



OFFICE OF PERSONNEL MANAGEMENT

5 CFR PART 250

RIN 3206-AL98

Personnel Management in Agencies

AGENCY: Office of Personnel Management.

ACTION: Proposed rule.

SUMMARY: The Office of Personnel Management is issuing proposed regulations that introduce updated systems and regulatory definitions for managing human resources in the Federal Government. The rulemaking also proposes to reduce and clarify the reporting procedures that agencies are required to follow, creates a data-driven review process (HRStat); and describes workforce planning methods that agencies are required to follow.

Additionally, the proposed regulation aligns Strategic Human Capital Management to the Government Performance and Results Act Modernization Act of 2010 (Public Law 111-352). It also sets forth the new Human Capital Framework (HCF), which replaces the Human Capital Assessment Accountability Framework (HCAAF).

DATES: Comments must be received on or before [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: You may submit comments, identified by RIN number 3206-AL98, using any of the following methods:

Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.

Mail: Veronica Villalobos, Principle Deputy Associate Director, Employee Services, Office of Personnel Management, Room 7460, 1900 E Street, N.W., Washington, DC 20415.

FOR FURTHER INFORMATION CONTACT: For information contact Jan Chisolm-King by email at janet.chisolm-king@opm.gov or by telephone at (202) 606-1958.

SUPPLEMENTARY INFORMATION: The Office of Personnel Management (OPM) is issuing proposed regulations to revise 5 CFR Part 250, Subpart B, Strategic Human Capital Management and 5 CFR part 250, subpart C, Employee Surveys.

5 CFR part 250, subpart B, implements the requirements of 5 U.S.C. 1103(c) and the Chief Human Capital Officers Act (CHCO Act). Section 1103(c)(1) requires OPM to design a set of systems, including appropriate metrics, for assessing the management of human capital by Federal agencies and to define those systems in regulation. Section 1103(c)(2) requires OPM to define the systems in regulations and include standards addressing a series of specified topics. Subpart B of part 250 of title 5, Code of Federal Regulations, contains those regulations. Subpart B also provides an avenue for Chief Human Capital Officers (CHCOs) to carry out their required functions under 5 U.S.C. 1402(a).

Current regulations implement 5 U.S.C. 1103(c) by adopting the systems currently comprising the Human Capital Assessment and Accountability Framework (HCAAF) to constitute the systems required by 5 U.S.C. 1103(c)(1) and to provide the systems definitions and standards required by 5 U.S.C. 1103(c)(2). The HCAAF is a framework that integrates four human capital systems – Strategic Planning and

Alignment, Talent Management, Performance Culture, and Evaluation. These systems define practices for the effective and efficient management of human capital and support the steps involved in the planning and goal setting, implementation, and evaluation of human capital policies, programs, and initiatives in the Federal Government.

Proposed August 2011 Regulations

In August, 2011, OPM issued proposed regulations (FR Doc No: 2011-19844) that sought to make several changes to the regulatory definitions related to the strategic management of human capital. The current regulations implement 5 U.S.C. 1103(c) by adopting the systems comprising the Human Capital Assessment and Accountability Framework (HCAAF) to constitute the systems required by 5 U.S.C. 1103(c)(1) and to provide the systems definitions and standards required by 5 U.S.C. 1103(c)(2). Having the HCAAF written into regulation makes it difficult to keep current. OPM concluded in 2011, as it does again today, that it would be more effective to provide definitions in the regulations that establish broad, overarching concepts, and to treat some of the system-specific material in the framework as guidance that is subject to change as Federal human capital management evolves. This removal of the HCAAF from the stated regulation into guidance would allow OPM to refresh aspects of the framework, without requiring a change to the specific regulations, thereby encouraging flexibility and adaptability. An additional change in the earlier proposal was the elimination of the requirement for the Strategic Human Capital Plan (SHCP) and Human Capital Management Report (HCMR) to reduce the burden of reporting requirements for the agencies.

In addition, the earlier proposed regulation would have clarified requirements imposed by two separate legal authorities. In the past, there was some confusion

regarding whether agencies must establish separate accountability systems in order to satisfy the statutory requirements of 5 U.S.C. 1103(c)(2)(F) and any requirement OPM previously imposed under Civil Service Rule X (5 CFR 10.2). The proposed regulations were expected to make clear that the requirements of these two legal authorities are satisfied by the establishment of the Human Capital Accountability System (HCAS) set forth in section 250.205 of the proposed regulation.

Recent developments

OPM did not make the proposed regulation final because of several developments that required additional changes to what had been written in the proposed regulation. One major change was the enactment of the Government Performance and Results Act Modernization Act of 2010 (Public Law 111-352), and the issuance of the Diversity and Inclusion Executive Order (E.O. 13583).

The Government Performance and Results Act (GPRAMA) Modernization Act (GPRAMA)

Before the enactment of GPRAMA, agencies were required to develop Strategic Human Capital Plans that identified human capital (HC) strategies and resources that support agency missions and strategic goals. Under GPRAMA, agency strategic HC plans are no longer required; however, agencies must now integrate the human capital strategies and resources within their agency strategic plan. Human Capital Management Reports (HCMRs) also were eliminated. Implementation guidance for GPRAMA states that CHCOs will address in their Annual Performance Plan, “how performance goals are

to be achieved with respect to training, skills, and other HC resources required to meet those performance goals” (Pub. L. 111-352).

This information was previously reported in the agency HCMR. OPM is now introducing a requirement that agencies develop a process to monitor how the design and implementation of their respective human capital policies and programs support an agency’s mission and strategic goals. Thus, the Annual Performance Plan and annual Human Capital Operation Plan (HCOP) will eliminate the requirement currently stated in section 250.203 to maintain a human capital plan.

In addition, the Diversity and Inclusion Executive Order supports the elimination of the SHCP and the HCMR through its emphasis on report consolidation—

review applicable directives to agencies related to the development or submission of agency human capital and other workforce plans and reports in connection with recruitment, hiring, promotion, retention, professional development, and training policies and practices, and develop a strategy for consolidating such agency plans and reports where appropriate and permitted by law

(E.O. 13583, Sec. 2(b)(ii))

HCAAF Revitalization

A third reason that OPM did not make the proposed regulation final was because at the same time new regulations and executive orders were being proposed, OPM launched an initiative called Human Capital Assessment and Accountability Framework (HCAAF) Revitalization. The intent of the initiative was to update the set of systems and standards that have direct impact on how agencies carry out the planning, implementation, and evaluation of their HC initiatives/programs. The HCAAF Revitalization initiative identified innovative approaches that will help ensure that the

framework continues to add value to Federal human capital professionals and program managers. As part of this revitalization effort, OPM conducted a thorough analysis of the current HCAAF framework, including a review of the initial goals and objectives of the framework, its flexibility, and how effectively it has been used in the current Federal environment, and identification of implementation challenges. Data on the current HCAAF and how it is used was obtained through the following venues:

- interviews conducted with a wide range of subject matter experts (SMEs) knowledgeable about the HCAAF;
- administration of a questionnaire to human resources directors and program managers throughout the Federal Government;
- reviews of relevant documentation/literature provided by OPM, academic, and practitioner communities; and
- a roundtable meeting of noted human capital practitioners and experts from public and private sectors.

Based on this exhaustive review, OPM concluded that it would be more effective to discharge its obligations under 5 U.S.C. 1103(c)(2) by developing a Human Capital Framework (HCF) that is composed of four systems – Strategic Planning and Alignment, Performance Culture, Talent Management, and Evaluation.

New Human Capital Framework

The Human Capital Framework (HCF) is a framework that integrates four human capital systems – Strategic Planning and Alignment, Talent Management, Performance Culture, and Evaluation. These systems define good practices for effective and efficient

human capital management and support the steps involved in the planning and goal setting, implementation, and evaluation of human capital initiatives in the Federal Government.

The proposed framework contains standards and focus areas. A standard is a consistent practice within human capital management in which agencies strive towards in each of the four HCF systems. The standards ensure that an agency's human capital management strategies, plans, and practices: (1) are integrated with strategic plans, annual performance plans and goals, and other relevant budget, and acquisition plans; (2) contain measurable and observable performance targets; (3) are communicated in an open and transparent manner to facilitate cross-agency collaboration to achieve mission objectives; and (4) inform the development of human capital management priority goals for the Federal Government. The introduction of standards and monitoring of how they are implemented fosters an environment to establish progress measures. Focus areas are sound approaches that further define the system and must be integrated within agency strategic plans, annual performance plans and goals that contain measurable and observable performance targets and are communicated in an open and transparent manner to facilitate cross-agency collaboration to achieve mission objectives.

Finally, the proposed framework will include resources that can assist in the development, implementation, and monitoring of sound strategic human capital practices.

Proposed Regulation

OPM is now issuing proposed regulations to revise 5 CFR part 250, subpart B, Strategic Human Capital Management. The proposed regulation will:

- Revise definitions to better align with statute.
- Implement 5 U.S.C 1103 by adopting the proposed new systems as required by 5 U.S.C. 1103(c)(1) and the proposed new systems, definitions, and standards as required by 5 U.S.C. 1103(c)(2). This new framework will integrate four human capital systems – Strategic Planning and Alignment, Performance Culture, Talent Management, and Evaluation. We expect that the new systems and system definitions will facilitate more effective alignment of human capital programs with agency mission objectives.
- Define the new systems and include the new standards as required by 5 U.S.C. 1103(c)(2) as a set of overarching concepts in regulation to be supplemented with details in guidance. OPM continues to believe that, under the current regulation, the incorporation of the full text of the HCAAF to satisfy the 5 U.S.C. 1103(c)(2) requirements has proven to undermine the original concept of the HCAAF with respect to flexibility and adaptability. The original HCAAF document was integrated several years ago into a web-based Resource Center that was updated based on feedback, analysis, and emerging agency practices and results. Once the entire text of the HCAAF was brought into regulation, it became difficult to keep current. OPM concluded that it would be more effective to discharge its obligations under 5 U.S.C. 1103(c)(2) by providing definitions in the regulations that establish broad, overarching concepts, and treating the specific material in the HCAAF as guidance that can be updated, as appropriate, as Federal human capital management evolves. This will allow OPM to refresh some aspects of the

framework without requiring a change to the specific regulations thus encouraging flexibility and adaptability.

- Create the Human Capital Strategic Review (HCSR) process. The HCSRs will:
 - enable OPM and agencies to monitor progress with achieving organizational outcomes by the presentation of synthesized evidence and information (indicators, evaluations/audits, and HRStat reviews);
 - provide OPM with the opportunity to identify cross-cutting themes to position OPM to develop governmentwide policies and strategies;
 - afford agencies with the opportunity to receive feedback from OPM to improve strategies and evaluation processes; and
 - identify opportunities for improvement that will enable decision making that leads to the prioritization of resources.
- Institutionalize a human capital performance improvement process, referred to as “HRStat” that identifies, measures, and analyzes human capital data to improve human capital outcomes. HRStat, a data-driven review process, will drive performance and alignment of achieving human capital goals related to the agency mission.
- Define the annual Human Capital Operation Plan, which supports an Agency Performance Plan.
- Restructure the requirements of Subpart B of Part 250 for agencies by removing the regulatory requirement for the HCMR. OPM proposes to monitor agency outcomes in human capital management through the Human Capital Evaluation Framework.

- Introduce workforce planning methods agencies are required to follow.
- Ensure consistency by clearly defining key human capital management terms.

The purpose of these proposed changes is to focus the regulations on the specific requirements that are the most significant for establishing and maintaining efficient and effective human capital management systems now and into the future, while providing agencies with flexibility in determining how they will accomplish their human capital activities.

Employee Survey Enhancements

5 CFR part 250, subpart C, implements the requirements of section 1128 of the National Defense Authorization Act for Fiscal Year 2004 (Public Law 108-136, sec.1128, codified at 5 U.S.C. 7101 note). Section 1128 of Public Law. 108-136 requires each Executive agency to conduct an annual survey of its employees to assess leadership and management practices that contribute to agency performance and employee satisfaction as it relates to five enumerated areas of work life. The law also requires OPM to “issue regulations prescribing survey questions that should appear on all agency surveys.” In addition, the law requires agencies to make the survey results available to the public and post the results on their websites, unless the head of the agency determines that doing so would jeopardize or negatively impact national security.

Survey Background

OPM issued a final regulation (5 CFR part 250, subpart C) including 45 specific survey questions on August 24, 2006. The requirement was for agencies to conduct an annual survey (“Annual Employee Survey”) with prescribed questions beginning in calendar year 2007. OPM’s centralized Federal Employee Viewpoint Survey (FEVS)

administration includes these survey questions. When the FEVS is administered governmentwide the burden for individual agencies to administer its own survey is alleviated. To modernize the survey, OPM is issuing proposed regulations to revise 5 CFR Part 250, Subpart C, Employee Surveys. The proposed regulation will:

- reduce the number of specifically prescribed questions in the regulation:

A critical review of the FEVS questions currently in regulation was conducted by: 1) a cross-governmental agency task force convened by OPM (2011); and 2) by university researchers and published in the Public Administration Review (PAR) (Fernandez, Resh, Moldogaziev, and Oberfield, 2015) for the purpose of reviewing and revising the current questions. These reviews led to the formation of a group of OPM psychologists tasked with addressing these recommendations to further advance the survey program.

The cross-governmental agency task force, made up of survey experts from several agencies (e.g., ODNI, DOD, OMB, DOI, VA) reviewed the FEVS through a stepwise process of data analysis, stakeholder engagement, solicitation of expert opinion and input from OMB and recommended a concise subset of questions critical to the intent of the original statute.

The PAR article, which reviewed more than 40 research articles based on FEVS data, indicates the validity of the FEVS would largely benefit from a revision to include stronger, relevant and unambiguous questions as well as questions that capture a single concept. The study also addressed the notion that in a revision of survey questions, the selection of relevant concepts and proper

instrumentation should be grounded in a thorough review of the literature and sound theoretical reasoning.

The group of OPM psychologists analyzed and confirmed the external recommendations and proposed a final set of 11 questions that were selected based on adherence to and measurement of the areas in statute. The identified questions exhibit appropriate properties as metrics as reflected through psychometric analysis; and are clear and unambiguous in nature. These independent efforts support the inclusion of the set of questions proposed in this regulation. OPM will address specific item concerns at the conclusion of the open comment period.

- Modify the definitions of the terms used in the questions in regulation. Definitions were modified and clarified in response to comments received during the course of FEVS administration from (1) survey respondents, (2) agency leaders, and (3) the Senior Executive Association; and
- Modify the requirement for notification to OPM. Process improvements achieved by technical advances eliminate the regulatory need for agencies to submit data to OPM as OPM can readily access data from posts of agency results to their websites as required under § 250.303(a).

Executive Order 13563 and Executive Order 12866, Regulatory Review

The Office of Management and Budget has reviewed this proposed rule in accordance with E.O. 13563 and 12866.

Paperwork Reduction Act

This document does not contain proposed information collection requirements subject to the Paperwork Reduction Act of 1995 (Public Law 104-13).

Regulatory Flexibility Act

I certify that these regulations will not have a significant economic impact on a substantial number of small entities because they apply only to Federal agencies and employees.

List of Subjects in 5 CFR Part 250

Authority for personnel actions in agencies, Employee surveys, Strategic human capital management.

Office of Personnel Management.

Beth F. Cobert,
Acting Director.

Accordingly, OPM is proposing to amend title 5, Code of Federal Regulations, as follows:

PART 250—PERSONNEL MANAGEMENT IN AGENCIES

Subpart B—Strategic Human Capital Management

1. Subpart B is revised to read as follows:

Subpart B—Strategic Human Capital Management

Sec.

250.201 Coverage and purpose.

250.202 Definitions.

250.203 Strategic human capital management.

250.204 Agency roles and responsibilities.

250.205 Metrics.

250.206 Consequences of improper agency actions.

Subpart B—Strategic Human Capital Management

Authority: 5 U.S.C. 105; 5 U.S.C. 1103 (a)(7), (c)(1), and (c)(2); 5 U.S.C. 1401; 5 U.S.C. 1402(a); 31 U.S.C. 1115(a)(3); 31 U.S.C. 1115(f); 31 U.S.C. 1116(d)(5); Public Law 103-62; Public Law 107-296; Public Law 108-136, §1128; Public Law 111-352; 5 C.F.R 10.2; FR Doc No: 2011 – 19844; E.O. 13583; E.O. 13583, Sec 2(b)(ii)

§ 250.201 Coverage and purpose.

Pursuant to 5 U.S.C. 1103(c), this subpart defines a set of systems, including standards and metrics, for assessing the management of human capital by Federal agencies. These regulations apply to all Executive agencies as defined in 5 U.S.C. 105 and support the performance planning and reporting that is required by sections 1115(a)(3) and (f) and 1116(d)(5) of title 31, United States Code.

§ 250.202 Definitions.

Chief Human Capital Officer (CHCO) is the agency's senior leader whose primary duty is to:

(1) Advise and assist the head of the agency and other agency officials in carrying out the agency's responsibilities for selecting, developing, training, and managing a high-quality, productive workforce in accordance with merit system principles; and

(2) Implement the rules and regulations of the President, the Office of Personnel Management (OPM), and the laws governing the civil service within the agency.

CHCO agency is an Executive agency, as defined by 5 U.S.C. 105, which is required by 5 U.S.C. 1401 to appoint a CHCO.

Director of OPM is, among other things, the President's advisor on actions that may be taken to promote an efficient civil service and a systematic application of the merit system principles, including recommending policies relating to the selection, promotion, transfer, performance, pay, conditions of service, tenure, and separation of employees. The Director of OPM provides governmentwide leadership and direction in the strategic management of the Federal workforce.

Evaluation system is an agency's overarching system for evaluating the results of all human capital planning to inform the agency's continuous process improvement efforts. This system also is used for ensuring compliance with all applicable statutes, rules, regulations, and agency policies.

Federal Workforce Strategic Priorities Report is a strategic human capital report, published by OPM by the first Monday in February of any year in which the term of the President commences. The report communicates key governmentwide human capital priorities and suggested strategies. The report informs agency strategic and human capital planning.

Focus areas are areas that agencies and human capital practitioners must focus on to achieve a system's standard.

HRStat is a strategic human capital performance evaluation process that identifies, measures, and analyzes human capital data to inform the impact of agency human capital on organizational results and to improve human capital outcomes. HRStat is a

component of an agency's strategic planning and alignment, and evaluation systems that are part of the Human Capital Framework..

Human Capital Evaluation Framework underlies the three human capital evaluation mechanisms (e.g., HRStat, Audits, and Human Capital Strategic Reviews) to create a central evaluation framework that integrates the outcomes from each to provide OPM and agencies with an understanding of how human capital policies and programs are supporting missions.

Human Capital Framework (HCF) provides comprehensive guidance on the principles of strategic human capital management in the Federal Government. The framework provides direction on human capital planning, implementation, and evaluation in the Federal environment.

Human Capital Operation Plan (HCOP) is an agency's annual human capital implementation document, which describes how an agency will support the human capital elements stated within its Annual Performance Plan (APP). Program specific workforce investments and strategies (e.g., hiring, closing skills gaps, etc.) should be incorporated into the APPs as appropriate. The HCOP should clearly execute each of the four systems of the HCF. The HC Strategy, HCOP, and HCSR should align with GPRAMA annual performance plans and timelines.

Human Capital Strategic Review (HCSR) is OPM's annual review of an agency's design and implementation of its HCOP, independent audit, and HRStat programs to support mission accomplishment and human capital outcomes.

Independent audit program is a component of an agency's evaluation system designed to review all human capital management systems and select human resources transactions to ensure efficiency, effectiveness, and legal and regulatory compliance.

Skills gap is a variance between the current and projected workforce size and skills needed to ensure an agency has a cadre of talent available to meet its mission, and make progress towards its goals and objectives.

Standard is a consistent practice within human capital management in which agencies strive towards in each of the four HCF systems. The standards ensure that an agency's human capital management strategies, plans, and practices:

- (1) Are integrated with strategic plans, annual performance plans and goals, and other relevant budget, finance, and acquisition plans;
- (2) Contain measurable and observable performance targets;
- (3) Are communicated in an open and transparent manner to facilitate cross-agency collaboration to achieve mission objectives; and
- (4) Inform the development of human capital management priority goals for the Federal Government.

§ 250.203 Strategic human capital management systems and standards.

Strategic human capital management systems, standards, and focus areas are defined within the Human Capital Framework (HCF). The four systems described below provide definitions and standards for human capital planning, implementation, and evaluation. OPM may augment the definitions and standards set forth in this section with additional focus areas that the Director of OPM will publish in such form as the Director determines appropriate. The HCF systems and standards are:

(a) Strategic planning and alignment. A system that ensures agency human capital programs are aligned with agency mission, goals, and objectives through analysis, planning, investment, and measurement. The standards for the strategic planning and alignment system require an agency to ensure an agency's human capital management strategies, plans, and practices—

(1) Integrate strategic plans, annual performance plans and goals, and other relevant budget, finance, and acquisition plans;

(2) Contain measurable and observable performance targets; and

(3) Communicate in an open and transparent manner to facilitate cross-agency collaboration to achieve mission objectives.

(b) Talent management. A system that promotes a high-performing workforce, identifies and closes skills gaps, and implements and maintains programs to attract, acquire, develop, promote, and retain quality and diverse talent. The standards for the Talent Management system require an agency to—

(1) Plan for and manage current and future workforce needs;

(2) Design, develop, and implement proven strategies and techniques and practices to attract, hire, develop, and retain talent; and

(3) Make progress toward closing any knowledge, skill, and competency gaps throughout the agency.

(c) Performance culture. A system that engages, develops, and inspires a diverse, high-performing workforce by creating, implementing, and maintaining effective performance management strategies, practices, and activities that

support mission objectives. The standards for the performance culture system require an agency to have—

- (1) Strategies and processes to foster a culture of engagement and collaboration;
- (2) A diverse, results-oriented, high-performing workforce; and
- (3) A performance management system that differentiates levels of performance of staff, provides regular feedback, and links individual performance to organizational goals.

(d) *Evaluation.* A system that contributes to agency performance by monitoring and evaluating outcomes of its human capital management strategies, policies, programs, and activities by meeting the following standards —

- (1) Ensuring compliance with merit system principles; and
- (2) Identifying, implementing, and monitoring process improvements.

§ 250.204 Agency roles and responsibilities.

(a) An agency must use the systems and standards established in this part, and any metrics that OPM subsequently provides in guidance, to plan, implement, evaluate and improve human capital policies and programs. These policies and programs must—

- (1) Align with Executive branch policies and priorities, as well as with individual agency missions, goals, and strategic objectives. Agencies must align their human capital management strategies to support the Federal Workforce Strategic Priorities Report, agency strategic plan, agency performance plan, and budgets prepared under OMB Circular A-11;
- (2) Be based on comprehensive workforce planning and analysis;

(3) Monitor and address skills gaps within governmentwide and agency-specific mission critical occupations by using comprehensive data analytic methods and gap closure strategies;

(4) Recruit, hire, develop, and retain an effective workforce, especially in the agency's mission-critical occupations;

(5) Ensure leadership continuity by implementing and evaluating recruitment, development, and succession plans for leadership positions;

(6) Implement a knowledge management process to ensure continuity in knowledge sharing among employees at all levels within the organization;

(7) Sustain an agency culture that engages employees by defining, valuing, eliciting, and rewarding high performance; and

(8) Hold the agency head, executives, managers, human capital officers, and human capital staff accountable for efficient and effective strategic human capital management, in accordance with merit system principles.

(b) Each agency must meet the statutory requirements of the Government Performance and Results Act Modernization Act (GPRAMA) by including within the Annual Performance Plan (APP) human capital practices that are aligned to the APP. The human capital portion of the APP must include performance goals and indicators. Guidance on preparing the human capital portions of an agency's APP can be found in OMB Circular A-11, part 6, section 200.

(c) An agency's Deputy Secretary, or equivalent, is responsible for ensuring that the agency's strategic plan includes a description of the operational processes, skills and technology, and human capital information required to

achieve the agency's goals and objectives. Specifically, the Deputy Secretary, or equivalent will—

(1) Allocate resources;

(2) Ensure the agency incorporates applicable priorities identified within the Federal Workforce Strategic Priorities Report and is working to close governmentwide and agency-specific skills gaps; and

(3) Participate with the senior management team in their agency's (at a minimum) quarterly HRStat reviews.

(d) Each agency must develop an annual Human Capital Operation Plan (HCOP) in support of the Federal human capital assessment and agency APP, to be reviewed annually, and updated if needed, as part of the agency's efforts to improve its human capital processes. The HCOP must demonstrate how an agency's human capital implementation strategies will meet an agency's mission and strategic goals (e.g., human capital policies, goals, objectives, and day-to-day operational needs). The HCOP will be made available to OPM upon request. Guidance on preparing the human capital portions of an agency's APP can be found in OMB Circular A-11, part 6, section 200. The HCOP must—

(i) Be established through the coordination of a working group that is led by the agency's Chief Human Capital Officer and which should include the agency's Chief Operating Officer (COO), Performance Improvement Officer (PIO), Chief Information Officer (CIO), Chief Financial Officer (CFO), and Equal Employment Opportunity (EEO) Director to ensure that budget, technology, and performance processes are integrated to support human capital

strategies and outcomes;

(ii) Support the design and implementation of the human capital strategy by approving the agency four-year annual Human Capital Operation Plan (AHCOP);

(iii) Be used to inform the development of an agency's strategic plan, because an agency's human capital can affect whether or not a strategy or strategic goal is achieved;

(iv) Explicitly describe the agency-specific skill and competency gaps that must be closed through the use of agency selected human capital strategies;

(v) Include annual human capital performance goals and measures that will support the evaluation of the agency's human capital strategies, through HRStat reviews, and that are aligned to support mission accomplishment;

(vi) Reflect the systems and standards defined in 250.203 above, consistent with their agency strategic plan and annual performance plan, to address strategic human capital priorities and goals; and

(vii) Address the governmentwide priorities identified in the Federal Workforce Strategic Priorities Report.

(e) Each agency must participate with OPM in a Human Capital Strategic Review (HCSR). The HCSR will be conducted during the evaluation phase and OPM will issue guidance about the HCSR requirements.

(f) The Chief Human Capital Officer must design, implement and monitor agency human capital policies and programs that—

(i) Ensure human capital activities support merit system principles;

(ii) Use the OPM designated method to identify governmentwide and agency-specific skills gaps;

(iii) Demonstrate how the agency is using the principles within the Human Capital Framework (HCF) to address strategic human capital priorities and goals;

(iv) Use the HRStat reviews, in coordination with the agency Performance Improvement Officer (PIO), to assess the agency's progress toward meeting its strategic and performance goals;

(v) Implement the HRStat Maturity guidelines specified by OPM;

(vi) Use HRStat reviews to evaluate their agency's progress;

(vii) Establish and maintain an Evaluation System to evaluate human capital outcomes that is—

(A) Formal and documented; and

(B) Approved by OPM;

(viii) Maintain an independent audit program, subject to full OPM participation and evaluation, to review periodically all human capital management systems and the agency's human resources transactions to ensure legal and regulatory compliance. An agency must—

(A) Take corrective action to eliminate deficiencies identified by OPM, or through the independent audit, and to improve its human capital management programs and its human resources processes and practices; and

(B) Based on OPM or independent audit findings, issue a report to its leadership and OPM containing the analysis, results, and corrective actions taken; and

(ix) Improve strategic human capital management by adjusting strategies and practices, as appropriate, after assessing the results of performance goals, indicators, and business analytics.

(g) The agency's human capital policies and programs must support the implementation and monitoring of the governmentwide Strategic Human Capital Strategy, which is published by OPM every four years, and—

(1) Improve strategic human capital management by using performance goals, indicators, and business analytics to assess results of the human capital management strategies planned and implemented;

(2) Ensure human capital activities support merit systems principles;

(3) Adjust human capital management strategies and practices in response to outcomes identified during quarterly data-driven reviews of human capital performance to improve organizational processes; and

(4) Use the governmentwide and agency-specific human capital strategies to inform resource requests (e.g., staff full-time equivalents, training, analytical software, etc.) into the agency's annual budget process.

§ 250.205 System metrics.

OPM reserves the right to provide additional guidance regarding metrics as the need arises.

§ 250.206 Consequences of improper agency actions.

If OPM finds that an agency has taken an action contrary to a law, rule, regulation, or standard that OPM administers, OPM may require the agency to take corrective action. OPM may suspend or revoke a delegation agreement established under

5 U.S.C. 1104(a)(2) at any time if it determines that the agency is not adhering to the provisions of the agreement. OPM may suspend or withdraw any authority granted under this chapter to an agency, including any authority granted by delegation agreement, when OPM finds that the agency has not complied with qualification standards OPM has issued, instructions OPM has published, or the regulations in this chapter. OPM also may suspend or withdraw these authorities when it determines that doing so is in the interest of the civil service for any other reason.

Subpart C—Employee Surveys

2. Subpart C is revised to read as follows:

Subpart C—Employee Surveys

- Sec.
- 250.301 Definitions.
- 250.302 Survey requirements.
- 250.303 Availability of results.

Subpart C—Employee Surveys

Authority: 5 U.S.C. 105; 5 U.S.C. 7101 note; Public Law 108-136

§ 250.301 Definitions.

Agency means an Executive agency, as defined in 5 U.S.C. 105.

Senior leaders are the heads of departments/agencies and their immediate leadership team responsible for directing the policies and priorities of the department/agency. May hold either a political or career appointment and is typically a member of the senior executive service.

Managers are those in management positions who typically supervise one or more supervisors.

Supervisors are first-line supervisors typically responsible for employees' performance appraisals and leave approval. Does not supervise other supervisors.

§ 250.302 Survey requirements.

(a) Each executive agency must conduct an annual survey of its employees to assess topics outlined in the National Defense Authorization Act for Fiscal Year 2004, Pub. L. 108-136, sec.1128, codified at 5 U.S.C. 7101.

(b) Each executive agency may include additional survey questions unique to the agency in addition to the employee survey questions prescribed by OPM under paragraph (c) of this section.

(c) The 11 prescribed survey questions are listed in the following table:

(1) Leadership and Management practices that contribute to agency performance	
	My work unit has the job-relevant skills necessary to accomplish organizational goals.
	Managers communicate the goals of the organization.
(2) Employee Satisfaction with -	
(i)	Leadership Policies and Practices
	How satisfied are you with your involvement in decisions that affect your work?
	How satisfied are you with the information you receive from management on what's going on in your organization?
(ii)	Work Environment
	The people I work with cooperate to get the job done.
	My workload is reasonable.
(iii)	Rewards and Recognition
	In my work unit, differences in performance are recognized in a meaningful

	way.
	How satisfied are you with the recognition you receive for doing a good job?
(iv)	Opportunities for professional development and growth
	I am given a real opportunity to improve my skills in my organization.
	My talents are used well in the workplace.
(v)	Opportunity to contribute to achieving organizational mission
	I know how my work relates to the agency's goals.

§ 250.303 Availability of results.

(a) Each agency will make the results of its annual survey available to the public and post the results on its Web site unless the agency head determines that doing so would jeopardize or negatively impact national security. The posted survey results will include the following:

- (1) The agency's evaluation of its survey results;
- (2) How the survey was conducted;
- (3) Description of the employee sample, unless all employees are surveyed;
- (4) The survey questions and response choices with the prescribed questions identified;
- (5) The number of employees surveyed and number of employees who completed the survey; and
- (6) The number of respondents for each survey question and each response choice.

(b) Data must be collected by December 31 of each calendar year. Each agency must post the beginning and ending dates of its employee survey and either the survey results described in paragraph (a) of this section, or a statement noting the decision not to post, no later than 120 days after the agency completes survey administration. OPM may extend this date under unusual circumstances.

Billing Code 6325-39

[FR Doc. 2016-02112 Filed: 2/5/2016 8:45 am; Publication Date: 2/8/2016]