descriptions: General Services Administration and the Departments of Health and Human Services, the Interior, and Veterans Affairs. The Federal Trade Commission did not respond.

Administration report on the topic. We also interviewed OPM officials and reviewed available documents on OPM's processes to review and approve agencies' requests to use certain special payment authorities, and analyzed OPM data to determine the average months it took OPM to make approval decisions on CHCO agency requests received from January 2009 through January 2017.¹³ We compared OPM's procedures for collecting, analyzing, and providing information on the effective, strategic use of special payment authorities, and its procedures for approving use of special payment authorities, to criteria identified in our related reports on federal human capital management and in *Standards for Internal Control in the Federal Government*, including standards that agency management design and implement controls and document procedures.

We conducted this performance audit from September 2016 to December 2017 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.

¹³These special pay authorities include: special rates; critical position pay; and recruitment, retention, and relocation incentives that exceed certain payment thresholds.

Appendix II: Special Payment Authorities Questionnaire Sent to Chief Human Capital Officer Agencies

Section I: Definitions

1. Mission critical skills gaps are one or more of the following and may impede the federal government from cost-effectively serving the public and achieving results:
 - staffing gap in which an agency has an insufficient number of individuals to complete its work; and/or a
 - competency gap in which an agency has individuals without the appropriate skills, abilities, or behaviors to successfully perform the work.

Mission critical skills gaps may be identified broadly as affecting several agencies or may be specific to a given agency (such as mission-critical occupations agencies have identified to the Office of Personnel Management (OPM) for skills gap closure).

Note: We also provided definitions of the seven special payment authorities similar to their descriptions provided in table 1 of this report.

Section 2: Use of Special Pay Authorities at Your Agency

1. For the special pay authorities below, does your agency have agency-specific guidance (including documented policies or plans) on the use of the special pay authorities below? *(Check all that apply)*

	Yes, at the agency level	Yes, at sub-agency level(s)	No
Special Rates	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Superior Qualifications & Special Needs Pay Setting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Critical Position Pay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recruitment Incentives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Appendix II: Special Payment Authorities
Questionnaire Sent to Chief Human Capital
Officer Agencies**

	Yes, at the agency level	Yes, at sub- agency level(s)	No
Retention Incentives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Relocation Incentives	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Student Loan Repayment Program	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Appendix II: Special Payment Authorities
Questionnaire Sent to Chief Human Capital
Officer Agencies**

2. In the last three fiscal years (2014-2016), how many federal employees in your agency received compensation under the following special pay authorities? (if none, enter zero)

	Number of employees (FY 2014)	Number of employees (FY 2015)	Number of employees (FY 2016)
Special Rates			
Superior Qualifications & Special Needs Pay Setting			
Critical Position Pay			
Recruitment Incentives			
Retention Incentives			
Relocation Incentives			
Student Loan Repayment Program			

3. In Fiscal Years 2014-2016, what was your agency's total spending (in dollars) for the following special pay authorities?

	FY2014	FY2015	FY2016	Agency has not used this authority
Recruitment Incentives				<input type="checkbox"/>
Retention Incentives				<input type="checkbox"/>
Relocation Incentives				<input type="checkbox"/>
Student Loan Repayment Program				<input type="checkbox"/>

**Appendix II: Special Payment Authorities
Questionnaire Sent to Chief Human Capital
Officer Agencies**

4. In the last three fiscal years (2014-2016), how often has your agency experienced the following challenges related to using special pay authorities?

	Never	Rarely	Occasionally	Regularly	Always
Management resistance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Unclear requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Burdensome documentation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Complex approval process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lack of clear benefits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Insufficient resources (e.g. budget, staff)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify):	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. In your opinion, how likely would changes in the following areas improve your agency's ability to effectively utilize special pay authorities at your agency?

	Not at all likely	Not very likely	Somewhat likely	Very likely	Certainly
OPM regulations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
OPM guidance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Agency regulations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Agency guidance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Training for agency human resources/capital staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Training for agency managers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Legislation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify):	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Sections 3-9: For each authority, respectively: (3) Special Rates; (4) Superior Qualifications & Special Needs Pay Setting; (5) Critical Position Pay; (6) Recruitment Incentives; (7) Retention Incentives; (8) Relocation Incentives; and (9) Student Loan Repayment

Instructions: If your agency utilized [this authority] during FY2014-2016, please complete this section, otherwise continue onto the next Section.

1. In Fiscal years 2014-2016, did your agency use [this authority] to support the following mission critical skills gap areas?

	Yes	No	Does not apply at my agency (not mission critical)
Acquisitions (e.g. Contract Specialist)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cybersecurity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Healthcare Professionals (non-Title 38)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Science, Technology, Engineering and Mathematics	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Human Resources Specialist	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other agency-specific mission-critical occupation(s) (please specify):	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. Does your agency assess the following to determine the effectiveness of using [this authority]?

	Documented assessment	Informally assess	Do not assess
Impact on agency mission	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact on agency performance goals	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact on meeting staffing needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact on addressing mission critical skills gap areas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Impact on employee performance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Effectiveness relative to other human capital flexibilities (e.g., other special pay authorities, non-compensation flexibilities)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Appendix II: Special Payment Authorities
Questionnaire Sent to Chief Human Capital
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	Documented assessment	Informally assess	Do not assess
Agency workforce data (e.g., quit rate, attrition)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify):	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. In your opinion, how has the use of [this authority] impacted the following?

	Very negatively	Somewhat negatively	No impact	Somewhat positively	Very positively
Staff retention	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Applicant quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ability to meet staffing needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ability to fill mission critical positions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Continuity of operations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Staff morale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ability to achieve agency mission	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other (please specify):	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section 10: Agency-specific Examples of Special Pay Authorities Use

1. In what ways have special pay authorities helped your agency to successfully address mission critical skills gaps? (Please provide at least one specific example)
2. In what ways has your agency identified and responded to challenges related to the use of special pay authorities? (Please provide at least one specific example)

Appendix III: CHCO Agencies Reported Use of Special Payment Authorities Affecting Selected Areas of Operation

The following six tables present data on the responses reported by CHCO agencies on the impacts on selected areas of operation from using the following special payment authorities—superior qualifications, critical position pay, recruitment incentives, retention incentives, relocation incentives, and student loan repayment.

Table 8: CHCO Agencies Reported Impacts of Superior Qualifications on Selected Areas, Fiscal Years 2014-2016

Number of agencies reporting impact of use of Superior Qualifications (N=22)

Agency area of operation	Somewhat and Very Positively	No impact	Somewhat and Very Negatively
Staff retention	16	5	1
Applicant quality	15	6	1
Ability to meet staffing needs	17	4	1
Ability to fill mission critical positions	17	5	0
Continuity of operations	14	8	0
Staff morale	13	6	3
Ability to achieve agency mission	17	4	1

Source: GAO analysis of CHCO agency questionnaire responses. | GAO-18-91

Table 9: CHCO Agencies Reported Impacts of Critical Position Pay on Selected Areas, Fiscal Years 2014-2016

Number of agencies reporting impact of use of Critical Position Pay (N=4)

Agency area of operation	Somewhat and Very Positively	No impact	Somewhat and Very Negatively
Staff retention	4	0	0
Applicant quality	3	1	0

**Appendix III: CHCO Agencies Reported Use of
Special Payment Authorities Affecting
Selected Areas of Operation**

Agency area of operation	Somewhat and Very Positively	No impact	Somewhat and Very Negatively
Ability to meet staffing needs	4	0	0
Ability to fill mission critical positions	4	0	0
Continuity of operations	3	1	0
Staff morale	3	1	0
Ability to achieve agency mission	3	1	0

Source: GAO analysis of CHCO agency questionnaire responses. | GAO-18-91

Table 10: CHCO Agencies Reported Impacts of Recruitment Incentives on Selected Areas, Fiscal Years 2014-2016

Number of agencies reporting impact of use of Recruitment incentives (N=various)

Agency area of operation	Somewhat and Very Positively	No impact	Somewhat and Very Negatively
Staff retention ^a	14	8	0
Applicant quality ^a	17	5	0
Ability to meet staffing needs ^b	21	2	0
Ability to fill mission critical positions ^b	20	3	0
Continuity of operations ^a	16	6	0
Staff morale ^b	13	8	2
Ability to achieve agency mission ^b	19	4	0

Source: GAO analysis of CHCO agency questionnaire responses. | GAO-18-91

^a22 agencies provided answers.

^b23 agencies provided answers.

Table 11: CHCO Agencies Reported Impacts of Retention Incentives on Selected Areas, Fiscal Years 2014-2016

Number of agencies reporting impact of use of Retention Incentives (N=20)

Agency area of operation	Somewhat and Very Positively	No impact	Somewhat and Very Negatively
Staff retention	19	1	0
Applicant quality	8	12	0
Ability to meet staffing needs	17	3	0
Ability to fill mission critical positions	17	3	0

**Appendix III: CHCO Agencies Reported Use of
Special Payment Authorities Affecting
Selected Areas of Operation**

Agency area of operation	Somewhat and Very Positively	No impact	Somewhat and Very Negatively
Continuity of operations	17	3	0
Staff morale	11	7	2
Ability to achieve agency mission	19	1	0

Source: GAO analysis of CHCO agency questionnaire responses. | GAO-18-91

Table 12: CHCO Agencies Reported Impacts of Relocation Incentives on Selected Areas, Fiscal Years 2014-2016

Number of agencies reporting impact of use of Relocation Incentives (N=19)

Agency area of operation	Somewhat and Very Positively	No impact	Somewhat and Very Negatively
Staff retention	16	3	0
Applicant quality	14	5	0
Ability to meet staffing needs	16	3	0
Ability to fill mission critical positions	17	2	0
Continuity of operations	15	4	0
Staff morale	11	7	1
Ability to achieve agency mission	15	3	1

Source: GAO analysis of CHCO agency questionnaire responses. | GAO-18-91

Table 13: CHCO Agencies Reported Impacts of Student Loan Repayment Authority on Selected Areas, Fiscal Years 2014-2016

Number of agencies reporting impact of use of special rates (N=19)

Agency area of operation	Somewhat or very positively	No effect	Somewhat or very negatively
Staff retention	18	1	0
Applicant quality	13	6	0
Ability to meet staffing needs	17	2	0
Ability to fill mission critical positions	17	2	0
Continuity of operations	13	6	0
Staff morale	16	2	1
Ability to achieve agency mission	17	2	0

Source: GAO analysis of CHCO agency questionnaire responses. | GAO-18-91

Appendix IV: Office of Personnel Management Data on Use of Special Payment Authorities by Occupational Family

Our analysis of OPM data found that, overall, agencies used five special payment authorities—special rates; superior qualifications and special needs pay setting; and the recruitment, relocation, and retention (3R) incentives—to varying extents for different occupational families.¹ When we analyzed OPM data to identify the top five occupational families for each of these five special payment authorities, we found certain occupational families appeared among the top groups for multiple authorities (see those highlighted in table 14). Specifically, we found that two occupational families—(1) Medical, Hospital, Dental, and Public Health; and (2) Engineering and Architecture—were among the top five families for four and five of these special payment authorities, respectively. The Medical family was the top occupational family for four of the five authorities—superior qualifications and special needs pay setting, and the 3R incentives. Further, we found that certain occupational families were among the top five for one or two authorities but not for the other authorities. For example, the Information Technology and Copyright, Trademark, and Patent occupational families were among the top five families for special rates and superior qualifications and special needs pay setting, but not for the other three authorities.

¹We could not analyze OPM data to include critical position pay and the student loan repayment authority by occupational family. Instead, we analyzed the most recently available OPM reports for these two authorities.

**Appendix IV: Office of Personnel Management
Data on Use of Special Payment Authorities by
Occupational Family**

Table 14: Top Five Occupational Families with Most Frequent Government-wide Use for Selected Special Payment Authorities, Fiscal Year 2014

Occupational family	Recruitment incentives	Relocation incentives	Retention incentives	Superior qualifications and special needs pay setting	Special rates	Total number of employees per family
0000 – Miscellaneous Occupations ^a	217	150	828	100	4,240	89,433
0100 – Social Science, Psychology, and Welfare	156	92	249	228	37	98,448
0300 – General Administrative, Clerical, and Office Services	681	222	162	653	108	332,705
0400 – Natural Resources Management and Biological Sciences	21	22	420	64	1,026	71,928
0600 – Medical, Hospital, Dental, and Public Health	1,816	483	3,920	1,159	2,820	274,272
0800 – Engineering and Architecture	410	350	301	1,056	4,626	130,335
1100 – Business and Industry	42	211	59	170	Less than 10	98,925
1200 – Copyright, Patent, and Trademark	0	0	0	876	9,188	9,881
1500 – Mathematical Sciences	66	17	258	153	323	18,736
1800 – Inspection, Investigation, Enforcement, and Compliance	Less than 10	310	203	31	32	193,920
2100 – Transportation	17	12	51	51	3,049	44,870
2200 – Information Technology	37	41	143	684	14,211	82,063
All Other Occupational Families ^b	735	446	298	813	92	624,622
TOTAL	4,198^c	2,356	6,892	6,038	39,752^c	2,070,138

Source: GAO analysis of OPM Enterprise Human Resources Integration data. | GAO-18-91

Notes: Our analysis provides only a snapshot of a single fiscal year and the use of special payment authorities for occupational families may be influenced by pay and hiring trends.

Individuals who switched occupational families during the fiscal year would be counted twice if they received the same authority under both occupational families.

Gray shading denotes the top five occupational families with the most frequent use of each authority.

^aMiscellaneous occupations includes those positions that administer, supervise, or perform work that cannot be included in other occupational families either because the duties are unique, or are complex and come in part under various families.

^bIncludes those occupational families that did not appear among the top five families with most frequent government-wide use for any of the selected authorities in fiscal year 2014.

^cTotal number excludes cells with counts of less than 10.

Appendix V: Comments from the Office of Personnel Management



Employee Services

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

Washington, DC 20415

NOV 14 2017

Ms. Yvonne D. Jones
Director, Strategic Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Jones:

Thank you for providing us the opportunity to respond to the U.S. Government Accountability Office (GAO) draft report, Federal Pay: Opportunities Exist to Enhance Strategic Use of Special Payments, GAO-18-91, GAO job code number 101147.

The U.S. Office of Personnel Management (OPM) is committed to transforming hiring, pay, and benefits across the Federal Government to attract and retain the best civilian workforce and to achieving reforms to the pay system to drive performance excellence and greater responsiveness to changes in labor markets. This includes examining how our pay systems and pay flexibilities could be improved to provide strategic, cost-effective compensation tools in support of high performing agency missions.

Responses to your recommendations are provided below. In addition, technical comments are enclosed.

Recommendation #1: The Director of OPM, together with the CHCO Council, should track Governmentwide data to analyze the extent to which title 5 special payment authorities improve employee recruitment and retention and determine what potential changes may be needed to improve authorities' effectiveness.

Management Response: We partially concur. Agencies have the discretion to use or, where applicable request the use of, the special payment authorities that are the focus of GAO's engagement. Tracking Governmentwide workforce data available to OPM will not provide a complete assessment of the effectiveness of these special payment authorities. Agencies have first-hand information on the factors that influence their decisions to use special pay authorities and the factors other than using special pay authorities that may also affect employee recruitment and retention. This includes agency-specific mission priorities, budget situations, duties and requirements of positions, work environments, and use of non-pay flexibilities such as career-enhancing training opportunities. Any such non-pay factors can change over time, and factors such as these must be taken into account when comparing recruitment and retention capability before and after use of special payment authorities if valid conclusions are to be drawn about the effectiveness of special pay authorities. Thus, agencies are in the best position to analyze the extent to which special pay authorities, when used in conjunction with other methods of attracting a well-qualified workforce, improve their ability to recruit and retain their employees.

Ms. Yvonne D. Jones

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As further discussed in Recommendation #2, we concur with GAO's recommendation to provide guidance to help agencies make such assessments.

We will track Governmentwide data to analyze the extent to which agencies use title 5 special payment authorities by—

- (1) analyzing the Governmentwide use of the Federal student loan repayment authority by occupation for calendar year 2016, identifying those occupations for which agencies most frequently used the authority, and identifying use for Governmentwide mission-critical occupations; and
- (2) analyzing the most recently available data on the Governmentwide use of special rates, the superior qualifications and special needs pay-setting authority, and recruitment, relocation, and retention incentives by occupation, with a focus on Governmentwide mission-critical occupations.

In addition, we will follow up with the Chief Human Capital Officers (CHCO) Council regarding their responses to GAO's questionnaire concerning the reported likelihoods of changes that would improve the strategic use of special payment authorities.

Recommendation #2: The Director of OPM, together with the CHCO Council, should provide guidance on assessing effectiveness and tools—such as best practices or frequently asked questions—for the range of title 5 special payment authorities.

Management Response: We concur. We will issue guidance with examples of assessments to illustrate what data is needed and what methodologies are available for determining whether special payment authorities help to improve recruitment and retention of Federal employees. We will also provide agencies with additional tools for the range of title 5 special payment authorities. For example, we developed templates that agencies can use to request waivers of the normal recruitment, relocation, and retention incentive payment limitations. We are working to make these templates fillable forms that we will post on OPM's website. We may also make the template to request critical position pay a fillable form that is already available online. We will also review the instructions for requesting special rates to identify where additional guidance may be helpful to clarify the data and information OPM needs to process agency requests. We will work on any guidance that the CHCO Council identifies that would improve their use of special payment authorities when we follow up with them on their responses to GAO's questionnaire (Recommendation #1).

Recommendation #3: The Director of OPM should establish documented procedures to assess special payment authority requests requiring OPM approval and periodically review approval procedures to consider ways to streamline them.

Management Response: We partially concur. We will document additional procedures to guide OPM staff in evaluating agency requests. We will also periodically review these procedures to consider ways to streamline them.

Ms. Yvonne D. Jones

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However, with regards to developing a standardized approach, we currently apply the criteria in law, regulations, policy guidance, and internal OPM clearance instructions and protocols, in assessing agency requests for special rates, critical position pay, and waivers of the normal payment limitations for recruitment, relocation, and retention incentives. As previously discussed with GAO, there is no one-size-fits-all formula for approving or denying agency requests, which vary considerably in complexity, scope, and potential impact on other agencies' recruitment and retention capabilities. Not all agencies experience the same recruitment and retention challenges for an occupation or group of occupations. Attempting to apply a rigid standard formula to agency requests that vary widely in their scope and complexity could result in disapprovals of special pay requests that may otherwise be warranted because OPM would not be allowed to fully take into account relevant and important variables necessary to make fact-specific and reasonable determinations.

I appreciate the opportunity to respond to this draft report. If you have any questions regarding our response, please contact Ms. Janet Barnes, Director, Internal Oversight & Compliance, at (202) 606-3207.

Sincerely,



Mark D. Reinhold
Associate Director
Employee Services

Enclosure

Appendix VI: GAO Contact and Staff Acknowledgements

Contact

Yvonne D. Jones, Director, (202) 512-2717 or jonesy@gao.gov.

Staff Acknowledgments

In addition to the contact named above, Signora May, Assistant Director; Ronald W. Jones, Analyst-in-Charge; Melinda Cordero, Ann Czapiewski, Sara Daleski, Christopher Falcone, Karin Fangman, Kerstin Hudon, John Hussey, Steven Putansu, Alan Rozzi, and Albert Sim contributed to this report.

Appendix VII: Accessible Data

Data Tables

Data Table for Figure 3: CHCO Agency Reported Spending on Selected Payment Authorities, Fiscal Years 2014-2016 (in millions of dollars)

Recruitment incentives

Year	Amount
2014	43
2015	57
2016	74

Relocation incentives

Year	Amount
2014	37
2015	50
2016	63

Retention incentives

Year	Amount
2014	117
2015	106
2016	110

Student loan repayment

Year	Amount
2014	34
2015	56
2016	59

Data Table for Figure 5: CHCO Agencies Reported Challenges with Using Special Payment Authorities, Fiscal Years 2014-2016

Type of challenge	Regularly or Always	Occasionally	Rarely or Never
Insufficient resources	13	10	3
Burdensome documentation	4	8	14
Complex approval process	4	9	13
Lack of clear benefits	1	4	21
Management resistance	0	5	21
Unclear requirements	0	5	21

Data Table for Figure 6: CHCO Agencies Reported Likelihoods of Changes That Would Improve Their Use of Special Payment Authorities

Type of change	Very likely or Certainly	Somewhat likely	Not at all or not very likely
Training for agency managers	15	3	8
Training for agency human resources/capital staff	10	6	10
OPM regulations	10	4	12
OPM guidance	8	5	13
Agency guidance	8	4	14
Agency regulations	8	3	15
Legislation	7	6	13

Agency Comment Letter

Text of Appendix V: Comments from the Office of Personnel Management

Page 1

NOV 14 2017

Ms. Yvonne D. Jones Director, Strategic Issues

U.S. Government Accountability Office 441 G Street, NW

Washington , DC 20548

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Responses to your recommendations are provided below. In addition, technical comments are enclosed.

Recommendation #1: The Director of OPM, together with the CHCO Council, should track Governmentwide data to analyze the extent to which title 5 special payment authorities improve employee recruitment and retention and determine what potential changes may be needed to improve authorities' effectiveness.

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in conjunction with other methods of attracting a well-qualified workforce, improve their ability to recruit and retain their employees.

Page 2

As further discussed in Recommendation #2, we concur with GAO's recommendation to provide guidance to help agencies make such assessments.

We will track Governmentwide data to analyze the extent to which agencies use title 5 special payment authorities by-

(1) analyzing the Governmentwide use of the Federal student loan repayment authority by occupation for calendar year 2016, identifying those occupations for which agencies most frequently used the authority, and identifying use for Governmentwide mission-critical occupations; and

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Page 3

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I appreciate the opportunity to respond to this draft report. If you have any questions regarding our response, please contact Ms. Janet Barnes, Director, Internal Oversight & Compliance, at (202) 606-3207.

Mark D. Reinhold

Associate Director Employee Services

Enclosure

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