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HUMAN CAPITAL

Workforce Diversity
Governmentwide and at the
Small Business
Administration

Statement of George H. Stalcup
Director
Strategic Issues





HUMAN CAPITAL

Workforce Diversity Governmentwide and at the Small Business Administration

Highlights of [GAO-08-725T](#), a testimony before the Subcommittee on Regulations, Health Care, and Trade, Committee on Small Business, House of Representatives

Why GAO Did This Study

Hispanics are the fastest-growing segment of the civilian labor force, which is defined as those 16 and older (including federal workers) who are employed or looking for work and are not in the military or institutionalized. In August 2006, GAO reported on factors affecting Hispanic representation in the federal workforce and efforts being taken by the Equal Employment Opportunity Commission (EEOC), the Office of Personnel Management (OPM), and other agencies, including the Small Business Administration (SBA)—an independent agency that aids, counsels, assists, and protects the interests of small business concerns (GAO-06-832). In May 2007, GAO issued a report that contained data on Hispanic representation in the federal government through fiscal year 2006 (GAO-07-493R). In April 2008, GAO testified on diversity in the Senior Executive Service (SES) and the senior ranks of the U.S. Postal Service (GAO-08-609T).

In response to a request to provide updated information on minorities and Hispanics in the federal workforce, GAO is providing demographic data—with an emphasis on Hispanic representation—related to the federal government as a whole and SBA’s workforce. GAO obtained these data from OPM’s Central Personnel Data File (CPDF).

To view the full product, including the scope and methodology, click on [GAO-08-725T](#). For more information, contact George Stalcup at (202) 512-6806 or stalcupg@gao.gov.

What GAO Found

Data in OPM’s CPDF show that Hispanic representation governmentwide for permanent and nonpermanent employees increased from 6.6 percent in 2000 to 7.7 percent in 2007. At SBA, Hispanic representation for 2007 among permanent and nonpermanent employees was 8.6 percent, which exceeded Hispanic representation governmentwide, but represented a decline from 9.7 percent in 2000.

For the SES, the highest nonpolitically appointed leaders in the federal workforce, GAO recently looked more closely at the workforce diversity of those who were career, or permanent, appointments (GAO-08-609T). Data in OPM’s CPDF show that as of September 2007, the overall percentages of women and minorities, including Hispanics, have increased in the career SES governmentwide and the SES developmental pool for potential successors since October 2000.

Governmentwide	October 2000			September 2007		
	Number	Percent		Number	Percent	
		Women	Minorities		Women	Minorities
SES	6,110	23.6	13.8	6,555	29.1	15.8
SES potential developmental pool (GS-15s and GS-14s)	135,012	28.2	17.0	149,149	34.3	22.5

Source: GAO analysis of OPM’s CPDF.

As part of GAO’s recent analysis of the diversity of the SES and the SES developmental pool, GAO looked more closely at career, or permanent, SES appointments at federal agencies, including SBA.

SBA	October 2000			September 2007		
	Number	Percent		Number	Percent	
		Women	Minorities		Women	Minorities
SES	39	33.3	33.3	36	27.8	38.9
SES potential developmental pool (GS-15s and GS-14s)	548	34.1	24.6	541	40.7	31.8

Source: GAO analysis of OPM’s CPDF.

Unlike the increase in the number of career SES governmentwide and those in the SES developmental pool for potential successors for October 2000 through September 2007, the number of career SES and those in the SES developmental pool at SBA declined. For this testimony, GAO did not analyze the factors that contributed to changes in SBA’s workforce from October 2000 through September 2007. However, OPM and EEOC in their oversight roles require federal agencies, including SBA, to analyze their workforces. As part of a strategic human capital planning approach, agencies need to develop long-term strategies for acquiring, developing, motivating, and retaining staff. An agency’s human capital planning should address the demographic trends that the agency faces with its workforce, especially retirements.

Chairman Gonzalez, Ranking Member Westmoreland, and Members of the Subcommittee:

I am pleased to be here today to provide the Subcommittee with information on diversity, including Hispanic representation, of the federal workforce and at the Small Business Administration (SBA). Earlier this month, we reported on the diversity of the senior ranks of the federal government and the U.S. Postal Service.¹ In August 2006, we reported on factors affecting Hispanic representation in the federal workforce and efforts being taken by the Equal Employment Opportunity Commission (EEOC), the Office of Personnel Management (OPM), and other agencies, including SBA—an agency that aids, counsels, assists, and protects the interests of small business concerns.² In May 2007, we issued a report that contained data on Hispanic representation in the federal government through September 2006.³ While we have not done any additional analysis on Hispanic representation since our August 2006 report, for this testimony, we have added data on Hispanic representation for September 2007.

As we have previously reported, Hispanics are the fastest-growing segment of the civilian labor force (CLF),⁴ with their representation increasing from 8.5 percent in 1990 to 13.3 percent in 2007.⁵ Our August 2006 report identified citizenship and education as the two measurable factors having the greatest impact on Hispanic representation in the federal workforce.

¹GAO, *Human Capital: Diversity in the Federal SES and Senior Levels of the U.S. Postal Service and Processes for Selecting New Executives*, [GAO-08-609T](#) (Washington, D.C.: Apr. 3, 2008).

²GAO, *The Federal Workforce: Additional Insights Could Enhance Agency Efforts Related to Hispanic Representation*, [GAO-06-832](#) (Washington, D.C.: Aug. 17, 2006).

³GAO, *Data on Hispanic Representation in the Federal Workforce*, [GAO-07-493R](#) (Washington, D.C.: May 18, 2007).

⁴The CLF is defined as those 16 and older (including federal workers), regardless of citizenship, who are employed or looking for work and are not in the military or institutionalized. A minimum age of 18 years is required for most federal employment.

⁵ In 2005, Hispanics who were United States citizens comprised 7.6 percent of the CLF.

OPM reported that Hispanic representation in the federal workforce increased from 5.3 percent in 1990 to 7.8 percent for 2007.⁶

Driven by long-term fiscal constraints, changing demographics, evolving governance models, and other factors, the federal government is facing new and more complex challenges in the 21st century, and federal agencies must transform their organizations to meet these challenges. Strategic human capital management must be the centerpiece of any serious change management strategy. We currently have work under way reviewing SBA's organizational transformation efforts. Today, as requested, my remarks will focus on demographic data related to the federal government as a whole and SBA's workforce, with an emphasis on Hispanic representation.

For our analyses of governmentwide and SBA demographic data, we extracted data from OPM's Central Personnel Data File (CPDF). We believe the CPDF is sufficiently reliable for the informational purpose of this testimony.⁷ We conducted this performance audit in April 2008 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.

⁶OPM's percentages are based on the permanent, or career, federal workforce. Including both career and noncareer employees results in governmentwide Hispanic representation of 7.7 percent for 2007.

⁷See [GAO-08-609T](#) for a fuller discussion of the reliability of CPDF data.

Representation of Hispanics Increased Governmentwide and at Most Agencies from 2000 through 2007

Hispanic representation in the governmentwide workforce increased from 6.6 percent in September 2000 to 7.7 percent in September 2007.⁸ Table 1 shows a breakdown of the representation of Hispanics by Chief Financial Officers (CFO) Act agencies for those years.⁹

Table 1: Hispanic Representation by CFO Act Agency for 2000 and 2007

CFO Act agency	Percent in September 2000	Percent in September 2007
Agriculture	5.8	6.7
AID	3.5	4.1
Commerce	4.0	3.9
Defense	6.0	6.3
Education	4.6	4.4
Energy	5.4	6.4
EPA	4.7	5.0
FEMA	10.5	^a
GSA	4.9	5.4
HHS	3.1	3.5
DHS	^b	18.3
HUD	7.0	7.2
Interior	4.7	5.1
Justice	12.9	9.0
Labor	6.9	6.8
NASA	5.0	5.6
NRC	2.5	5.0
NSF	2.7	2.5
OPM	3.9	3.9
SBA	9.7	8.6
SSA	10.1	13.1
State	4.1	4.7
Transportation	4.9	6.2

⁸Governmentwide data on Hispanic representation include permanent and nonpermanent employees.

⁹The CFO Act agencies are 24 major executive agencies that are subject to the CFO Act. In 2006, the CFO Act agencies employed 98 percent of federal employees. Pub. L. No. 101-576, 104 Stat. 2838 (Nov. 15, 1990), as amended.

CFO Act agency	Percent in September 2000	Percent in September 2007
Treasury	8.8	8.9
VA	6.3	6.9

Source: GAO analysis of OPM's CPDF.

Notes: Data on Hispanic representation by agency include permanent and nonpermanent employees. AID is the Agency for International Development; EPA is the Environmental Protection Agency; FEMA is the Federal Emergency Management Agency; GSA is the General Services Administration; HHS is the Department of Health and Human Services; DHS is the Department of Homeland Security; HUD is the Department of Housing and Urban Development; NASA is the National Aeronautics and Space Administration; NRC is the Nuclear Regulatory Commission; NSF is the National Science Foundation; SSA is the Social Security Administration; and VA is the Department of Veterans Affairs.

^aFEMA was an independent agency and 1 of the 24 CFO Act agencies until the formation of DHS in 2003.

^bDHS did not exist before March 2003. It was created from 22 agencies or parts of agencies, including the U.S. Customs Service, which was formerly located in the Department of the Treasury; FEMA; the Coast Guard; and part of the Immigration and Naturalization Service, which was formerly located in the Department of Justice.

Hispanic representation increased at 16 CFO Act agencies from September 2000 through September 2007. As of September 2007, Hispanic representation in 5 CFO Act agencies exceeded the 7.7 governmentwide percentage: the Department of Homeland Security, the Department of Justice, SBA, the Social Security Administration, and the Department of the Treasury. Of those 5, representation at 2—the Department of Justice and SBA—declined from 2000 through 2007.¹⁰

Table 2 shows the representation of Hispanics under another subset of the federal workforce, by pay plan/grade, for 2000 and 2007.

¹⁰It should be noted that the loss of Hispanic employees at the Department of Justice could have been the result of staff reorganization because of the formation of the Department of Homeland Security, which was created in March 2003 and which exceeded the fiscal year 7.7 governmentwide percentage of Hispanic representation.

Table 2: Hispanic Representation Governmentwide by Pay Plan/Grade for 2000 and 2007

Pay plan/grade	Percent in September 2000	Percent in September 2007
Blue collar	7.6	7.8
Grades 1-4	8.7	9.2
Grades 5-8	8.0	9.5
Grades 9-12	6.6	8.4
Grade 13	4.3	5.5
Grade 14	3.7	4.6
Grade 15	3.3	4.1
SES ^a	3.1	3.7
SL/ST ^b	1.9	2.3
ES ^c	6.4	5.6
Other ^d	5.6	7.0

Source: GAO analysis of OPM's CPDF.

Note: These data include permanent and nonpermanent employees.

^aThe SES consists of both permanent and nonpermanent appointments, paid according to the SES pay schedule and those in the Federal Aviation Administration (FAA) who have equivalent positions. These are the highest nonpolitically appointed leaders in the federal workforce.

^bSL/ST includes those in the Senior Level and Senior Technical pay plans and those in FAA who have equivalent positions. These are primarily engineers, scientists, and other top-level professionals. They do not have the leadership role of the SES.

^cES consists of Executives, who are politically appointed agency leaders paid according to the Executive Schedule.

^dOther includes those who could not be placed in one of the above pay plans or grades.

Hispanic representation increased in all plans/grades governmentwide but one, ES, which consists of Executives, who are politically appointed agency leaders paid according to the Executive Schedule. For this testimony, we did not analyze factors that contributed to the changes in Hispanic representation from 2000 to 2007 or changes by pay plans or grade levels.

Data presented up to this point have been for both permanent and nonpermanent employees. For the Senior Executive Service (SES), the highest nonpolitically appointed leaders in the federal workforce, we recently looked more closely at those who were career, or permanent,

appointments.¹¹ As we have reported, leadership in agencies across the federal government, especially at senior executive levels, is essential to providing accountable, committed, consistent, and sustained attention to human capital and related organizational transformation issues. Having a diverse SES corps, which generally represents the most experienced segment of the federal workforce, can be an organizational strength that can bring a wider variety of perspectives and approaches to bear on policy development and implementation, strategic planning, problem solving, and decision making. Table 3 shows the changes in the representation of career SES governmentwide from October 2000 through September 2007.

Table 3: Changes in the Career SES Governmentwide

Equal employment opportunity group	Career SES governmentwide				Changes in career SES governmentwide	
	October 2000		September 2007		Number	Percent
	Number	Percent	Number	Percent		
African American	512	8.4	560	8.5	+48	+0.1
American Indian/Alaska Native	75	1.2	88	1.3	+13	+0.1
Asian/Pacific Islander	103	1.7	153	2.3	+50	+0.8
Hispanic	155	2.5	236	3.6	+81	+1.1
White	5,261	86.1	5,502	83.9	+241	-2.2
Unspecified/other	4	0.1	16	0.2	+12	+0.1
Total^a	6,110	100.0	6,555	100.0	+445	+0.0

Source: GAO analysis of OPM's CPDF.

Notes: Governmentwide includes civilian employees of all cabinet-level departments, independent agencies, commissions, councils, and boards in the executive branch except the intelligence agencies, the U.S. Postal Service, and the Foreign Service (as of 2007).

^aPercentages may not add to 100 because of rounding.

As shown in table 3, the two greatest percentage changes among equal employment opportunity (EEO) groups within the career SES governmentwide from October 2000 to September 2007 were a decrease among Whites and an increase among Hispanics.

The vast majority of potential successors for career SES positions will come from the general schedule (GS) pay plan for grades GS-15 and GS-14,

¹¹Career SES members are individuals with civil service status (permanent) who are appointed competitively to SES positions and serve in positions below the top political appointees in the executive branch of government. See [GAO-08-609T](#).

the levels that serve as the SES developmental pool.¹² Table 4 shows the changes in the representation of the SES developmental pool governmentwide from October 2000 to September 2007.

Table 4: Changes in the SES Developmental Pool Governmentwide

Equal employment opportunity group	SES governmentwide developmental pool (GS-15s and GS-14s)				Changes in SES governmentwide developmental pool	
	October 2000		September 2007		Number	Percent
	Number	Percent	Number	Percent		
African American	10,679	7.9	15,547	10.4	+4,868	+2.5
American Indian/ Alaska Native	1,254	0.9	1,528	1.0	+274	+0.1
Asian/Pacific Islander	6,361	4.7	9,808	6.6	+3,447	+1.9
Hispanic	4,668	3.5	6,611	4.4	+1,943	+0.9
White	111,936	82.9	115,368	77.4	+3,432	-5.5
Unspecified/other	114	0.1	287	0.2	+173	+0.1
Total^a	135,012	100.0	149,149	100.0	14,137	+0.0

Source: GAO analysis of OPM's CPDF.

Notes: Governmentwide includes civilian employees of all cabinet-level departments, independent agencies, commissions, councils, and boards in the executive branch except the intelligence agencies, the U.S. Postal Service, and the Foreign Service (as of 2007). We included GS-15, GS-14, and equivalent employees. GS-equivalent employees are those in equivalent grades under other pay plans that follow the GS grade structure and job evaluation methodology or are equivalent by statute.

^aPercentages may not add to 100 because of rounding.

As shown in table 4, the two greatest percentage changes among EEO groups within the SES governmentwide developmental pool from October 2000 to September 2007 were a decrease among Whites and an increase among African Americans.

¹²We included GS-15, GS-14, and equivalent employees. GS-equivalent employees are those in equivalent grades under other pay plans that follow the GS grade structure and job evaluation methodology or are equivalent by statute.

Hispanic Representation Increased at SBA from 2000 through 2007, and Retirement Eligibility Presents Opportunities for Affecting Workforce Diversity

SBA was established as an independent agency of the federal government by the Small Business Act of 1953, among other things, to assist small business concerns.¹³ In pursuing its mission of aiding small businesses, SBA provides small businesses with access to credit, primarily by guaranteeing loans through its 7(a) and other loan programs, and provides entrepreneurial assistance through partnerships with private entities that offer small business counseling and technical assistance. SBA also administers small business development and procurement programs, which are designed to assist small businesses and small disadvantaged businesses in their development and in obtaining federal contracts and subcontracts. In addition, SBA makes loans to businesses and individuals trying to recover from disasters. In fiscal year 2007, SBA carried out its programs with about 5,000 employees in headquarters and field offices.¹⁴ Based on your request, for this testimony as shown in table 5, we are providing data on Hispanic representation at SBA by pay plan/grade for 2000 and 2007.

¹³See Title II of Public Law 163, 67 Stat. 232 (July 30, 1953) (codified as amended at 15 U.S.C. §§ 631 et seq.).

¹⁴According to SBA, its permanent staff in fiscal year 2007 equaled 2,531, and temporary staff equaled 2,525.

Table 5: Hispanic Representation at SBA by Pay Plan/Grade for Fiscal Years 2000 and 2007

Pay plan/grade	Percent in September 2000	Percent in September 2007
Blue collar	^a	^a
Grades 1-4	10.5	^b
Grades 5-8	12.6	10.7
Grades 9-12	10.3	8.1
Grade 13	6.6	9.1
Grade 14	6.2	5.6
Grade 15	9.4	8.8
SES	8.0	12.2
SL/ST	^c	^c
ES ^d	^a	^a
Other ^e	6.1	2.3

Source: GAO analysis of OPM's CPDF.

Notes: These data include permanent and nonpermanent employees. The SES consists of four categories of appointments: career, which is a permanent appointment, and noncareer, limited term, and limited emergency, which are nonpermanent. SL/ST includes those in the Senior Level and Senior Technical pay plans and those in FAA who have equivalent positions. These are primarily engineers, scientists, and other top-level professionals. They do not have the leadership role of the SES.

^aBecause the total number of individuals employed in this category was less than 20 (i.e., 1 to 19), we are not reporting Hispanic representation at this grade level or in this pay plan, as there is an issue of sensitivity of percentages related to small numbers.

^bThe total number of individuals employed in this category or in this pay plan ranged from 20 to 50.

^cSBA did not employ individuals at this grade level or pay plan during the indicated year.

^dES consists of Executives, who are politically appointed agency leaders paid according to the Executive Schedule.

^eOther includes those who could not be placed in one of the above pay plans or grades.

In both 2000 and 2007, Hispanic representation in pay plans/grades 5 through 8, 13, 14, 15, and the SES at SBA exceeded Hispanic representation governmentwide for these pay plans/grades (see table 2 for Hispanic representation governmentwide by pay plan/grade). From September 2000 through September 2007, Hispanic representation at SBA increased in pay plans/grades 13 and SES.

As part of our governmentwide analysis of the diversity of the SES and the SES developmental pool, we looked more closely at career, or permanent, SES appointments at federal agencies, including SBA. Table 6 shows the

changes in the representation of the career SES at SBA from October 2000 to September 2007. See appendix I for more information on career SES diversity at SBA.

Table 6: Changes in the Career SES at SBA

Equal employment opportunity (EEO) group	Career SES at SBA				Changes in career SES at SBA	
	October 2000		September 2007		Number	Percent
	Number	Percent	Number	Percent		
African American	10	25.7	8	22.3	-2	-3.4
American Indian/ Alaska Native	0	0.0	0	0.0	0	0.0
Asian/Pacific Islander	0	0.0	1	2.8	+1	+2.8
Hispanic	3	7.7	5	13.9	+2	+6.2
White	26	66.7	22	61.1	-4	-5.6
Unspecified/other	0	0.0	0	0.0	0	0.0
Total^a	39	100.0	36	100.0	-3	0.0

Source: GAO analysis of OPM's CPDF.

Notes: Governmentwide includes civilian employees of all cabinet-level departments, independent agencies, commissions, councils, and boards in the executive branch except the intelligence agencies, the U.S. Postal Service, and the Foreign Service (as of 2007).

^aPercentages may not add to 100 because of rounding.

Similar to governmentwide career SES, the two greatest percentage changes among EEO groups within the career SES at SBA from October 2000 to September 2007 were a decrease among Whites and an increase among Hispanics. However, with fewer than 40 total SES members, it should be noted that even small changes will have a notable impact on representation—for example, as seen in the September 2007 data, an increase of two Hispanics in the SES from October 2000 to September 2007 resulted in an increase in SES Hispanic representation at SBA from 7.7 percent to 13.9 percent. In addition, unlike the increase in the number of career SES governmentwide from October 2000 to September 2007, the number of career SES at SBA declined.

We did not analyze the factors that contributed to changes in SBA's workforce from October 2000 through September 2007. However, OPM and EEOC in their oversight roles require federal agencies, including SBA, to analyze their workforces, and both agencies also report on governmentwide representation levels. Under OPM's regulations

implementing the Federal Equal Opportunity Recruitment Program (FEORP),¹⁵ agencies are required to determine where representation levels for covered groups are lower than the CLF and take steps to address those differences. EEOC's Management Directive 715 (MD-715) provides guidance and standards to federal agencies for establishing and maintaining effective EEO programs, including a framework for executive branch agencies to help ensure effective management, accountability, and self-analysis to determine whether barriers to EEO exist and to identify and develop strategies to mitigate or eliminate the barriers to participation.¹⁶ Specifically EEOC's MD-715 states that agency personnel programs and policies should be evaluated regularly to ascertain whether such programs have any barriers that tend to limit or restrict equitable opportunities for open competition in the workplace. The initial step is for agencies to analyze their workforce data with designated benchmarks, including the CLF. If analysis of their workforce profiles identifies potential barriers, agencies are to examine all related policies, procedures, and practices to determine whether an actual barrier exists. EEOC requires agencies to report the results of their analyses annually.

Table 7 presents changes in SBA's SES developmental pool of GS-15s and GS-14s.

¹⁵5 U.S.C. § 7201 and 5 C.F.R. Part 720, Subpart B.

¹⁶EEOC defines barriers as agency policies, principles, or practices that limit or tend to limit employment opportunities for those of a particular gender, race, or ethnic background or based on an individual's disability status.

Table 7: Changes in the SES Developmental Pool at SBA

Equal employment opportunity (EEO) group	SBA's SES developmental pool (GS-15s and GS-14s)				Changes in SBA's SES developmental pool	
	October 2000		September 2007		Number	Percent
	Number	Percent	Number	Percent		
African American	77	14.1	104	19.2	+27	+5.1
American Indian/ Alaska Native	3	0.5	3	0.5	0	0.0
Asian/Pacific Islander	17	3.1	29	5.4	+12	+2.3
Hispanic	38	6.9	36	6.7	-2	-0.2
White	413	75.4	369	68.2	-44	-7.2
Unspecified/other	0	0.0	0	0.0	0	0.0
Total^a	548	100.0	541	100.0	-7	0.0

Source: GAO analysis of OPM's CPDF.

Notes: We included GS-15, GS-14, and equivalent employees. GS-equivalent employees are those in equivalent grades under other pay plans that follow the GS grade structure and job evaluation methodology or are equivalent by statute.

^aPercentages may not add to 100 because of rounding.

Similar to the governmentwide SES developmental pool, the two greatest percentage changes among EEO groups within SBA's developmental pool from October 2000 to September 2007 were a decrease among Whites and an increase among African Americans. Hispanic representation in the SES developmental pool declined at SBA from October 2000 through September 2007 but remained above Hispanic representation for the governmentwide SES developmental pool for the same period (see table 4).

As we have previously reported,¹⁷ as part of a strategic human capital planning approach, agencies need to develop long-term strategies for acquiring, developing, motivating, and retaining staff. An agency's human capital planning should address the demographic trends that the agency faces with its workforce, especially retirements. In 2006, OPM reported that approximately 60 percent of the executive branch's 1.6 million white-collar employees and 90 percent of about 6,000 federal executives will be

¹⁷GAO, *Human Capital: Federal Workforce Challenges in the 21st Century*, GAO-07-556T (Washington, D.C.: Mar. 6, 2007).

eligible for retirement over the next 10 years. SBA, like most federal agencies, will face these challenges.

Rather than simply recreating the existing organization, as we have previously reported, effective succession planning and management, linked to the strategic human capital plan, can help an organization become what it needs to be. Leading organizations go beyond a “replacement” approach that focuses on identifying particular individuals as possible successors for specific top-ranking positions. Rather, they typically engage in broad, integrated succession planning and management efforts that focus on strengthening both current and future capacity, anticipating the need for leaders and other key employees with the necessary competencies to successfully meet the complex challenges of the 21st century.

In an October 2007 report,¹⁸ the SBA Inspector General identified effective succession planning as a management challenge for SBA and found that the agency lacked effective human capital strategies needed to enable SBA to successfully carry out its mission and become a high performing organization. In its fiscal year 2007 annual performance report, SBA acknowledged that, among other actions, it needed to develop a more systematic workforce planning process and to better align its human capital plans, strategies, and systems to achieve organizational effectiveness and accomplish its mission. In fiscal year 2007, SBA reported achieving such outcomes as completing an occupational skills gap analysis and revising its SES Candidate Development Program.¹⁹ SBA also identified strategies for fiscal years 2008 and 2009 to further its progress in strategic human capital management.

In addition, succession planning is tied to the federal government’s opportunity to affect the diversity of the executive corps through new appointments. In September 2003,²⁰ we reported that agencies in other countries use succession planning and management to achieve a more diverse workforce, maintain their leadership capacity, and increase the

¹⁸U.S. Small Business Administration, Office of Inspector General, *Fiscal Year 2008 Report on the Most Serious Management and Performance Challenges Facing the Small Business Administration*, Report No. 08-01 (Washington, D.C.: Oct. 16, 2007).

¹⁹The last SBA SES Candidate Development Program was completed in fiscal year 2004.

²⁰GAO, *Human Capital: Insights for U.S. Agencies from Other Countries’ Succession Planning and Management Initiatives*, [GAO-03-914](#) (Washington, D.C.: Sept. 15, 2003).

retention of high-potential staff. From 1991 through 2001 at SBA, a District Director Candidate Development Program recruited and developed a diverse group of highly qualified and trained managers at the GS-15, GS-14, and GS-13 levels to fill district director positions on a noncompetitive basis as they became vacant.²¹ An SBA official stated that over that time the program had over 25 graduates and that in 2007 SBA expanded the program into a Management Development Program to fill management and leadership positions.

Chairman Gonzalez, Ranking Member Westmoreland, and Members of the Subcommittee, this concludes my prepared statement. I would be pleased to respond to any questions that you may have.

Contacts and Acknowledgments

For further information regarding this statement, please contact George Stalcup, Director, Strategic Issues, on (202) 512-6806 or at stalcupg@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals making key contributions to this statement included Belva Martin and Kiki Theodoropoulos, Assistant Directors; Nicholas C. Alexander, Karin Fangman, Jessica Thomsen, and Greg Wilmoth. Appendix I: Demographic Profiles of Career SES, GS-15, and GS-14 Employees Governmentwide and at the Small Business Administration

²¹At SBA, district director positions are key managerial career positions responsible for providing agency services to the small business community.

**Demographic Profiles of Career SES, GS-15, and GS-14 Employees
Governmentwide and at the Small Business Administration**

Table 8: Demographic Profiles of Career SES, GS-15, and GS-14 Employees Governmentwide

Equal employment opportunity (EEO) group	SES				GS-15				GS-14			
	October 2000		September 2007		October 2000		September 2007		October 2000		September 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
African American men	333	5.5	328	5.0	1,711	3.3	2,123	3.6	3,401	4.1	4,316	4.8
African American women	179	2.9	232	3.5	1,500	2.9	2,374	4.1	4,067	4.9	6,734	7.4
American Indian/Alaska Native men	54	0.9	60	0.9	278	0.5	353	0.6	579	0.7	585	0.6
American Indian/Alaska Native women	21	0.3	28	0.4	103	0.2	193	0.3	294	0.4	397	0.4
Asian/Pacific Islander men	70	1.1	96	1.5	2,063	4.0	2,904	5.0	2,426	2.9	3,401	3.7
Asian/Pacific Islander women	33	0.5	57	0.9	836	1.6	1,604	2.8	1,036	1.2	1,899	2.1
Hispanic men	112	1.8	176	2.7	1,197	2.3	1,660	2.8	2,117	2.5	2,758	3.0
Hispanic women	43	0.7	60	0.9	470	0.9	760	1.3	884	1.1	1,433	1.6
White men	4,097	67.1	3,976	60.7	33,567	64.8	32,931	56.5	49,548	59.6	46,787	51.5
White women	1,164	19.1	1,526	23.3	10,062	19.4	13,326	22.9	18,759	22.6	22,324	24.6
Unspecified/other	4	0.1	16	0.2	39	0.1	87	0.1	75	0.1	200	0.2
Total^a	6,110	100.0	6,555	100.0	51,826	100.0	58,315	100.0	83,186	100.0	90,834	100.0
Minorities	845	13.8	1,037	15.8	8,158	15.7	11,971	20.5	14,804	17.8	21,523	23.7
Men	4,666	76.4	4,646	70.9	38,816	74.9	40,030	68.6	58,071	69.8	57,973	63.8
Minority men	569	9.3	660	10.1	5,249	10.0	7,040	12.1	8,523	10.2	11,060	12.2
Women	1,440	23.6	1,909	29.1	12,971	25.0	18,285	31.4	25,040	30.1	32,861	36.2
Minority women	276	4.5	377	5.8	2,909	5.6	4,931	8.5	6,281	7.6	10,463	11.5

Source: GAO analysis of the Office of Personnel Management's Central Personnel Data File.

Notes: Governmentwide includes civilian employees of all cabinet-level departments, independent agencies, commissions, councils, and boards in the executive branch except the intelligence agencies, the U.S. Postal Service, and the Foreign Service (as of 2007). We included GS-15, GS-14, and equivalent employees. GS-equivalent employees are those in equivalent grades under other pay plans that follow the GS grade structure and job evaluation methodology or are equivalent by statute.

^aPercentages may not add to 100 because of rounding.

Table 9: Demographic Profiles of Career SES, GS-15, and GS-14 Employees at the Small Business Administration

EEO group	SES				GS-15				GS-14			
	October 2000		September 2007		October 2000		September 2007		October 2000		September 2007	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
African American men	6	15.4	6	16.7	13	7.3	14	7.3	26	7.0	24	6.9
African American women	4	10.3	2	5.6	11	6.1	21	10.9	27	7.3	45	12.9
American Indian/Alaska Native men	0	0.0	0	0.0	3	1.7	2	1.0	0	0.0	1	0.3
American Indian/Alaska Native women	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Asian/Pacific Islander men	0	0.0	0	0.0	2	1.1	5	2.6	8	2.2	7	2.0
Asian/Pacific Islander women	0	0.0	1	2.8	0	0.0	3	1.6	7	1.9	14	4.0
Hispanic men	2	5.1	4	11.1	11	6.1	11	5.7	13	3.5	6	1.7
Hispanic women	1	2.6	1	2.8	4	2.2	6	3.1	10	2.7	13	3.7
White men	18	46.2	16	44.4	99	55.3	96	49.7	186	50.4	155	44.5
White women	8	20.5	6	16.7	36	20.1	35	18.1	92	24.9	83	23.9
Unspecified/other	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total^a	39	100.0	36	100.0	179	100.0	193	100.0	369	100.0	348	100.0
Minorities	13	33.3	14	38.9	44	24.6	62	32.1	91	24.7	110	31.6
Men	26	66.7	26	72.2	128	71.5	128	66.3	233	63.1	193	55.5
Minority men	8	20.5	10	27.8	29	16.2	32	16.6	47	12.7	38	10.9
Women	13	33.3	10	27.8	51	28.5	65	33.7	136	36.9	155	44.5
Minority women	5	12.8	4	11.1	15	8.4	30	15.5	44	11.9	72	20.7

Source: GAO analysis of the Office of Personnel Management's Central Personnel Data File.

Note: We included GS-15, GS-14, and equivalent employees. GS-equivalent employees are those in equivalent grades under other pay plans that follow the GS grade structure and job evaluation methodology or are equivalent by statute.

^aPercentages may not add to 100 because of rounding.

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