United States Government Accountability Office

Report to Congressional Committees

May 2023

EXPORT PROMOTION

Commerce Should Improve Workforce Planning and Management of Its Global Markets Unit

Accessible Version

GAO-23-105369

GAO Highlights

Highlights of GAO-23-105369, a report to congressional committees.

Why GAO Did This Study

With 1,440 employees in the U.S. and overseas as of fiscal year 2021, GM assists U.S. businesses to enter and expand international markets, advance U.S. business interests abroad, and attract investment. However, GAO previously found that GM had weaknesses in management controls and in workforce planning and hiring, and faced difficulties in conducting core mission activities.

Congress included a provision in the Joint Explanatory Statement accompanying the Consolidated Appropriations Act for fiscal year 2021 for GAO to assess GM's workforce. This report examines (1) challenges related to changes in GM's organizational structure; (2) how GM's budget affected its workforce over time; (3) the extent to which GM has aligned its resources to meet key goals and priorities; and (4) the extent to which GM has undertaken key workforce management practices.

GAO reviewed agency documents on organizational consolidation, strategic planning, and staffing procedures. GAO also collected workforce data and information on resource allocation decision making. GAO also convened focus groups of employees.

What GAO Recommends

GAO is making four recommendations to Commerce to (1) document the processes for updating staff allocation models, (2) regularly review the need for positions that exceed model recommendations, (3) develop a comprehensive workforce plan, and (4) address human capital office vacancies. Commerce concurred with GAO's recommendations.

View GAO-23-105369. For more information, contact Kimberly Gianopoulos at (202) 512-8612 or gianopoulosk@gao.gov.

May 2023

EXPORT PROMOTION

Commerce Should Improve Workforce Planning and Management of Its Global Markets Unit

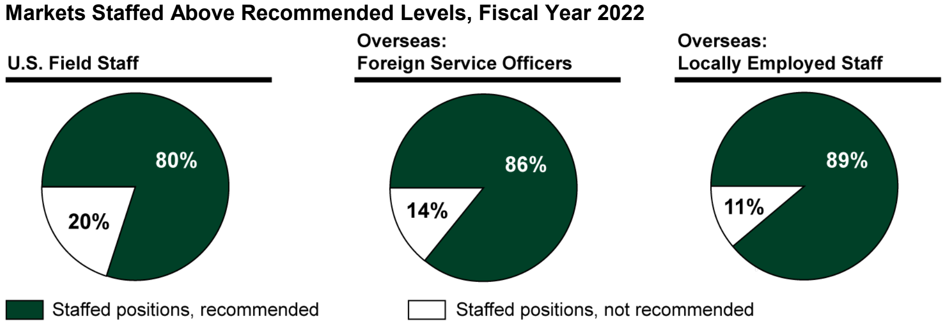
What GAO Found

The Department of Commerce established Global Markets (GM) in 2013 by merging the International Trade Administration's (ITA) Market Access and Compliance unit with the U.S. and Foreign Commercial Service. Although GM has taken steps to consolidate its workforce, challenges remain regarding divided organizational purpose, weak brand identity, and transparency of staffing.

Between fiscal years 2014 and 2021, GM's net funding available for obligation has remained consistent, not changing annually by more than 4 percent. Although GM's payroll obligations consistently averaged 54 percent of total obligations, service costs paid to Commerce and the Department of State increased from 23 to 32 percent. Staffing levels for GM's federal employees declined about 7 percent due to the increasing service costs and vacancies created by attrition, according to GM officials.

GM's actual allocation of staff differs from its quantitative staffing models, which are meant to help it align staff in its field locations with agency goals and priorities. GM justifies deviations from model recommendations, but does not regularly review the justifications later. GAO found that 156 employees are currently serving in positions that differ from model recommendations, including 20 percent in the U.S. Field (see fig.). GM primarily shifted employees from locations with smaller recommended staffing levels to ones with larger levels. Although the models recommended more, 33 U.S. offices have only one employee to carry out agency duties. GM also has not completely documented the processes to operate and change the models, which raises risks for knowledge retention and consistency in decision-making.

Percent of U.S. Field and Overseas Positions at International Trade Administration's Global Markets Staffed Above Recommended Levels, Fiscal Year 2022



Source: GAO analysis of Global Markets data. | GAO-23-105369

Accessible Data for Percent of U.S. Field and Overseas Positions at International Trade Administration's Global Markets Staffed Above Recommended Levels, Fiscal Year 2022

	U.S. Field Staff	Overseas: Foreign Service Officers	Overseas: Locally Employed Staff
Staffed positions, not recommended	20%	14%	11%
Staffed positions, recommended	80%	86%	89%

GM lacks a workforce plan that covers all employees. Employees have reported issues with how GM conducts key workforce activities, such as succession planning and managing diversity, equity, inclusion, and accessibility. They also noted issues with how GM provides human resource services like recruiting, hiring, and payroll. Best practices in workforce management stress the importance of having comprehensive strategic workforce plans and core human capital services to support an agency’s mission. GM’s human resources office also has had chronic vacancies that reduce its ability to provide those services. Without a comprehensive strategic workforce plan and effective human resource services, GM risks not being able to carry out its mission effectively.

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Abbreviations

DAS	Deputy Assistant Secretary
Director General	Director General of the U.S. and Foreign Commercial Service and the Assistant Secretary for Global Markets

DRAM	Domestic Resource Allocation Model
EO	Executive Order
FDI	Foreign Direct Investment
FY	Fiscal year
GDP	Gross Domestic Product
ICASS	International Cooperative Administrative Support Services
IMF	International Monetary Fund
ITA	International Trade Administration
GM	Global Markets
MSA	Metropolitan Statistical Area
ODS	Official Duty Station
OIG	Office of Inspector General
ORAM	Overseas Resource Allocation Model

U.S. GOVERNMENT ACCOUNTABILITY OFFICE
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May 11, 2023

The Honorable Jeanne Shaheen
Chair
The Honorable Jerry Moran
Ranking Member
Subcommittee on Commerce, Justice, Science, and Related Agencies
Committee on Appropriations
United States Senate

The Honorable Hal Rogers
Chairman
The Honorable Matt Cartwright
Ranking Member
Subcommittee on Commerce, Justice, Science, and Related Agencies
Committee on Appropriations
House of Representatives

Exports and access to foreign markets contribute significantly to strengthening the U.S. economy. They enable the United States to achieve a higher standard of living through producing goods for U.S. companies to export overseas, which strengthens the economy and creates jobs. The Global Markets (GM) unit in the Department of Commerce's International Trade Administration (ITA) supports U.S. businesses by assisting them in increasing their exports and entering new international markets, advancing U.S. business interests abroad, and attracting investment in the U.S. economy.

At the end of fiscal year 2021, GM had about 1,440 employees, composed of three types of employees in various locations. It employs in 76 countries Foreign Commercial Service Officers, who are members of the U.S. Foreign Service, and locally employed staff, who are foreign nationals employed in posts overseas. These countries are important international markets and represent more than 95 percent of the global gross domestic product, according to GM. In addition, GM employs Civil Service staff in U.S. field offices in metropolitan areas around the country as well as in its headquarters in Washington, D.C.

In 2010, we reported on the resource management and workforce of the Commercial Service, a predecessor of GM. In that report we found the Commercial Service lacked proper management controls to respond to rising personnel and administrative costs and limited budget growth between 2004 and 2009. We reported that this issue compromised its ability to hire staff and to conduct other core activities.[1] In 2021, we reported that GM reduced its rate of filling vacancies from 2016 to 2020 amid cost increases and limited budget growth, which resulted in declining staff numbers during that time.[2]

The Joint Explanatory Statement accompanying the Consolidated Appropriations Act for fiscal year 2021 included a provision for GAO to assess the priority of resource use within GM; analyze GM's workforce and succession strategy, including the diversity of senior management and workforce; and review the current management structure of GM. This report (1) describes how GM's organizational structure changed and any related challenges; (2) describes how GM's budget affected its workforce over time; (3) examines the extent to which GM has aligned its resources to meet its key goals and priorities; and (4) examines the extent to which GM has undertaken key workforce management practices, such as strategic workforce planning and providing human capital services.

To describe how GM's organizational structure changed and any related challenges, we reviewed ITA's and GM's organizational structures between fiscal years 2013 and 2023. In particular, we reviewed ITA's proposal for the 2013 consolidation. We also reviewed any additional changes to GM's organizational structure after the consolidation and current organizational structure. To determine any challenges from changes in GM's organizational structure, we reviewed a 2015 Office of the Inspector General (OIG) report and GM's self-assessments of its consolidation.[3] We interviewed ITA and GM officials to obtain context for the reasons for and challenges resulting from the consolidation.

[1]GAO, *Export Promotion: Increases in Commercial Service Workforce Should Be Better Planned,* GAO-10-874 (Washington, D.C.: Aug. 31, 2010). The Commercial Service is one of the predecessor organizations of Global Markets. GAO made three recommendations. By fiscal year 2014, in response to our recommendations, the Commercial Service (1) strengthened management controls, (2) improved workforce planning, and (3) improved cost estimating related to the Commercial Service's budget estimate.

[2]GAO, *Economic and Commercial Diplomacy: State and Commerce Implement a Range of Activities, but State Should Enhance Its Training Efforts*, GAO-22-104181 (Washington, D.C.: Dec. 13, 2021).

[3]U.S. Department of Commerce, Office of Inspector General, *International Trade Administration: ITA Management Should Address Significant Challenges Related to Its Recent Consolidation*, OIG-15-021-I (Washington, D.C.: March 25, 2015).

To describe changes in GM's budget over time, we reviewed GM's spending data by category from 2014 through 2021. To identify trends in GM's resource use we reviewed ITA's Congressional Budget Justifications documentation, relevant appropriations acts and accompanying legislative materials, and GM's spending plan documentation. We also interviewed GM officials that manage GM's budget.

To describe changes in GM's workforce over time, we collected data on GM's workforce structure and composition, including demographic information, between fiscal years 2014 and 2021 from the National Finance Center's Data Insight database. We also requested data available from the Department of State's (State) International Cooperative Administrative Support Services (ICASS) Global Database on the number and location of GM's locally employed staff between fiscal years 2015 and 2021.[4]

To examine the extent to which GM has aligned its resources to meet its key goals and priorities, we reviewed documents on GM's resource allocation process, including the use of the Overseas Resource Allocation Model (ORAM) and the Domestic Resource Allocation Model (DRAM). We also interviewed staff in GM's Office of Strategy and Engagement and its Senior Economist, among others, about the process and other qualitative factors GM considers when making resource allocation decisions.

To determine the extent to which GM has undertaken key workforce management practices, we reviewed strategic documents and plans from GM and ITA.[5] We also interviewed GM human capital officials headquartered in Washington, D.C. In addition, we convened six focus groups of employees, organized by location and type of employee, to identify and understand the range of employee perspectives on workforce management. A GAO facilitator guided the discussions using a standardized list of questions and encouraging participants to share their thoughts and experiences. Focus groups are not methodologically designed to demonstrate the extent of a problem, generalize results to a

[4]State said that comparable data was only available starting in fiscal year 2015 and so they could not provide data for locally employed staff in fiscal year 2014. As a result, our analysis of the number of locally employed staff begins in fiscal year 2015.

[5]GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning,* GAO-04-39 (Washington, D.C.: Dec. 11, 2003).

larger population, or provide statistically representative samples or reliable quantitative estimates. Instead, they are intended to generate in-depth information across groups regarding participants' thoughts, experiences, and preferences on specific topics. Appendix I provides more information on our objectives, scope, and methodology.

We conducted this performance audit from August 2021 to April 2023 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.

Background

Structure of GM

GM was established in 2013 and currently is one of three business units within ITA.[6] The person who leads GM is both the Director General of the U.S. and Foreign Commercial Service and the Assistant Secretary for Global Markets (Director General). The current Director General was appointed by the President and confirmed by the Senate in April 2022. The Deputy Director General reports to the Director General and oversees daily operations of GM, including overseeing seven Deputy Assistant Secretaries (DAS).

Five of the seven DAS lead the five regional bureaus that cover the Foreign Commercial Service. These bureaus include the Western Hemisphere, Asia, the Middle East and Africa, Europe, and China. The sixth DAS leads the U.S. Field unit, which supports U.S. field staff. The seventh DAS leads the Global Operations unit, which provides administrative services to staff. The Global Operations unit includes the offices of administrative service, global talent management, strategy and engagement, and budget. GM also has two other programs headed by Executive Directors: the Advocacy Center and SelectUSA. The Advocacy Center helps U.S. companies compete for foreign government

[6]The two other business units within ITA are "Industry and Analysis" and "Enforcement and Compliance."

procurements, while the SelectUSA program focuses on facilitating job-creating foreign business investment in the United States.

The GM workforce is composed of Civil Service employees in the U.S. field and headquarters, as well as Foreign Commercial Service Officers. GM also employs locally employed staff, who are foreign nationals working at posts overseas.[7] Unlike the Civil Service or locally employed staff, Foreign Commercial Service Officers rotate to various posts around the world during the course of their careers.[8]

GM Has Undergone Two Reorganizations and Taken Steps to Identify Challenges and Consolidate Its Restructured Workforce

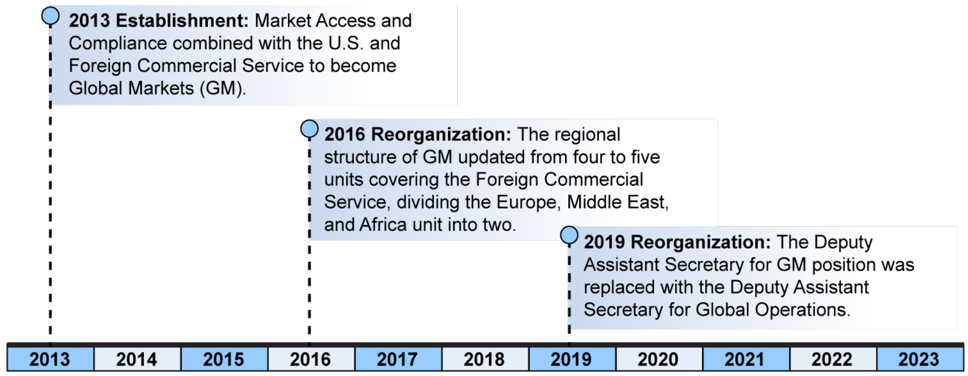
GM Has Reorganized Twice since It Was Established by Commerce in 2013

Since its 2013 establishment, GM has undergone two reorganizations with the goal of creating a more flexible organizational structure and enhanced resource management (see fig. 1).

[7]The Department of State manages the classification and recruitment process and determines compensation levels in partnership with other agencies overseas, according to GM.

[8]Some Civil Service employees can be temporarily detailed to overseas posts, but are still considered as part of the Civil Service workforce during such time, according to GM. Similarly, Foreign Service Officers can rotate through either a U.S. field office or headquarters. In addition, the Foreign Service has an “up-or-out” system in which Foreign Service Officers must meet requirements for moving up through the system and are limited in the time they can serve in certain classes.

Figure 1: Timeline of Reorganizations by the International Trade Administration's Global Markets (GM), 2013 to 2022



Source: GAO analysis of Department of Commerce information. | GAO-23-105369

In 2013, ITA created GM during a significant reorganization that consolidated its business units from four into three.[9] As part of this consolidation, ITA created GM by combining its Market Access and Compliance business unit with its U.S. and Foreign Commercial Service business unit. Prior to the consolidation, the Market Access and Compliance business unit employed Civil Service staff within headquarters who were organized by region and conducted trade policy work. The U.S. and Foreign Commercial Service unit employed both Civil Service staff within the domestic field, along with Foreign Commercial Service and locally employed staff within the overseas field, all of whom conducted export promotion work. GM also absorbed ITA's investment and trade promotion programs, including the Advocacy Center and SelectUSA. Under the consolidation, most of the 202 employees of ITA's Market Access and Compliance unit became the policy component of GM's headquarters staff. Most of the 1,059 employees of the U.S. and Foreign Commercial Service became GM's U.S. Field and Foreign

[9]The consolidation resulted in two additional program units: "Industry and Analysis" and "Enforcement and Compliance." These new program units replaced ITA's prior structure, which consisted of a "Manufacturing Services" unit and "Import Administration" unit.

Commercial Service staff, according to GM.[10] According to Commerce's consolidation letter, consolidation sought to keep ITA's mission the same but to improve services and resource efficiency by merging two units with overlapping missions in client assistance, commercial diplomacy, and trade policy implementation.

In 2016, GM reorganized its regional structure by dividing the four regional units covering ITA's international presence into five.[11] Specifically, GM divided the Europe, Middle East, and Africa unit into two regional units: one covering Europe and the other the Middle East and Africa. The remaining three regional units, Asia, China, and the Western Hemisphere, stayed the same. Prior to this reorganization, the unit covering Europe, the Middle East, and Africa had almost twice as many staff as the Asia region, which is the second largest unit. The goal of this reorganization was to streamline regions into smaller units and to create a more flexible organizational structure that could adapt to changing priorities and opportunities in international trade.

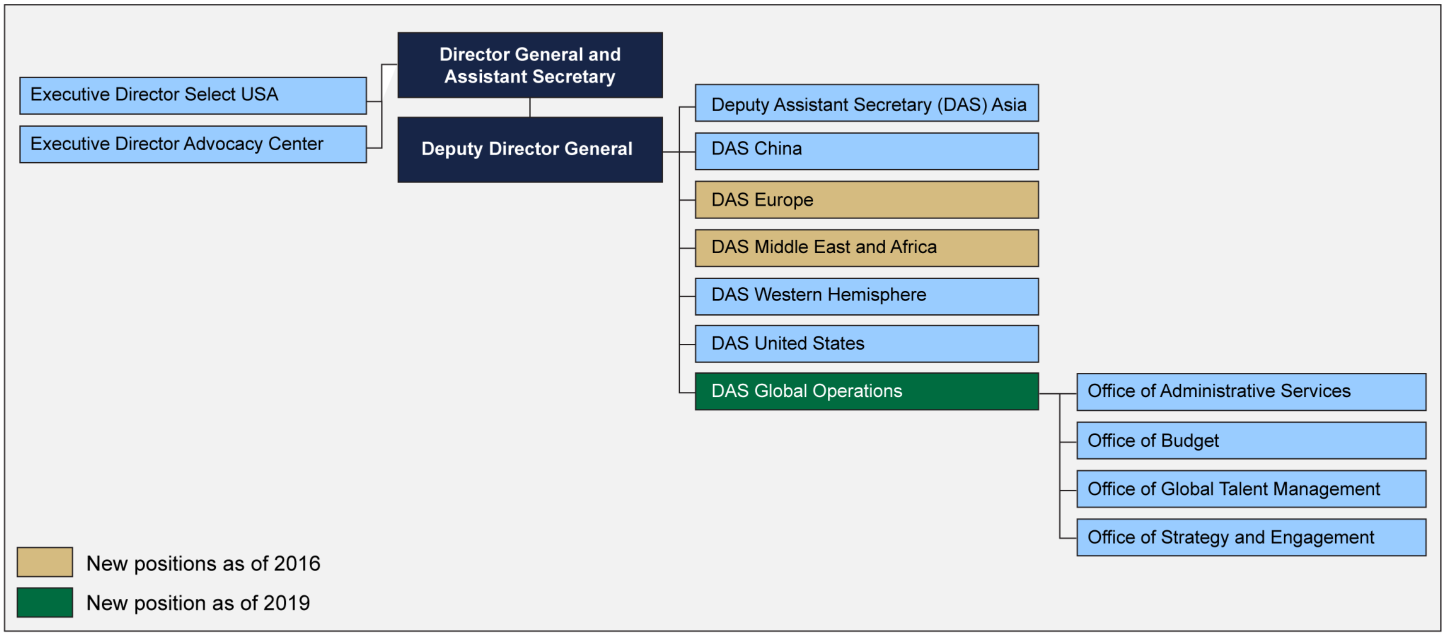
In 2019, GM abolished the DAS for GM position, which oversaw the six DAS covering the U.S. Field and Foreign Commercial Service, and instead had those six DAS report to the Deputy Director General. It replaced the DAS for GM position with a new DAS for Global Operations to oversee budget and resource management, administrative services, and Foreign Commercial Service human capital. Prior to this change, the Deputy Director General oversaw the director-level administrative units; implemented mission strategy; and conducted the organizational management of the Civil Service and Foreign Commercial Service. The creation of the DAS for Global Operations relieved the Deputy Director General of daily operational responsibilities to focus more on strategic issues, according to GM officials.

[10] Of the 1,059 U.S. and Foreign Commercial Service full-time equivalents, 1,030 became GM full-time equivalents, while the remaining 29 in certain trade programs under the U.S. and Foreign and Commercial Service transferred to other business units within ITA. Additionally, 160 of the 202 full-time equivalents under Market Access and Compliance's regional structure became full-time equivalents in GM's headquarters, while some of the remaining full-time equivalents in Market Access and Compliance transferred to other business units within ITA. Forty-five full-time equivalent positions were eliminated during the consolidation. With the new structure, GM employed 1,145 full-time equivalents in fiscal year 2013.

[11] In 2016, GM changed the name of U.S. field operations from "Domestic Operations" to the "U.S. Field." The U.S. Field unit was not affected by the reorganization of GM's regional units covering ITA's international presence.

Figure 2 depicts GM's organizational structure as of fiscal year 2023.

Figure 2: International Trade Administration's Global Markets (GM) Organizational Structure, Fiscal Year 2023



Source: GAO analysis of Department of Commerce information. | GAO-23-105369

Notes: The person who leads GM is both the Director General of the U.S. and Foreign Commercial Service and Assistant Secretary for Global Markets, which is abbreviated as the Director General and Assistant Secretary. This organizational chart is not a complete representation of GM's organization as of fiscal year 2023. Although several other regional offices are under each Deputy Assistant Secretary, we only include those offices relevant to our report.

GM Has Identified Challenges and Implemented Several Initiatives to Consolidate Its Workforce Components

Since 2013, GM has introduced several initiatives to consolidate Market Access and Compliance and U.S. and Foreign Commercial Service employees into a unified workforce.[12] For example, the "Global Teams" is a collaborative platform to develop and share knowledge to support offices both in the U.S. Field and the Foreign Commercial Service, according to GM officials. Officials also said that these teams are GM's primary vehicle for coordinated and large-scale client outreach and service across major industries and regions. Over 400 employees serve

[12]In GM documentation and interviews, GM sometimes refers to the process of unifying former U.S. and Foreign Commercial Service and Market Access and Compliance employees as "integration." For this report, we refer to the process as "consolidation."

on one or more of 22 teams, 17 industry focused and five market focused, each led by a trade specialist on a 3-year assignment. The Global Teams platform provides targeted industry and regional service, specialized training, and focused resources to deliver service to clients. Participants in four out of six focus groups we conducted discussed Global Teams. Participants in three out of the six groups reported that the Global Teams promote increased collaboration within the organization, as they include both industry-specific and regional teams of employees.

In addition, GM and the U.S. and Foreign Commercial Service has used an Annual Gaps and Opportunities survey to gauge employee workload and resource needs in its U.S. and overseas field offices since 2011. This survey provides an opportunity for each office to share with headquarters any issues faced or opportunities sought related to workload, client demand, and resources. In addition, GM's senior leadership and Office of Strategic Planning use the survey as a mechanism to help evaluate the success or failure of new initiatives. For example, Strategic Planning collected information in the survey for fiscal year 2017 to identify the benefit of automating certain office activities to save time. The results of the survey indicated that the top three activities that offices thought could be automated included completing export and shipping documentation, understanding taxes and tariffs, and obtaining export finance and insurance.

However, GM and Commerce's OIG in 2015 identified several challenges resulting from ITA's consolidation, including confusion among employees about the organization's new purpose, a lack of a unified brand identity, and the limited transparency of changes in staff and resource distribution. Although GM has taken steps to address these challenges, focus group participants have stated that some challenges remain.

Divided Organizational Purpose: While ITA's overall mission remained unchanged by the reorganization, the new GM constituted the merger of two units previously focused on two different aspects of trade. Although they overlapped in purpose to some degree, Market Access and Compliance focused on supporting U.S. trade policy and resolving market access barriers, while the U.S. and Foreign Commercial Service focused on providing export promotion services to clients. GM officials stated as part of the new GM the former U.S. and Foreign Commercial Service personnel continued to focus on helping their clients in export promotion, commercial advocacy, and diplomacy from the U.S. Field and overseas posts. The former Market Access and Compliance personnel continued to focus on trade policy analysis and support to the Office of the U.S. Trade Representative, the White House, and other agencies.

In 2015, GM's Office of Strategic Planning conducted a review following the 2013 consolidation. This review highlighted employees' concerns regarding organizational purpose. It noted that trade policy experts were not trained on promotion, and promotion experts were not trained on trade policy. As a result, the review noted that employees lacked an understanding of how these parts of the organization functioned. GM officials recently stated that GM has taken some action to consolidate aspects of its mission, such as creating common goals within strategic plans and training headquarters desk officers on export promotion and field personnel on trade policy. However, participants in two out of six of our focus groups stated the divide between policy and export promotion among GM employees continues to exist.

In addition, participants across all focus groups stated that a cultural divide exists in the work between mission-focused employees in the field and administrative-focused employees in headquarters. Some participants stated that this divide makes it difficult for them to carry out their mission since both headquarters and field staff continue to operate as though they have different purposes at GM. For example, a participant in a U.S. Field focus group noted a disconnect between the field and headquarters, noting that headquarters did not assist with activities to engage clients. The participant also observed that most initiatives tended to be to get more clients, not to better serve them.

The 2015 Office of Strategic Planning review also noted that field employees had difficulty finding experts in headquarters. For example, if someone in the field wanted to identify an expert in headquarters to assist with country-specific product standards, it was unclear how to identify and connect with such experts. Participants in focus groups for the U.S. Field and headquarters noted that GM maintains multiple employee databases to identify such experts, but the databases are often incomplete or inaccurate. Although GM senior leadership expressed a continuing focus on consolidation of the workforce, the Global Markets Strategic Plan for fiscal years 2022-2023 removed it as a priority goal for the organization.

Weak Brand Identity: The Global Markets name constituted a rebranding of the Market Access and Compliance unit and the U.S. and Foreign Commercial Service. However, the 2015 Office of Strategic Planning review found that GM lacked a unified brand identity since the organization had not broadly adopted the Global Markets name, and clients and other agencies subsequently did not generally recognize it. Brand identity is important for public facing organizations like GM. Participants in both of the focus groups for the U.S. Field also expressed concerns about brand identity since the 2013 reorganization. For example, these participants noted that they had difficulty representing GM and its specific services to U.S. businesses since members of Congress and many clients continue to refer to them by other names, including that of ITA, U.S. and Foreign Commercial Service, and Commercial Service. Recently, GM officials stated that the most significant and unresolved challenge stemming from the 2013 consolidation is GM's new name. GM officials have considered changing the name of the agency to focus on the "Commercial Service" brand, since "Global Markets" is less recognized.

Limited Transparency of Staffing Decisions: One of the goals of the 2013 consolidation was resource efficiency. However, the 2015 Office of Strategic Planning review found that certain offices were under resourced because of the reorganization. In addition, Commerce's OIG published a report in 2015 that made recommendations for ITA management to address challenges from its consolidation. The report evaluated whether ITA had aligned resource allocations following the consolidation with its strategic priorities to ensure they were sufficient to provide services to ITA's customers. The report found that, although ITA saved $8 million because of the consolidation, not all of the claimed savings came from reductions in management and overhead costs. As a result, resource allocations at ITA headquarters may not be optimal.

The OIG made four recommendations to ITA, including a recommendation that GM conduct a workforce analysis of headquarters programs to determine the appropriate level of resources. ITA completed a Corrective Action Plan that outlined the actions it took between May 2015 and September 2016 to address these recommendations. The OIG confirmed that ITA implemented all four recommendations and closed the audit as of February 2017.

Although, as discussed below, GM documents staffing decisions in a central database for future reference and to ensure transparency, focus group participants state it is unclear how the distribution of staff and resources optimized organizational performance. For example, field participants, who are mainly responsible for client engagement, stated they are understaffed and overworked. Participants in these groups stated that understaffing in the field is due to some combination of a lack of funding and poor decision-making from management. Some participants also believed more staff resources go to headquarters. Our analysis of staff numbers, however, found that overall staffing levels, for both the field and headquarters, declined 7 percent from fiscal years 2014 to 2021, as discussed later in the report.

GM's Limited Funding Increases and Rising Costs for Services Have Contributed to Declining Staff Levels since 2014

GM Received Limited Funding Increases through its ITA Allocations

GM's net funding available for obligation has remained relatively constant since fiscal year 2014.[13] According to GM officials, ITA allocates its appropriation from Congress across its business units, including GM.[14] ITA makes funding available to GM after removing the costs of centralized services, according to GM officials. Centralized services are costs GM pays to ITA and Commerce to support Commerce's offices. These include costs for information technology, human capital, security, and legal services. In addition to annual funding, GM carries over unused funding from the prior fiscal year, according to GM.

GM's net funding available for payroll and other expenses, after accounting for centralized service costs and prior year carryover, has remained relatively consistent each fiscal year. Specifically, it has not

[13]GM's net funding available for obligation is calculated by subtracting the estimated cost of centralized services from ITA's allocations to GM and adding prior year carryover. GM's net funding available for obligation does not include fees, according to GM.

[14]In recent years, ITA's appropriations have included direct appropriations as well as the authority to collect fees up to a certain amount. According to GM, the amount of fees ITA is authorized to collect includes all the fees collected by ITA's business units, including GM. GM's fees offset the costs of delivering some export promotion service expenses for which the fees were collected, according to GM. Fees cover all costs included in the expenses for export promotion services, including payroll and shared costs, according to GM. In a typical year, GM officials state that they generate between $7 million and $8 million in fee recoveries. However, GM officials state that the COVID-19 pandemic caused fee collections to fall from that historic trend. We found that fee collections have declined every year from fiscal years 2014 to 2021, from $8.7 million in fiscal year 2014 to $2.4 million in fiscal year 2021, a 72 percent decline.

changed by more than 3.8 percent from the prior fiscal year (see table 1).[15]

Table 1: Change in Funds Allocated to International Trade Administration's Global Markets (GM), Fiscal Years 2014 to 2021 (in millions of dollars)

	2014	2015	2016	2017	2018	2019	2020	2021
Total Funds Allocated to GM	312	312	324	319	319	320	333	341
Reduction in GM Allocation for Centralized Services (estimated)	(43)	(43)	(48)	(49)	(55)	(58)	(59)	(59)
Prior Year Carryover	8.5	6.7	2.5	10.4	9.1	6.6	4.5	4.6
Net Funding Available to GM for Obligation	**277**	**275**	**279**	**281**	**273**	**268**	**278**	**286**
Year to Year Percent Change in Net Funding Available		**-0.8%**	**1.4%**	**0.7%**	**-2.7%**	**-1.9%**	**3.8%**	**2.9%**

Source: GAO's analysis of Department of Commerce Business System data. | GAO-23-105369

Notes: Because of rounding, the components shown do not always add up to the total shown.

GM's net funding available for obligation is calculated by subtracting the estimated cost of centralized services from ITA's allocations to GM and adding prior year carryover. GM's net funding available for obligation does not include fees, according to GM.

GM's Costs for Administrative Services Accounted for an Increasing Share of GM's Total Obligations

Administrative service costs, including centralized and shared services, have accounted for an increasing share of GM's total obligations. GM tracks obligations using five major categories. One category is for the actual cost of centralized services related to Commerce's domestic operations.[16] Two categories are for shared service costs related to

[15]According to GM, ITA typically received appropriations of 2-year funds until Congress began appropriating mostly 1-year funds to ITA in fiscal year 2020. As a result, most of the funds allocated to GM from fiscal year 2020 forward include primarily 1-year funds, according to GM. GM officials stated that operating with 1-year funds constrains obligations by limiting the ability for GM to work across fiscal years in support of global operations, although the change from 1-year to 2-year funding did not affect the net funding available to GM for obligation. In response to this change, officials said that GM focused on using 2-year funding to cover items like travel for the deployment of Foreign Service Officers, while it used 1-year funds for other expenses, such as overseas leases. GM's prior year carryover consists of 2-year money that was not obligated in the first year it was available, according to GM.

[16]Although ITA makes funding available to GM after removing the estimated cost of centralized services, GM includes centralized services in its tracking of obligations because actual spending for centralized services may differ from the amount withheld, according to GM.

overseas operations supported by State.[17] The remaining two categories are for payroll and other expenses.[18]

Between fiscal years 2014 and 2021, GM's obligations for centralized and shared services increased at a greater rate than GM's obligations for payroll, while obligations for other costs decreased. GM's total obligations increased from $306 million to $349 million. Obligations for centralized and shared services increased from $70 million to $111 million (about 59 percent),[19] while payroll increased from $171 million to $186 million (about 9 percent). "Other" costs decreased from $64 million to $51 million (about 20 percent).[20]

As a result, centralized and shared service obligations increased from 23 percent of total obligations in fiscal year 2014 to 32 percent in fiscal year 2021. On the other hand, GM's payroll obligations were relatively consistent at an average of 54 percent of total obligations (ranging from a low of 52 percent to a high of 56 percent), while "other" obligations decreased from 21 percent of total obligations in fiscal year 2014 to 14 percent in fiscal year 2021 (see fig. 3).

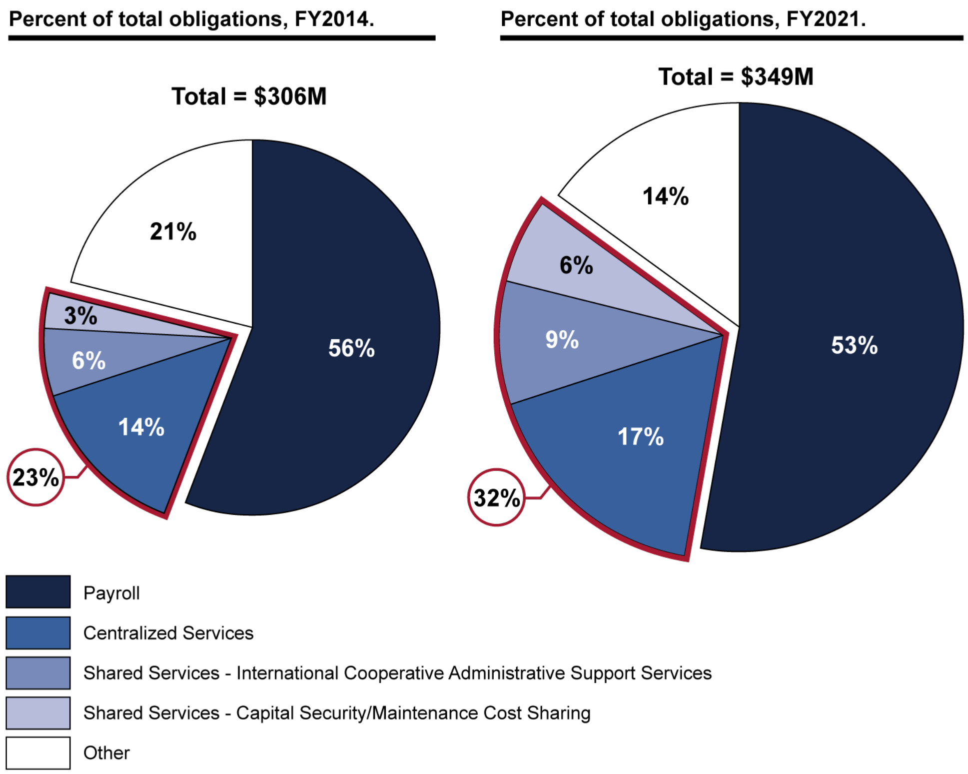
[17]Shared services are costs paid to State and include ICASS, which covers administrative support services for staff posted overseas, and the Capital Security/Maintenance Cost Sharing (CSCS/MCS) program, which covers construction and maintenance of overseas facilities.

[18]According to GM officials, payroll includes compensation for federal employees and locally employed staff and personnel benefits for current and former employees. GM's remaining obligations go, after accounting for payroll and shared and centralized services, toward "other" costs, such as paying for moving Foreign Service officers; rents and related costs outside of Washington, D.C.; program travel; and support contracts.

[19]In 2022, we reported that Commerce's centralized services increased from $145 million in fiscal year 2011 to $269 million in fiscal year 2021. The three largest consumers, including ITA, accounted for more than half of the total obligations in both 2011 and 2021. GAO, *Commerce Working Capital Fund: Policy and Performance Measure Enhancements Could Help Strengthen Management,* GAO-23-104624 (Washington, D.C.: December 2022).

[20]The cost of payroll has increased despite declining staff levels because of increased pay and benefit costs. For example, in fiscal year 2022, ITA requested an additional $21 million from Congress to account for the full funding requirement for inflationary adjustments to cover annual increases in pay and benefits costs.

Figure 3: Percent of Total Obligations for International Trade Administration's Global Markets by Payroll, Centralized and Shared Services, and Other, Fiscal Years 2014 and 2021 (in millions of dollars)



Legend: FY = fiscal year.

Source: GAO analysis of Department of Commerce Business System data. | GAO-23-105369

Accessible Data for Figure 3: Percent of Total Obligations for International Trade Administration's Global Markets by Payroll, Centralized and Shared Services, and Other, Fiscal Years 2014 and 2021 (in millions of dollars)

Obligations	Payroll	Centralized Services	Shared Services - International Cooperative Administrative Support Services	Shared Services - Capital Security Cost Sharing	Other
Percent of total obligations, fiscal year 2014	56%	14%	6%	3%	21%

Total obligations fiscal year 2014 = 306 million

Obligations	Payroll	Centralized Services	Shared Services - International Cooperative Administrative Support Services	Shared Services - Capital Security Cost Sharing	Other
Percent of total obligations, fiscal year 2021	53%	17%	9%	6%	15%

Total obligations fiscal year 2021 = 349 million

Note: Because of rounding, the segments do not always add up to 100 percent.

GM Reported Staffing Levels Declined Due to Employee Attrition and Budget Constraints

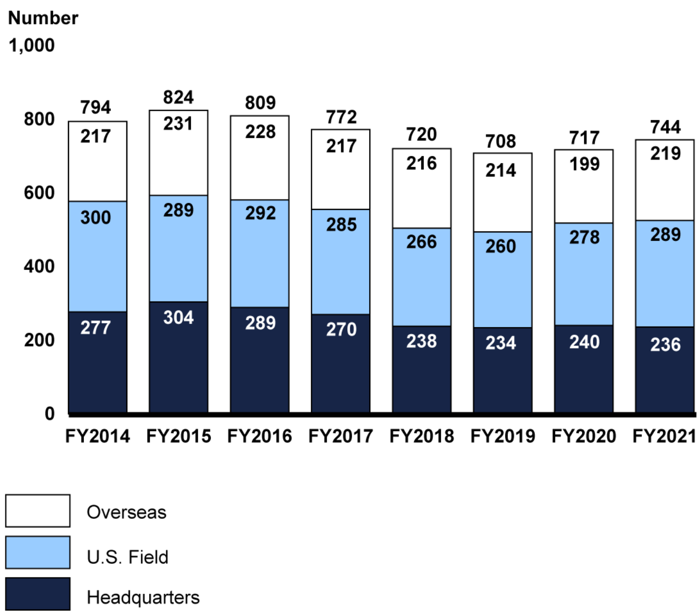
GM reported a decline in staffing levels from fiscal years to 2014 to 2021. GM officials stated that the levels declined because of employee attrition and budget constraints, in which increasing service costs reduced funds available for other budget areas, such as payroll.

Specifically, GM's staff levels for federal employees and locally employed staff decreased from 1,631 employees in fiscal year 2015 to about 1,440 employees in fiscal year 2021.[21] GM's staff levels for headquarters, the U.S. Field, and the Foreign Commercial Service declined from 794 employees in fiscal year 2014 to 744 in fiscal year 2021, or about 7 percent (see fig. 4). Overall, the percentage of staff in each location (headquarters, U.S. Field, and Foreign Commercial Service) remained relatively constant from fiscal years 2014 to 2021. The number of locally employed staff, on the other hand, declined between fiscal years 2015 and 2021, from 807 to 698, or 14 percent.[22]

[21]State was unable to provide data for locally employed staff in fiscal year 2014. As a result, our analysis of the number of locally employed staff begins in fiscal year 2015.

[22]Although GM pays salaries for its locally employed staff, State manages the classification and recruitment process and determines compensation levels in partnership with other agencies overseas, according to GM officials. State provided the locally employed staffing data to us.

Figure 4: Numbers of International Trade Administration's Global Markets (GM) Federal Employees in Headquarters, U.S. Field, and Foreign Commercial Service (Overseas), Fiscal Years 2014 to 2021



Legend: FY = fiscal year.

Source: GAO analysis of National Finance Center data. | GAO-23-105369

Accessible Data for Figure 4: Numbers of International Trade Administration's Global Markets (GM) Federal Employees in Headquarters, U.S. Field, and Foreign Commercial Service (Overseas), Fiscal Years 2014 to 2021

Fiscal year	Headquarters	US Export Assistance Centers	Overseas Posts	Total
2014	277	300	217	794
2015	304	289	231	824
2016	289	292	228	809
2017	270	285	217	772
2018	238	266	216	720
2019	234	260	214	708
2020	240	278	199	717
2021	236	289	219	744

Note: Employees are classified according to their Official Duty Station (ODS). The ODS may differ from an employee's job assignment to headquarters, the U.S. Field, or the overseas field. This classification primarily affects headquarters staff, which would be counted as U.S. Field staff. GM estimates that this classification may affect approximate 17 staff annually. Data represent all active employees during the final pay period of each fiscal year, according to GM. These data do not include locally employed staff.

Historically, the number of employees at the U.S. Field offices and the Foreign Commercial Service posts has been declining prior to the creation of the GM business unit. In 2010, we reported on the number of U.S. and Foreign Commercial Service staff at domestic and overseas posts from fiscal years 2004 to 2009.[23] We found that the number of U.S. Field staff, Foreign Commercial Service officers, and locally employed staff collectively decreased from 1,476 in 2004 to 1,309 in 2009, a 13 percent decrease. When we compared the number of staff in 2004 from our previous report with the number of field staff in 2021, we found about a 22 percent decrease.[24] Specifically, from 2004 to 2021, the number of staff at foreign field offices, which includes Foreign Service Officers and locally employed staff, decreased from 1,190 to 917, while the number of U.S. Field staff remained relatively constant, increasing from 286 to 289.

GM officials stated that staffing levels for federal employees declined due to employee attrition and an inability to fill positions because of budget constraints. Although officials stated the attrition percentages were similar across staff locations, our analysis found higher annual attrition rates for federal employees from fiscal years 2014 through 2020 in headquarters (13 percent) than in the U.S. Field (5 percent) or the Foreign Commercial Service (6 percent).[25]

According to our analysis of relevant ITA Congressional Budget Justifications, the number of full-time equivalents employed by GM declined from fiscal years 2014 to 2021.[26] While the number of full-time equivalents increased from 1,021 in fiscal year 2014 to 1,048 in fiscal

[23]GAO-10-874.

[24]The 2013 consolidation resulted in shifts of headquarters staff among ITA units that makes comparisons from 2004 to 2021 difficult. As a result, we did not present the number of headquarters staff from 2004 to 2021.

[25]We identify attrition per fiscal year by noting if the employee continued receiving a salary in the following fiscal year. Since our staffing data are as of the end of fiscal year 2021, our attrition analysis is up to fiscal year 2020. Attrition analysis does not include locally employed staff. Employees are classified according to their Official Duty Station (ODS). The ODS may differ from an employee’s job assignment to headquarters, the U.S. Field, or the overseas field. This classification primarily affects headquarters staff, which would be counted as U.S. Field staff. GM estimates that this classification may affect approximately 17 staff annually. Federal employees do not include locally employed staff.

[26]According to GM officials, the count of full-time equivalents excludes most locally employed staff, who GM largely hires as contractors. The count of full-time equivalents also accounts for “partial work years” for part-time staff.

year 2016, the number generally declined each subsequent fiscal year until it reached 721 in fiscal year 2021, about a 30 percent decline.

In an effort to fill vacancies, Congress directed ITA to obligate about $130 million on employee compensation for GM in fiscal year 2021.[27] However, the increased level of compensation spending did not result in GM meeting its target number of positions, according to GM. Although Congress did not direct ITA to obligate a certain amount on employee compensation for GM for fiscal year 2022, GM officials stated that senior leadership is continuing to ask the human capital office to work on hiring initiatives, such as streamlining hiring processes and updating staffing plans.

GM Developed Models to Align Staffing Decisions with Priorities, but Incomplete Documentation and Reviews Present Risks

GM Leadership Uses Allocation Models to Guide Staffing Decisions

Each fiscal year, GM's leadership develops a 2-year staffing plan using staffing models and budget scenarios to align its allocation of non-headquarters staff with its strategic goals and priorities.[28] Specifically, GM's staffing decisions reflect the broader organizational objectives of

[27]The Joint Explanatory Statement accompanying Division B of the Consolidated Appropriations Act, 2021, Public Law 116-260, directed ITA to obligate adequate amounts for personnel compensation to continue to fill vacancies, in line with direction provided in Senate Report 116-127 and adopted by Public Law 116-93. The Senate Report directed that within the funding provided for GM, ITA was "to spend no less than $130,000,000 on employee compensation, object class 11." According to GM officials, they spent about $132 million on employee compensation in fiscal year 2021. Compensation spending is defined as object class 11 in ITA's Congressional Budget Justifications. Object class 11 includes full-time permanent compensation, other than full-time permanent compensation, other personnel compensation, and special personnel services payments. Object class 11 does not include benefits for current or former employees, which is why GM's total compensation spending does not equal GM's payroll obligations.

[28]GM does not use a standard staffing allocation process for its headquarters staff, according to GM officials, which made up approximately 32 percent of the organization's workforce as of fiscal year 2021. GM officials said that they have considered creating a headquarters staff allocation model over the last year, but find it difficult to account for the variability in administration and departmental priorities in a quantitative model.

promoting U.S. exports and protecting U.S. business interests abroad, according to GM officials. Within this annual process, GM uses the output from two staffing models, developed by its Office of Strategy and Engagement (OSE), to guide staffing decisions. The Overseas Resource Allocation Model (ORAM) seeks to optimize the allocation of existing Foreign Commercial Service and locally employed staff. The Domestic Resource Allocation Model (DRAM) seeks to optimize the allocation of existing U.S. Field staff. GM officials stated they created these staffing allocation models in fiscal year 2011 in response to our August 2010 report.[29]

To help align GM's staff with its goals and priorities, each model produces an overall score for each location based on a variety of factors, including both macroeconomic data and internal performance data.[30] For example, the ORAM considers such variables as the location's market potential, market access, performance, costs, client priorities, management priorities, return per dollar spent, China competitiveness, and partner post or regional support. The DRAM considers each location's export potential, performance, and costs. The models' factors are weighted to produce an optimum allocation of staff across overseas and U.S. Field locations. GM's economist updates the models with the latest trade data, in conjunction with a contractor. For more information on GM's staffing models, see appendix II.

GM's Office of Strategy and Engagement modifies the models, including the choice of variables and weights, based on feedback from regional staff and senior leadership, according to GM. They also fine-tune the models by conducting simulations of how various weighting changes will affect the scores, according to GM. Senior leadership then determines the final variable weights to use in the model. In addition, officials said that GM sometimes creates new variables and changes the associated weights to address new initiatives.

[29]In GAO-10-874, we made three recommendations, one of which was that ITA should improve workforce planning and better align its Commercial Service workforce with its strategic goals and available resources on a routine basis. By 2011, in response to our recommendation, the Commercial Service began using its staffing models to make repositioning decisions.

[30]The ORAM produces an overall score for each country. The DRAM produces an overall score for each metropolitan statistical area (MSA), which may include multiple U.S. Export Assistance Centers. For this report, we refer to the allocation of staff for both the ORAM and DRAM as the recommended location.

GM has a three-step process for reviewing requests to increase the number of positions in any given post above the models' recommended levels. First, regional leadership submits a request to GM senior leadership for an additional staff member, including the justifications for filling the new position and an explanation of any department priorities for why the new position is critical. Second, GM's senior leadership meets with the budget office and the Office of Strategy and Engagement to determine if the request for additional staff is critical to achieving GM's mission, accomplishes strategic priorities, and fits into GM's budget. Third, senior leadership accepts or denies the request, and GM documents the decision in a central database for future reference and so it can ensure transparency.

Senior leadership has approved every request since 2020 for additional staff with justifications to deviate from the ORAM models, according to GM.[31] GM officials explained that the Office of Strategy and Engagement will in advance advise a region that is considering submitting a request on whether senior leadership is likely to approve that request. Since 2020, regional leadership have submitted 49 requests with justifications to deviate from the ORAM. Six of the 49 requests involved justifications to exceed the number of Foreign Commercial Service officers the model recommended.[32] The remaining 43 requests involved justifications to exceed the number of locally employed staff recommended. Domestically, regional leadership submitted four requests with justifications for deviations from the DRAM.

GM officials stated that the staffing models are meant to guide staffing decisions. The officials said that they also rely on other qualitative factors the models do not fully capture to make final staffing decisions and to align staff with priorities. For example, GM may try to account for future economic changes in making staffing decisions, since it runs the models annually and they cannot account for such changes. For instance, Argentina ranks lower on the ORAM, but GM has approved a request for additional staff for the country due to projected economic growth in the region, information which might not appear in macroeconomic data for years or be included in the annual modeling, according to GM officials.

[31]According to GM officials, GM began documenting justifications to increase the number of staff above the model's recommended levels in June 2020.

[32]Of these six, three were justifications for transfers within countries. These transfers do not represent a deviation from model staffing recommendations since the ORAM recommends staffing levels for the country as opposed to individual posts within the country.

Ultimately, GM senior leadership, with input from the Office of Strategy and Engagement, decides how to allocate staff across the U.S. Field and the Foreign Commercial Service.

GM's Incomplete Documentation of Changes to the Models Raises Knowledge Retention Risks

GM does not require documentation of the use, review, and update of the staffing models, according to GM officials. While GM annually documents the current structure of the models, GM officials said they do not document the decision-making process for how they annually review and sometimes modify the choice of variables and weights.

Such incomplete documentation limits GM's ability to review prior modifications to the models, potentially affecting its ability to maintain consistency in future reviews and modifications. These modifications can also shift the recommended staffing levels and the basis for decision-making regarding them. For instance, GM incorporated new variables and altered weights in the model to accommodate policy initiatives, such as the "Prosper Africa" initiative that aimed to facilitate trade with Africa. However, GM officials told us it would be difficult to replicate the analysis that led to increased staff in Africa because GM did not document the process for doing so. As a result of such incomplete documentation, GM increases the risk of losing institutional knowledge of how and when to make changes to the models.

Standards for Internal Control in the Federal Government cites documentation as a necessary part of effective internal control systems, one required for management to monitor and review the effective design, implementation, and operating effectiveness of such systems.[33] By not fully documenting the processes for the models, GM risks not being able to retain institutional knowledge of an important element of staffing allocation and to maintain consistency in its yearly staffing process.

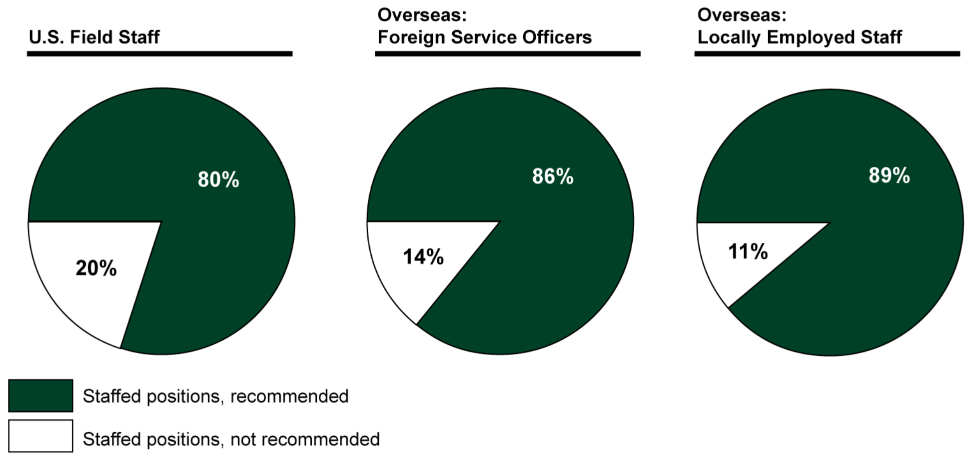
GM's Incomplete Review of Staffing Decisions Raises the Risk of Not Fully Aligning Staff with Priorities

GM does not regularly review prior staffing decisions that increased the level of staff at overseas and domestic field locations, which may lead to

[33] GAO-14-704G.

a misalignment of staff with its strategic priorities over time. Decisions to increase the size of some overseas and domestic field locations have resulted in 156, or 13 percent, of GM's field staff currently serving in positions that differ from model recommendations. Specifically, 20 percent of U.S. Field staff and 14 percent of Foreign Commercial Service Officers (see fig. 5) are currently serving in positions that differ from model recommendations. GM reviews these positions when they become vacant, according to GM officials.[34] Each deviation from the models' recommendations affects multiple positions and locations, since each decision to staff a not recommended position results in a recommended position being unfilled elsewhere.[35]

Figure 5: Percent of U.S. Field and Overseas Positions at International Trade Administration's Global Markets (GM) Staffed Above, Below, and at Recommended Levels, Fiscal Year 2022



Source: GAO analysis of Global Markets data. | GAO-23-105369

[34]The regular rotation of Foreign Commercial Service Officers across posts results in their positions becoming vacant and being reviewed frequently.

[35]In fiscal year 2022, the actual total staffing levels equaled the models' recommended total levels for U.S. Field and overseas FSO staff and equaled 98 percent of total recommended levels for locally employed staff.

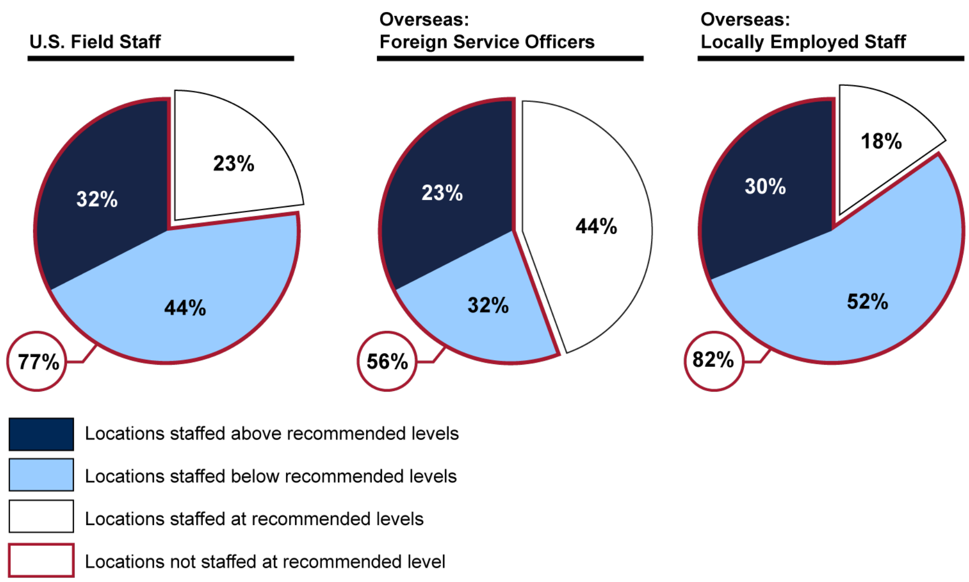
Accessible Data for Figure 5: Percent of U.S. Field and Overseas Positions at International Trade Administration's Global Markets (GM) Staffed Above, Below, and at Recommended Levels, Fiscal Year 2022

	U.S. Field Staff	Overseas: Foreign Service Officers	Overseas: Locally Employed Staff
Staffed positions, not recommended	20%	14%	11%
Staffed positions, recommended	80%	86%	89%

Notes: GM uses staffing models to produce recommend staffing levels for domestic and overseas field locations. The recommended levels are for fiscal year 2022 and the actual levels are from May 26, 2022. "U.S. Field" locations refer to metropolitan statistical areas (MSA), which may include multiple U.S. Export Assistance Centers. "Overseas" locations refer to countries, which may include multiple offices. The analysis includes 90 U.S. Field and 77 overseas locations.

Many locations are affected by decisions to staff positions that the models did not recommend. We found that GM staffed 56 percent of overseas locations and 77 percent of domestic locations at levels that differ from the models' recommendations (see fig. 6). In addition, six U.S. Field and five overseas locations with recommended levels of Foreign Service Officers are not staffed at all.

Figure 6: Percent of U.S. Field and Overseas Locations at International Trade Administration's Global Markets (GM) Staffed above, below, and at Recommended Levels, Fiscal Year 2022



Source: GAO analysis of Global Markets data. | GAO-23-105369

Accessible Data for Figure 6: Percent of U.S. Field and Overseas Locations at International Trade Administration's Global Markets (GM) Staffed above, below, and at Recommended Levels, Fiscal Year 2022

	U.S. Field Staff	Overseas: Foreign Service Officers	Overseas: Locally Employed Staff
Locations: staffed below recommended levels	44%	32%	52%
Locations: staffed above recommended levels	32%	23%	30%
Locations: staffed at recommended levels	23%	44%	18%

Notes: Because of rounding, the segments do not always add up to 100 percent. GM uses staffing models to produce recommend staffing levels for domestic and overseas field locations. The recommended levels are for fiscal year 2022 and the actual levels are from May 26, 2022. "U.S. Field" locations refer to metropolitan statistical areas (MSA), which may include multiple U.S. Export Assistance Centers. "Overseas" locations refer to countries, which may include multiple offices. The analysis includes 90 U.S. Field and 77 overseas locations.

Actual and recommended staffing levels at a location typically differ only by one position, but these differences can have a negative effect, especially, on smaller locations, according to focus group participants. However, GM officials explained that they use the models to guide senior leadership in staffing decisions and, thus, consider a one-position difference acceptable.

We found that the locations with the smallest recommended staffing levels were more likely to have lower than recommended staffing levels. For example, 60 percent of U.S. Field locations with two recommended staff have only one employee. In contrast, GM staffed none of the U.S. Field locations with five or more recommended staff below recommended levels. Participants in our focus groups discussed the additional burdens on staff who work in smaller U.S. Field offices, particularly those with only one position.[36] For example, they explained that having only one employee consolidates all of the local responsibilities on that employee and risks knowledge retention when that person leaves.

GM officials explained that certain factors may affect GM's ability to staff or transfer some positions to meet recommended levels. For instance, GM officials told us that local labor laws can limit their ability to reduce the levels of locally employed staff overseas, so they rely on attrition to decrease their numbers. Similarly, they said international events, such as

[36]Thirty-three U.S. Field locations have only one employee, but the model recommends that 24 of them (73 percent) should have more than one employee. The model recommended that three of those posts should have three employees each.

the conflict in Ukraine, might cause them not to staff some locations. GM officials also stated some positions require particular skill sets that the models do not capture and some open positions may not receive a sufficient number of bids from Foreign Commercial Service Officers.

Although GM may be initially justified to staff positions beyond model recommendations, these decisions may result in staff misalignment in the long term because GM does not review their continued need. As staff may remain in the same position for years, the continued need for the particular position will not be reviewed despite the potential for changes in the circumstances justifying the additional positions.

According to Standards for Internal Control in the Federal Government, management should analyze and respond to changes, including changes in conditions that affect the agency's ability to meet their objectives.[37] By not regularly reviewing previously approved justifications beyond the recommendations, GM risks overstaffing in some locations in a way that no longer aligns with strategic goals and priorities and understaffing in other locations where additional personnel might have more impact. More broadly, the lack of regular full reviews makes it harder for GM to ensure its staffing is aligned with goals and priorities for increasing U.S. exports and to acquire and maintain market access for them.

GM Manages Some Human Capital Activities but Lacks a Comprehensive Workforce Plan and Has Difficulty Providing Core Services

Different Offices Manage Components of GM's Workforce without a Comprehensive Strategic Workforce Plan

ITA and GM manage GM's workforce activities in a fragmented way depending on each component of its workforce. We identified four areas of workforce activities that ITA and GM manage: (1) strategic workforce planning; (2) succession planning; (3) diversity, equity, inclusion and accessibility (DEIA) efforts; and (4) training. Responsibilities are fragmented in three of these areas. Although Commerce consolidated its business units to create GM in 2013 and has undertaken further reorganizations, separate offices still manage different segments of GM's

[37] GAO-14-704G.

workforce. ITA's Human Capital Division manages Civil Service employees, while GM, specifically its Office of Global Talent Management (OGTM) manages its Foreign Commercial Service Officers under the authority given to the Secretary of Commerce by the Foreign Service Act of 1980, according to GM (see table 2).[38] Neither GM nor ITA, however, has a comprehensive strategic workforce plan for the GM workforce.

[38]Excluding locally employed staff, 71 percent of GM's employees are Civil Service and 29 percent are Foreign Service, as of fiscal year 2021. State manages the classification and recruitment process and determines compensation levels in partnership with other agencies overseas, according to GM.

Table 2: Entities That Manage Selected Workforce Activities for U.S. Field Staff and Overseas Foreign Commercial Service Officers at the International Trade Administration's Global Markets

Selected Workforce Management Activities	U.S. Field and Headquarters Staff	Overseas Foreign Commercial Service Officers
Strategic Workforce Planning	International Trade Administration Human Capital Division	Global Markets Office of Global Talent Management
Succession Planning	International Trade Administration Human Capital Division	Global Markets Office of Global Talent Management
Diversity, Equity, Inclusion, and Accessibility Efforts	International Trade Administration Human Capital Division	Global Markets Office of Global Talent Management
Training	Global Markets Office of Global Talent Management	Global Markets Office of Global Talent Management

Source: GAO analysis of Department of Commerce Information. | GAO-23-105369

Strategic Workforce Planning: In December 2021, ITA issued its Human Capital Strategy, which sought to create a unified strategic direction and to set priorities for ITA's domestic workforce.[39] It identified three goals for ITA: (1) hire the right talent to drive the ITA mission, (2) develop and retain top talent, and (3) continuously optimize human capital services. The strategy seeks to address inconsistencies in providing human capital services across ITA and to help align the human capital practices of all its business units.

Within GM, OGTM's 2022-2023 Deputy Assistant Secretary for Global Operations Strategic Plan has some workforce strategies and priorities for GM's overseas staff, but they are not well defined. For example, one initiative in the plan is to "provide staff with 21st Century capabilities and operational support to equitably deliver exceptional customer service," but it does not provide measurable benchmarks to accomplish that goal. OGTM officials said it is developing a more detailed plan. However, it is unclear what that plan will include or how it will be implemented. Senior GM officials said OGTM does not generally have the capacity to work on strategic planning because mission-driven operations, such as providing human capital services, take up its full capacity.

Best practices for workforce management stress the importance of having a comprehensive strategic workforce plan, communicated to staff, to support an organization's mission.[40] Without a comprehensive workforce plan, GM may be unable to build and manage a workforce tailored to

[39]Department of Commerce, International Trade Administration. *Human Capital Strategy: Our Vision and Operating Model.* (Washington, D.C.: Dec. 15, 2021).

[40]GAO-04-39.

employee and mission needs. It also may be unable to manage its workforce strategically (such as by measuring and setting goals for workforce diversity) or to align its overseas and domestic components to effectively meet mission needs.

Succession Planning: Succession planning is similarly fragmented. In 2020, ITA developed a succession-planning program for Civil Service staff in the U.S. field and at headquarters who were eligible for retirement, according to ITA. The program has three phases and is currently in the first phase. In phase one, ITA identified GM employees in critical positions who were eligible for retirement or eligible by 2025.[41] In phase two, ITA plans to identify the critical roles of employees outside of the population eligible for retirement to mitigate the effects of other types of attrition. In phase three, ITA plans to look at the competencies GM will require in the future.

When we asked about succession planning in our focus groups, participants in the U.S. field and headquarters groups reported they did not see evidence of such planning activities, or it had taken place only recently. Several participants in our headquarters focus groups also noted they have never seen exit interviews conducted. Other participants commented that understaffing in some domestic U.S. offices made it impossible to create succession or other plans that can prevent knowledge loss when employees left the agency.

Separately, GM conducts annual planning to inform Foreign Commercial Service promotion cycles and recruitment of new staff. The planning helps determine the number of new Foreign Commercial Service Officers to recruit each year and accounts for succession in positions among current officers. GM officials told us that Foreign Commercial Service Officers are generalists who rotate through multiple locations, and, as a result, they believe GM does not have as much need for succession planning for these employees.[42] Participants in our focus groups for Foreign Commercial Service Officers, however, noted that a lack of

[41]ITA used a critical role assessment tool, to determine which roles to prioritize during the succession planning process, according to ITA officials. The tool consists of two categories to assess each position against: (1) criticality and (2) risk of vacancy.

[42]Foreign Service has an “up-or-out” system in which Foreign Service Officers must meet requirements for moving up through the system and are limited to the amount of time they can serve in certain classes or ranks.

overlap in their rotations can prohibit them from transferring their localized knowledge to newly assigned staff.

DEIA Efforts: ITA and GM also handle DEIA efforts differently because they manage the domestic and overseas workforces separately. ITA's 2021 Human Capital Strategy cites DEIA as a focus of ITA's Civil Service recruitment strategies as well as an important component of the employee experience at ITA from hiring to departure. The strategy notes that this focus is designed to improve DEIA across the organization. One objective of the strategy is to proactively attract a diverse, qualified, and dynamic talent pool through outreach. To do so, the objective recommends identifying and conducting outreach at a core list of institutions with diverse talent pools. The strategy also recommends that increased workforce diversity be an annual performance measure at ITA, but does not provide examples of how to measure this activity or the benchmarks for success.

GM's 2022-2023 Deputy Assistant Secretary for Global Operations Strategic Plan includes equity efforts as key priority areas. These priority areas include such actions as "integrating equity efforts into established operations program support activities," but do not contain clear goals or targets for other DEIA efforts. According to GM officials, GM has emphasized recruiting and hiring a more diverse workforce among its Foreign Commercial Service Officers. GM officials noted several current initiatives, such as publishing a recruitment video that emphasizes diversity, conducting more recruitment outreach at Historically Black Colleges and Universities, and using social media to reach a variety of potential recruitment candidates.

Despite ITA's strategic goals and GM's plans to increase recruitment and foster DEIA efforts, the overall proportion of employees who are women, Black or African American, and Asian remained constant from 2014 to 2021. The proportion of Hispanic or Latino employees increased from 6 percent to 9 percent. For more information on the demographics of GM's workforce over time, see appendix III.

GM has focused many of its diversity efforts on recruiting and hiring Foreign Commercial Service Officers from more diverse backgrounds, according to senior GM officials. These efforts take time, they explained, and they have partnered with ITA to conduct some of these activities. For example, GM works with ITA to participate in a virtual booth at a college hiring fair focused specifically on Historically Black Colleges and Universities.

Some employees we talked to also believe that GM has not done enough promote DEIA.[43] For example, some members of the Women's Commercial Officer Group noted they believed GM makes promotion decisions in an informal, obscure fashion that seems linked to personal networks favoring White men in the organization. They also noted they often did not understand how GM assigns staff to serve on selection boards for promotion.

In addition, some members of GM's Blacks Building Opportunities to Leverage Diversity group noted a general lack of diversity in the organization, ranging from leadership to incoming staff. They also said that employees are reluctant to become involved in working on DEIA issues because they do not believe leadership values such activities. One issue they highlighted was the lack of employee access to data on the racial composition of GM's workforce, which would allow for more transparency in discussions on DEIA issues at the agency.

Some LGBTQ+ individuals in GM also reported that GM does not have an official LGBTQ+ affinity group for such employees to meet and discuss issues relevant to them. They noted that even if GM did have such a group, diversity affinity groups in general do not have a formal way to provide feedback to senior leadership. They also explained that the focus on DEIA issues can shift depending on the presidential administration.

Without a greater focus on DEIA issues in its strategic workforce planning efforts across its workforce, it is unclear how GM can meet the expectations for employers in the federal government called for in recent Executive Orders (EO). EO 14035 from 2021 on Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce calls on agencies to make advancing DEIA efforts a priority component of the agency's management agenda and strategic planning.[44] EO 10435 also referenced the earlier EO 13985 on Advancing Racial Equity and Support for Underserved Communities Throughout the Federal Government, which established that affirmatively advancing equity, civil rights, racial justice, and equal opportunity is the responsibility of the federal government, and

[43]GM provided us a list of contacts for employee affinity groups who we contacted and interviewed to discuss employee perspectives on DEIA issues. These groups included the Women's Commercial Officer Group and Blacks Building Opportunities to Leverage Diversity.

[44]Exec. Order No. 14035, *Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce*, 86 Fed. Reg. 34593 (June 25, 2021).

described a policy for further doing so within the federal government.[45] EO 14035 calls on agencies to seek opportunities to ensure alignment across their performance planning requirements and efforts by integrating DEIA goals into broader strategic planning efforts and performance planning.

Training: GM's OGTM conducts training across all components of GM's workforce, including the Civil Service. According to Commerce officials, OGTM assesses training needs on a biannual basis and provides relevant training opportunities to all GM employees, including Foreign Commercial Service Officers, locally employed staff, and Civil Service. However, OGTM received a reduced training budget in fiscal year 2022, which led OGTM to adjust its training plan by cutting some non-mandatory training courses, according to OGTM officials.

Without a strategic workforce plan that covers these workforce activities and defines programs, policies, and processes for its entire workforce, GM lacks reasonable assurance it is managing its employees in the best way to meet their needs and mission goals. As noted, ITA and GM manage different components of GM's workforce as a legacy of Commerce's effort to combine business units, and, as a result, they do not have a comprehensive strategic workforce plan that covers all workforce components and defines goals and measures to assess progress for all employees. Best practices for workforce management stress the importance of having a comprehensive strategic workforce plan, communicated to staff, to support an organization's mission.[46]

Both ITA and GM Have Difficulty Providing Core Human Capital Services to Employees

Different offices within Commerce, ITA, and GM provide GM employees with different core human capital services, such as recruiting, hiring, payroll, and travel processing, according to GM. Senior management at ITA and GM stated that they have had difficulty in providing these services. Participants across all six focus groups noted they often lack quick and efficient access to these services, which affects their ability to accomplish their mission. We have identified having the capability to

[45]Exec. Order No. 13985, *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government*, 86 Fed. Reg. 7009 (Jan. 20. 2021).

[46]GAO-04-39.

provide human capital services as a key practice for agencies to ensure they can plan and implement strategies and support their mission. In addition, we have reported that it is important that leadership be better aware of deficiencies in human capital services and involved in determining critical gaps to address.[47]

ITA's Human Capital Division relies on Commerce's Enterprise Services to provide core human capital services to GM's Civil Service employees, and serves as a liaison with Enterprise Services on matters related to human capital services for the Civil Service. These services include personnel action requests, payroll processing, benefits enrollment, recruitment, and hiring, according to GM. Commerce created its Enterprise Services in 2016 to provide these types of services across its business units and consolidate these services at the department level, and we have reported it has faced challenges in doing so since that time.[48] Some GM officials in the Civil Service explained that Enterprise Services is far removed organizationally from the Civil Service workforce, which can often unnecessarily complicate and delay the delivery of services. For example, on at least one occasion, Enterprise Services unknowingly classified certain positions in a way that made it more difficult for ITA to fill those positions. ITA human capital specialists likely would not have made those classification decisions because of their greater knowledge of ITA and of the effects of classifying the positions in that manner, according to ITA officials.

ITA has also had problems resolving issues related to payroll services with Enterprise Services. In one case, ITA did not have a point of contact that employees could ask for technical support, leading to a long lag time in resolving a technical issue. In addition, Civil Service participants in our focus groups explained that the process for approving a position description to post for hiring purposes can take months and interested applicants may accept offers elsewhere.

In its 2023 Congressional Budget Submission, Commerce noted several efforts to improve services provided by Enterprise Services. For example, Commerce is procuring a talent acquisitions solution that it hopes will result in faster time-to-hire, streamline processes, and make other

[47]GAO-04-39.

[48]GAO, *Commerce Working Capital Fund: Policy and Performance Measure Enhancements Could Help Strengthen Management,* GAO-23-104624 (Washington, D.C.: Dec. 13, 2022).

improvements over time. Commerce will also introduce new functionality to some Enterprise Services, developed in response to employee feedback, to enhance how Enterprise Services interacts with employees.

GM's OGTM provides core human capital services to GM's Foreign Commercial Service workforce. GM officials noted that the structure of the Foreign Commercial Service makes it more challenging to provide services to its employees than those in the Civil Service. Foreign Commercial Service staff rotate frequently and officers posted overseas require more human capital support for themselves and their families due to these changes in duty stations.

OGTM officials reported that they have significant staffing shortages that make it difficult to provide human capital services. They explained that filling longstanding vacancies would help the problem, but hiring for OGTM has focused on backfilling new vacancies and not filling vacancies that have been persistent for years. OGTM currently operates at only 75 percent of its authorized 30 full-time equivalents. These officials also explained that such vacancies increase the workload of the remaining staff, which creates high burnout and turnover, preventing OGTM staff from developing the long-term knowledge and skill required to manage the complex needs of a global workforce. Because of the cascading effects of these vacancies, OGTM management has tried to supplement the office with contractor staff, but has reported that this step is not a long-term solution to the difficulties in providing human capital services.

Participants in our Foreign Commercial Service focus groups noted the effect of these staffing shortages. For example, in two focus groups of Foreign Commercial Service Officers, participants noted long lag times and miscommunication with OGTM staff that led to significant problems with their ability to conduct essential job functions, such as traveling to trade shows and visiting with foreign government officials. OGTM staff members provide key functions to traveling Foreign Commercial Service Officers, including communicating information about future postings, approving travel funds requests, and coordinating other details that enable a smooth transition when officers change posts. Problems with these services can have significant effects on Foreign Commercial Service Officers and, in some cases, can lead them to leave GM, according to the participants.

By not fully staffing OGTM, GM has created a high turnover rate among OGTM employees and hindered its ability to develop long-term knowledge and skills that are required to manage the complex needs of a global workforce. Until GM improves its delivery of human capital services, GM employees overseas will continue to experience a level of service that can negatively affect their work. These services are critical for ensuring that GM employees can focus on their mission of providing services to U.S. based companies and promoting exports abroad.

Conclusions

GM and its predecessor agencies have played a key role in promoting the exports of small and medium U.S. businesses, which has significant economic advantages for these businesses and the country. To accomplish this task, GM needs a highly competent workforce aligned with priorities, and equipped with the right tools to succeed. However, ITA and GM leadership has not fully addressed workforce management challenges. GM's annual updating of the staffing models is required to maintain the strategic alignment of staff, but GM does not fully document this process, which raises knowledge retention risks. Without fully documenting the process for updating its staffing models, GM cannot ensure consistency in how the models function and may be unable to retain institutional knowledge of this important part of staff allocation. Moreover, by not regularly reviewing the placement of personnel in locations above the recommendations of its staffing models, GM may not be fully aligning its resources with its stated goals and priorities. These decisions are important to revisit so that GM can keep its staff resources aligned with current priorities. Without regularly reviewing these decisions, GM cannot ensure it places the right people, in the appropriate places, at the best time.

GM's workforce is its most important resource. As a result, it is important for ITA and GM leadership to follow workforce management best practices and relevant Executive Orders to ensure that GM has a comprehensive strategic workforce plan that covers all of its employees and reflects the values of diversity, equity, inclusion, and accessibility. Neither ITA nor GM has such a plan to guide these workforce activities. Without one, ITA and GM risk misalignment of, and a lack of diversity among, their overseas and domestic workforces, which could have serious implications on the ability of GM employees to provide quality services to their U.S. business clients. In addition, because of vacancies in its human capital office, GM leadership has difficulty in ensuring its Foreign Commercial Service employees consistently receive core human capital services. This fact has led to hardships for personnel working and living overseas and GM staff sometimes leaving the agency altogether.

Without fully staffing OGTM, its human capital office, to improve the delivery of human resource services such as recruitment, hiring, and payroll, GM may be unable to ensure that employees can carry out their mission of export promotion as effectively as possible.

Recommendations for Executive Action

We are making the following four recommendations to the Department of Commerce:

The Secretary of Commerce should ensure that the Director General of Global Markets fully documents how to use the staffing models and the process for updating the models, including changes to the variables and weights. (Recommendation 1)

The Secretary of Commerce should ensure that the Director General Global Markets regularly reviews the allocation of Foreign Commercial Service Officers and U.S. Field staff, including the justifications of positions that continue to exceed modeled projections for domestic and overseas posts. (Recommendation 2)

The Secretary of Commerce should ensure that there is a workforce plan that comprehensively and strategically considers GM's entire overseas and domestic workforce and describes leadership action to improve diversity, equity, inclusion, and accessibility. (Recommendation 3)

The Secretary of Commerce should ensure that the Director General of Global Markets takes steps to address staffing vacancies in the Office of Global Talent Management. (Recommendation 4)

Agency Comments

We provided a draft of this report to the Departments of State and Commerce for their review and comments. In its comments, reproduced in appendix IV, Commerce concurred with our recommendations. State and Commerce also provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees and the Secretaries of State and Commerce. In addition, this report is available at no charge on the GAO website at http://www.gao.gov.

If you or your staff members have any questions concerning this report, please contact me at (202) 512-8612 or GianopoulosK@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 V.

Kimberly Gianopoulos, Director
International Affairs and Trade

The Joint Explanatory Statement accompanying the fiscal year 2021 Consolidated Appropriations Act provided for GAO to assess the priority of resource use within the International Trade Administration's (ITA)

Appendix I: Objectives, Scope, and Methodology

Global Markets (GM); analyze GM's workforce and succession strategy, including the percentage of senior management and workforce diversity and inclusion; and review the current management structure of Global Markets after the merger of the U.S. and Foreign Commercial Service with the Market Access and Compliance business unit.

This report (1) describes how GM's organizational structure changed and any related challenges; (2) describes how GM's budget affected its workforce over time; (3) examines the extent to which GM has aligned its resources to meet its key goals and priorities; and (4) examines the extent to which GM has undertaken key workforce management practices, such as strategic workforce planning and providing human capital services.

To obtain the perspectives of GM employees on challenges resulting from the 2013 consolidation, we conducted six focus group sessions with GM employees. These sessions involved structured small-group discussions designed to gather in-depth information about specific. Consistent with typical focus group methodologies, our design included multiple groups with varying characteristics, but also some homogenous characteristics within each group.

To organize and select focus group participants, we developed a brief electronic survey as a means of both soliciting participation and organizing interested individuals into respective focus groups based on their employee type. The survey asked staff members for their position classification (either Foreign Commercial Service or Civil Service), location (headquarters, U.S. Field, or overseas), office (if in headquarters), the state or country in which they worked (if in the field), and if they would be willing to participate in a 2-hour focus group. GAO received 346 survey responses, of which, about 59 percent responded that they were willing to participate in a focus group.

We took into account a number of considerations in our focus group design, including participation of employees across three employee types—headquarters, U.S. Field, and overseas—that would allow us to collect valid and reliable qualitative data across groups. To ensure we incorporated a range of perspectives, we convened and conducted two groups in each of the three employee types. We selected employees that only started working at GM prior to 2020. We did not select staff in senior leadership positions to participate in our focus groups, because we met with them separately. We did not separate U.S. Field staff based on grade level because a smaller variation in General Schedule, or GS, positions existed in the U.S. Field. We ensured that we did not assign staff to the same focus group as their supervisor to ensure they were able to speak freely. Finally, we assigned five to eight employees to each focus group.

A GAO facilitator guided and structured the discussions by using a standardized list of questions and encouraging participants to share their thoughts and experiences. In each of these focus groups, we asked participants about GM's (1) organizational structure (2) workforce composition, (3) workforce planning, (4) succession planning, (5) workforce diversity, and (6) alignment of resources to priorities. Although we used a standardized list of questions, we did not discuss all issues in every focus group. Each focus group lasted approximately 2 hours. We also created a written transcript for each group.

We performed a systematic content analysis on the transcripts from the six focus group sessions. Multiple analysts independently reviewed each transcript and identified an initial list of categories and themes. These analysts then reviewed and reconciled their lists of initial themes and jointly developed a codebook with categories for coding the participant comments from the transcript to respective categories, which allowed us to group and assess similar statements across focus groups. This systematic content analysis formed the primary basis for our findings on the perspectives of GM employees.

Focus groups are not methodologically designed to demonstrate the extent of a problem, generalize results to a larger population, or provide statistically representative samples or reliable quantitative estimates. Instead, they are intended to generate in-depth information across groups regarding participants' thoughts, experiences, and preferences on specific topics. The information produced by our focus group sessions is not representative of other GM employees.

To describe how GM's organizational structure changed and any related challenges, we reviewed ITA's and GM's organizational structures between fiscal years 2013 and 2023. In particular, we reviewed ITA's proposal for the 2013 consolidation and compared it with GM's 2023 organizational structure. We did so to identify how GM's organizational structure combines the export promotion-oriented U.S. Field and overseas staffs with the trade policy-oriented headquarters staff. We also reviewed any additional changes to GM's organizational structure after the consolidation. To determine challenges related to changes in GM's organizational structure, we reviewed the 2015 Office of the Inspector General and GM assessments to evaluate GM's efforts to implement the consolidation. We interviewed ITA and GM officials to provide context for the reasons for the consolidation and its effects on GM. We also used the interviews to identify any further changes made after the consolidation and workforce challenges resulting from it. In addition, we used the focus group methodology discussed previously to solicit and identify employee perspectives on organizational structure.

To determine GM's key budgetary resources and how they have changed over time, we reviewed GM's spending data by category from 2014 through 2021. To identify trends in GM's resource use we reviewed ITA's Congressional Budget Justifications documentation, relevant appropriations acts and accompanying legislative materials, and spending plan documentation. We also interviewed GM officials that manage GM's budget. To gather and corroborate budget data, we used internal GM budget documents, ITA Congressional Budget Justifications, and relevant appropriations acts and accompanying legislative materials. We found these data to be sufficiently reliable to report on GM's budget history, based on the consistency among these documents.

To describe changes in GM's workforce over time, we collected data on GM's workforce composition between fiscal years 2014 and 2021 from the National Finance Center's Data Insight database. The data include information on staff numbers by employee type (Foreign Commercial Service and Civil Service), grade (Foreign Commercial Service and General Schedule scale), and location of their official duty station (Headquarters, U.S. Field, and Overseas). The data are for active Foreign Commercial Service Officers and Civil Service employees in the final pay period of the year.[1] We also collected data from the Department of State's International Cooperative Administrative Support Services Global Database on the number and location of GM's locally employed staff between fiscal years 2015 and 2021.[2]

In addition, we used the focus group methodology to understand employee perspectives on the effect of staffing. We calculated attrition rates using personal identifiers in the anonymized data. GM stated that work assignment locations were not available. We therefore assigned individuals to U.S. Field, headquarters, or overseas locations based on their Official Duty Station (ODS). GM 17 headquarters employees had an ODS which differed from their work assignment and that this is a reasonable estimate for the number in prior years, thereby leading us to underestimate the number of headquarter staff and overestimate the number of U.S. Field staff. To assess the reliability of the data, we compared GM's payroll data with 2018, 2019, and 2020 Federal Employee Viewpoint surveys for GM. We also interviewed and obtained written responses from knowledgeable officials. We found the data to be sufficiently reliable to report on the changes in GM's workforce structure and composition.

To examine the extent to which GM has aligned its resources to meet its key goals and priorities, we reviewed documents related to GM's resource allocation process, including the use of the Overseas Resource Allocation Model (ORAM) and the Domestic Resource Allocation Model (DRAM). We also interviewed GM's Office of Strategy and Engagement and GM's Senior Economist about the resource allocation process and other qualitative factors GM considers when making resource allocation decisions.

In addition, we used focus groups to solicit and identify employee perspectives on the alignment of resources with priorities. We also collected data on the models' staffing recommendations by location for

[1]In technical comments on a draft of this report, Commerce officials noted an unresolved discrepancy with their data. Our analysis of Commerce's payroll data from the National Finance Center indicated a total workforce of 1,440. However, officials said they adhere to Congressionally approved staffing plans, and did not exceed targets of 1,422 positions in fiscal year 2021 and 1,429 positions in fiscal year 2022. They speculated that the National Finance Center's data include personnel under reimbursable interagency agreements. They noted, and we agree, that this discrepancy does not materially affect the trends we identified or the conclusions of our analysis.

[2]State was unable to provide data for locally employed staff in fiscal year 2014. As a result, our analysis of the number of locally employed staff begins in fiscal year 2015.

fiscal year 2022 to determine GM's staffing of locations compared with the ORAM and DRAM model recommendations. We also collected information on the actual location of staff for fiscal year 2022, as of May 26, 2022. To assess the reliability of the data, we reviewed documents related to GM's staffing models, and interviewed and obtained written responses from knowledgeable officials. We also reviewed the internal consistency of the data and the similarities between the actual and recommended staffing levels. We found these data sufficiently reliable to report on the extent to which GM's actual staffing differ from the model recommendation levels.

To determine the extent to which GM has undertaken key workforce practices, we reviewed ITA and GM's strategic documents and plans. We also interviewed GM officials headquartered in Washington, D.C., as well as employees in the field. In addition, we used focus groups to identify employee perspectives on workforce management. We also met with employee affinity groups that focus on specific segments of GM's workforce such as the Blacks Building Opportunities to Leverage Diversity group. To determine how ITA and GM provide human resource services, we met with officials in ITA's Human Capital Division and GM's Office of Global Talent Management to discuss how they provide human resource services. We also asked questions about human resource services in our focus groups.

To describe changes in GM's workforce demographics between fiscal years 2014 and 2021, we collected data on GM's workforce structure and composition for that time from the National Finance Center's Data Insight database. The data include staff demographics (race, gender, and age range) employee type (Foreign Commercial Service and Civil Service), grade (Foreign Service and General Schedule scale), and location (headquarters, U.S. Field, and Overseas). The data are for active Civil Service and Foreign Commercial Service Officers employees in the final pay period of the year.

We conducted this performance audit from August 2021 to May 2023 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.

Each fiscal year, the leadership of the International Trade Administration's Global Markets (GM) develops a 2-year staffing plan using staffing models and known budget scenarios to align its allocation of non-

Appendix II: The Overseas and Domestic Resource Allocation Models

headquarters staff with its strategic goals and priorities.[1] Within this annual process, GM uses output from two staffing models, developed by its Office of Strategy and Engagement, to guide staffing decisions. The Overseas Resource Allocation Model (ORAM) seeks to optimize the allocation of existing Foreign Commercial Service and locally employed staff, while the Domestic Resource Allocation Model (DRAM) seeks to optimize the allocation of existing U.S. Field staff. GM officials stated they created these staffing allocation models in fiscal year 2011 in response to our previous report.[2]

Overseas Resource Allocation Model (ORAM)

To help align GM's resources with its overseas goals and priorities, GM uses the ORAM to produce an overall score for each country based on a variety of factors, including both macroeconomic data and internal performance data to determine the number of staff to allocate at each overseas location. As of September 2021, the ORAM considers several components that include the country's market potential, market access, staff performance, return on investment client priorities, costs, management priorities, and China competitiveness. The ORAM also considers whether the post relies on regional support from locally

[1]GM does not use a standard staffing allocation process for its headquarters staff according to GM officials, which made up approximately 33 percent of the organization's workforce as of fiscal year 2021. Global Markets officials said that they have considered creating an allocation model for headquarters staff over the last year, but find it difficult to account for the variability in administration and departmental priorities in a quantitative model.

[2]In GAO-10-874, we made three recommendations, one of which was that ITA should improve workforce planning and better align its Commercial Service workforce with its strategic goals and available resources on a routine basis. By 2011, in response to our recommendation, the Commercial Service began using its staffing models to make repositioning decisions.

employed staff with oversight from a Foreign Service Officer from a partner or nearby post. The ORAM has two different versions: one to allocate locally employed staff and one to staff Foreign Commercial Service Officers. A separate score is calculated for each component of the model using variables from either country level economic data or internal performance data. Then the overall score is derived by taking a weighted sum of those individual component scores. For example, the score from the market potential component contributes 30 percent of the overall score for locally employed staff and 20 percent of the overall score for Foreign Service Officers, while the China competitiveness indicator contributes 5 percent of the overall score for both types of employees. The percentage of GM resources allocated to a specific country is equal to the percentage of the overall score for that country divided by the sum of all overall scores from every country.[3] For detailed information of the functioning of the ORAM see table 3 below.

Table 3: Components and Weights in the Overseas Resource Allocation Models (ORAM) of the International Trade Administration's Global Markets (GM)

Component	Component Weight: Foreign Service Officer	Component Weight: Locally Employed Staff	Weight of Variables Used in Component	Description of Component
Market Potential	20%	30%	1. Gross Domestic Product (GDP) (30%) 2. Total Imports (30%) 3. U.S. Exports (10%) 4. Foreign Direct Investment (FDI) into United States (10%) 5. Infrastructure[a] (10%) 6. Total Capital Formation (e.g., total investment in buildings and machinery in the country) (5%) 7. Bilateral Trade Costs (e.g., tariffs, shipping costs between countries) (5%)	According to Information Handling Services (IHS), the variables in this component serve as a proxy measurement for how much business a company could perform in the country. IHS provides data for many of these variables to GM so it can compute a score for this component.

[3]For instance, if Canada received an overall score of 3.70 and the total overall score among all countries equaled 204 then 1.8 percent (100 * 3.70 / 204) of available resources should be allocated to Canada.

Component	Component Weight: Foreign Service Officer	Component Weight: Locally Employed Staff	Weight of Variables Used in Component	Description of Component
Market Access	30%	20%	1. Political/Country Risk[b] (14%) 2. Currency Valuation: (14%) (Recent changes in U.S. exchange rate with domestic currency) 3. Level of Market Openness (Total Trade Relative to GDP)[c] (10.5%) 4. Ease of Doing Business (ranking provided by the World Bank) (10.5%) 5. Protectionism Risk (IHS indicators for import taxes and trade disruption risk) (10.5%) 6. Capital Transfer Risk (10.5%) 7. Trade Barrier Work Volume (30%)	According to IHS, the variables in this component serve as a proxy measurement for the ability of foreign companies to access markets in other countries. According to GM, GM wants to allocate more staff in countries with larger impediments to trade in order to help U.S. companies better navigate and establish footholds in foreign markets. According to GM, IHS provides the data for many of these variables to GM, which uses those data to calculate the score for this component.
Performance	10%	10%	1. Output Volume (e.g., total number of clients GM services, number of open cases for GM staff) (50%) 2. Output Volume per GM staff member in country (50%)	The variables in this component serve as a proxy measurement for the workload demand in each country. According to GM, countries where GM staff have overall higher output will receive a higher overall score than countries where staff have overall lower output. These data come from several sources of data that GM collects
Return Per Dollar Spent	5%	5%	1. Return per dollar spent (e.g., U.S. company sales) (100%)	According to GM, the variable in this component measures the success GM staff have had in promoting U.S. business in each country. According to GM, the data come from “written impact narratives” submitted by GM employees and verified by clients stating that GM assistance was paramount in facilitating a successful business outcome. According to GM, this variable is sensitive to forces outside of GM’s control and thus given a lower weight.

Component	Component Weight: Foreign Service Officer	Component Weight: Locally Employed Staff	Weight of Variables Used in Component	Description of Component
Client Priority	5%	5%	1. Annual Customer Service Rankings (100%)	According to GM, the variable in this component measures the preferences of U.S. firms about which countries they think GM should staff. The data used to calculate a score for this component come from the result of a GM survey that asks its clients where they want to operate in the next year. According to GM, clients always rank China as their top location.
Cost	5%	5%	1. Total cost of staffing (e.g., salary and housing costs to staff FSOs in that country, shared costs with State Department for facilities and office supplies, etc.) (50%) 2. Average cost of assisting 1 client (Total costs divided by number of clients assisted) (50%)	The variables in this component measure the cost of operating in the country. According to GM, countries with a higher cost to staff a locally employed staff (LES) or a Foreign Service Officer (FSO) and with a higher expected cost to service a potential client will rank and score lower in this component than countries that have a lower staff cost and lower expected cost per client. These data come from several internal sources available to GM officials such as shared costs services with the Department of State and salaries and benefits of GM staff posted in the country.
China Competitiveness Indicator	5%	5%	1. Imports from China (10%) 2. Import Market Share of China vs. U.S. (30%) 3. Exports to China (5%) 4. Export Market Share of China vs. U.S. (15%) 5. Inward FDI from China (5%) 6. Inward FDI Share from China vs. U.S. (10%) 7. Outward FDI to China (5%) 8. Outward FDI Share to China vs. U.S. (15%) 9. Loans from China (5%)	The variables in this component measure the extent to which China competes with the U.S. in a foreign country. Countries where there are higher import and FDI levels from China relative to the U.S. will rank and score higher in this component than countries where China has lower import and FDI levels relative to the U.S. These data come from several sources such as the UN Comtrade database and the International Monetary Fund (IMF). GM staff in China, Mongolia, and headquarters work together to identify key variables for this component.

Component	Component Weight: Foreign Service Officer	Component Weight: Locally Employed Staff	Weight of Variables Used in Component	Description of Component
Regional Leadership	10%	10%	1. Regional Deputy Assistant Rankings (100%)	The variable in this component measures GM leadership preferences about which countries GM should staff. Countries that GM leadership ranked above others will receive a higher overall score than countries ranked lower. Regional Deputy Assistants rank countries based on their perceptions of where they need GM staff to support senior leadership priorities in the upcoming year. A higher ranking by these officials leads to a higher score in this component. Requests by post ambassadors or diplomatic requests for staff would also inflate the score for the country on this component.
Partner Post/Regional Administration	10%	10%	1. Number of Partner Posts[c] (50%) 2. Staff Providing Regional Support (50%)	The variable in this component measure whether the posts in the country also serve posts in other countries. Countries with posts that regularly serve as regional hubs where GM staff not only serve the country in which they are staffed, but other countries surrounding that country will receive a higher overall score, especially if a significant amount of staff resources are devoted to serving regionally outside the country.

Source: GAO Analysis of Department of Commerce and IHS information. | GAO-23-105369

Notes: According to GM, GM's economist periodically makes changes to its staffing model with input from management. GM applied a model intervention for countries that had an overall score in the top 5 percent (China, India, Brazil, Japan, Mexico, and Germany in 2021). Since 2016, GM works with IHS to collect variables for the market potential and access components. IHS gathers and provides the data to GM from public sources such as the U.S. Census Bureau, the World Bank, the International Monetary Fund, the United Nations, the World Economic Forum, and other measures it calculates. GM calculates two different scores for FSOs and LES because of differences in types of costs and in how these employees function. For instance, FSOs will spend more time managing the office and high level visits, while LES staff may spend more time on providing services.

[a]The World Economic Forum provides an infrastructure score for countries considered in the model.

[b]A score calculated by IHS that measures the short-term risk of domestic or external political unrest in a specific country.

[c]GM does not have a presence in these posts, but manages operations at that post regionally from another location through a State FSO. For instance, if a GM staff member in Cairo Egypt, helps a State officer address client needs in another country close by where no GM presence currently exists, that other country is considered a partner post tied to Egypt.

The Domestic Resource Allocation Model (DRAM)

To help align GM's resources with its domestic goals and priorities, GM uses the DRAM produces an overall score for each metro-statistical area (MSA) based on a variety of factors, including both U.S. macroeconomic data and internal performance data. The DRAM considers each location's export potential, cost-benefit and performance. The models' factors are weighted to help guide allocation of staff across U.S. Field locations. As of September 2021, the DRAM considers several components, such as the export potential of the MSA, Performance and Cost-Benefit. Similar to the ORAM, GM calculates a separate score for each component of the model. It does so using variables from either MSA level economic data from the Bureau of Economic Analysis, the U.S. Census Bureau, Dunn and Bradstreet, International Trade Administration and Information Handling Services business demographics, or internal performance information before deriving an overall score by taking a weighted sum of those individual component scores.

The score from the export potential component accounts for 90 percent of the overall score for each MSA. The scores for the performance and cost components account for 5 percent of the overall score. GM analyzes several variables to calculate an export potential score for each MSA. For detailed information on the DRAM see table 4 below.

Table 4: Components and Weights in the Domestic Resource Allocation Models (DRAM) of the International Trade Administration's Global Markets (GM)

Component	Component Weight	Weight of the Variables Used in the Component	Description of the Component
MSA Exporter Potential	90%	3. Average Count of Small and Medium-Sized Enterprises (SMEs) a Weighted by Export Intensiveness from 2018 through 2020 (30%) 4. Projected Future Percent Growth Count of SMEs Weighted by Export Intensiveness[a] from 2021 through 2023 (15%) 5. Projected Future Absolute Growth Count of SMEs Weighted by Export Intensiveness from 2021 through 2023 (15%) 6. Number of Exporters in 2016 (15%) 7. Number of SME Exporters in 2020 (5%) 8. Export Intensiveness of SMEs Relative to U.S. Average[b] in 2020 (10%) 9. Average Export Propensity Segment[c] in Fiscal Year 2019 (10%)	The variables in this component serve as a proxy measurement for the relative ability of companies in a metro-statistical area (MSA) to export. Higher current and anticipated levels of export intensiveness and the number of companies in the MSA are assumed to lead to greater export potential. These data come from several sources including the Bureau of Economic Analysis, Census and Information Handling Services (IHS) data. The model indicates that MSAs with greater potential should receive greater levels of staffing
Performance	5%	10. Volume of Outputs[d] (50%) 11. Per Capita Volume of Outputs[d] (50%)	The variables in this component serve as a proxy measurement for GM's level of output in the MSA. MSAs with higher levels of output receive higher levels of staffing. These data come from performance data submitted by the field offices around the country. These data are not fully populated in some instances because staff members in many locations often do not have time to submit data to headquarters.
Cost Benefit	5%	12. Cost Per Case (50%) 13. Cost Per Client Assisted (50%)	The variables in this component measure the cost of operating in each MSA. Data on these variables largely come from internal sources on salaries and benefits of domestic field staff.

Source: GAO Analysis of Department of Commerce information. | GAO-23-105369

Notes: GM periodically makes changes to its staffing model with input from management.

[a]SMEs are defined as having fewer than 500 employees.

[b]This variable was calculated as the relative likelihood companies in this MSA would export based on their industry.

[c]Using ITA Salesforce data combined with Dunn & Bradstreet's data on the universe of active companies in the United States. GM partnered with Dunn & Bradstreet's to rate companies on their export potential using econometric techniques and pricing data. In the DRAM, GM would rank MSAs that are home to companies with the highest rating.

[d]Output includes the number of clients, services, events, high-level visits, and cases and inquiries.

Appendix III: International Trade Administration's Global Markets Employee Demographics, Fiscal Years 2014 and 2021

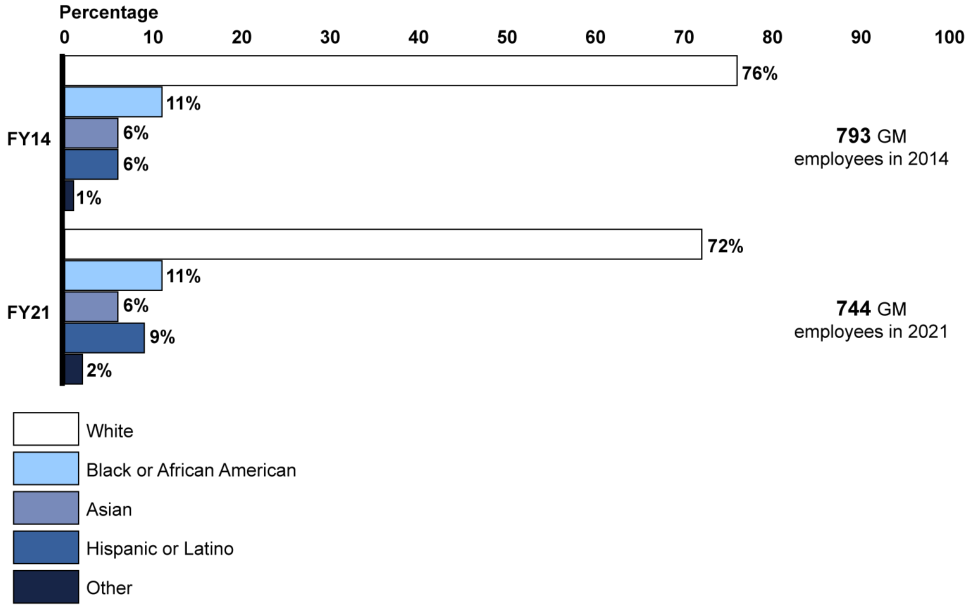
Between fiscal years 2014 and 2021, the proportion of White federal employees in the International Trade Administration's Global Market unit (GM) decreased slightly, while that of women remained constant. In addition, the proportion of younger employees at GM increased, while that of older employees decreased.[1]

Race and Ethnicity: During this period, the proportion of White employees decreased from 76 percent to 72 percent, while the total number of staff employed by GM also decreased (from 794 to 744).[2] Although the overall proportion of Black or African American and Asian employees remained constant, the proportion of Hispanic or Latino employees increased from 6 percent to 9 percent (see fig. 7).

[1]The Department of State did not provide data on locally employed staff demographics. Therefore, we do not include these employees in this appendix.

[2]According to the Bureau of Labor Statistics Civilian Labor Force data, White employees made up 77 percent of the workforce in 2021. In comparison, White employees made up 72 percent of GM's workforce in fiscal year 2021.

Figure 7: Proportions of Employees by Race and Ethnicity in Federal Workforce of the International Trade Administration's Global Markets (GM), Fiscal Years (FY) 2014 and 2021



Legend: FY = fiscal year.

Source: GAO analysis of National Finance Center data. | GAO-23-105369

Accessible Data for Figure 7: Proportions of Employees by Race and Ethnicity in Federal Workforce of the International Trade Administration's Global Markets (GM), Fiscal Years (FY) 2014 and 2021

Category	Percentage (fiscal year 2014, number of employees 793)
Other	1%
Hispanic	6%
Asian	6%
African American	11%
White	76%

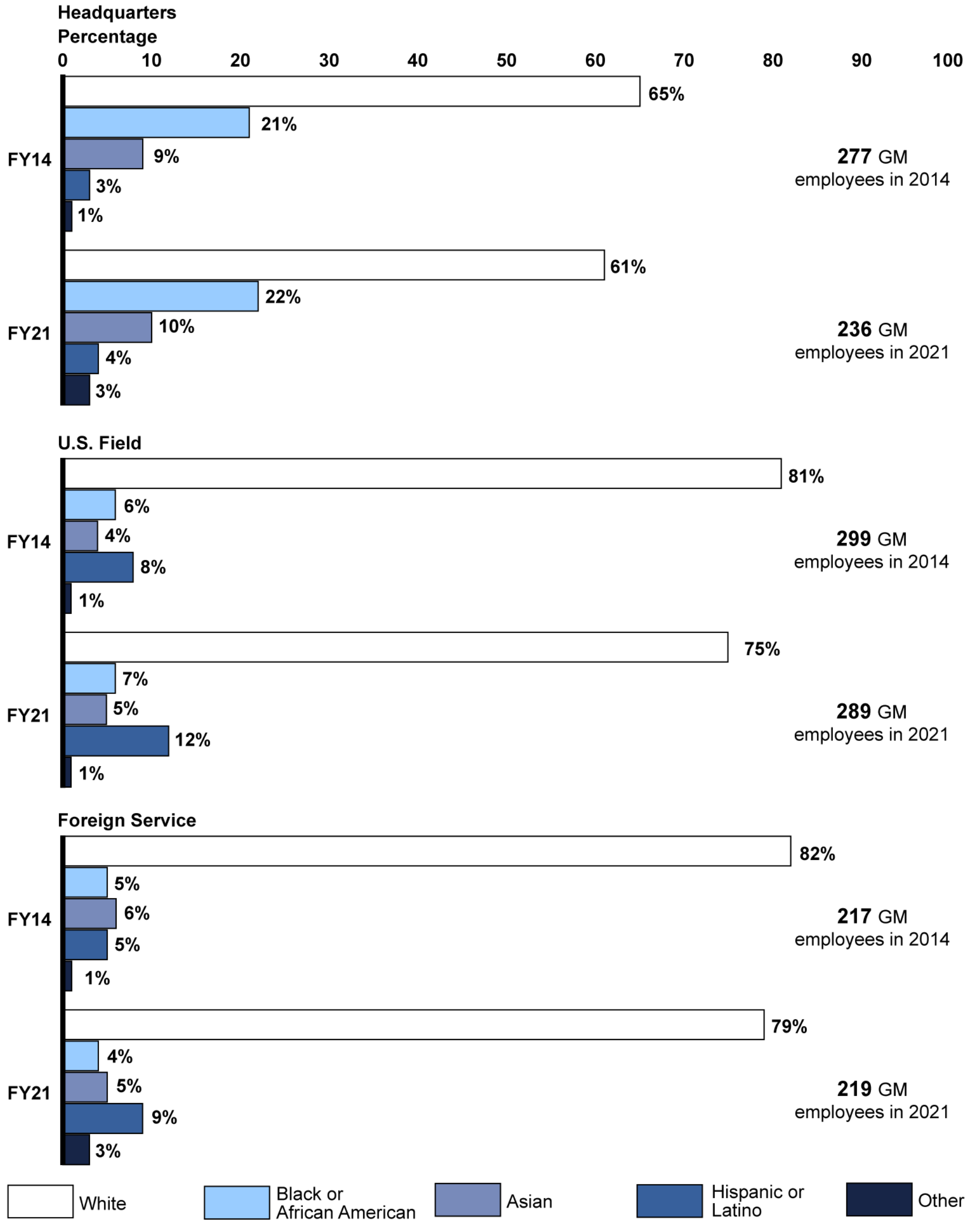
Category	Percentage (fiscal year 2021, number of employees 744)
Other	2%
Hispanic	9%
Asian	6%
African American	11%
White	72%

Notes: Employees categorized as "Other" include employees who reported being American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, or two or more races. One employee was removed from the data due to an invalid entry. This data does not include overseas locally employed staff.

As of fiscal year 2021, GM headquarters employed a higher proportion of Black or African American and Asian employees than the field. In addition, GM headquarters employed a smaller proportion of White employees than the field.

The proportion of Black or African American and Asian employees remained relatively constant across all locations from fiscal year 2014 to 2021. The proportion of White employees decreased across all locations during this period: by 5 percent in headquarters, 3 percent in the Foreign Commercial Service, and 6 percent in the U.S. Field. The rise in the proportion of Hispanic or Latino staff in the U.S. Field and Foreign Commercial Service was greater than that of headquarters. More specifically, the percent of Hispanic or Latino employees in headquarters increased by 1 percent (from nine to 10 employees) during this period, while the percent of Hispanic or Latino employees in the U.S. Field and Foreign Commercial Service each increased by 4 percent (from 25 to 35 employees and 11 to 20 employees, respectively) (see fig. 8).

Figure 8: Proportions of Employees by Race and Ethnicity in Federal Workforce of the International Trade Administration's Global Markets (GM) Headquarters, U.S. Field, and Foreign Commercial Service, Fiscal Years (FY) 2014 and 2021



Legend: FY = fiscal year.

Source: GAO analysis of National Finance Center data. | GAO-23-105369

Accessible Data for Figure 8: Proportions of Employees by Race and Ethnicity in Federal Workforce of the International Trade Administration's Global Markets (GM) Headquarters, U.S. Field, and Foreign Commercial Service, Fiscal Years (FY) 2014 and 2021

Headquarters

Category	Percentage (fiscal year 2014, number of employees: 277)
Other	1%
Hispanic	3%
Asian	9%
African American	21%
White	65%

Category	Percentage (fiscal year 2021, number of employees: 236)
Other	3%
Hispanic	4%
Asian	10%
African American	22%
White	61%

U.S. Field

Category	Percentage (fiscal year 2014, number of employees: 299)
Other	1%
Hispanic	8%
Asian	4%
African American	6%
White	81%

Category	Percentage (fiscal year 2021, number of employees: 289)
Other	1%
Hispanic	12%
Asian	5%
African American	7%
White	75%

Foreign Services

Category	Percentage (fiscal year 2014, number of employees: 217)
Other	1%
Hispanic	5%
Asian	6%
African American	5%
White	82%

Category	Percentage (fiscal year 2021, number of employees: 219)
Other	3%
Hispanic	9%
Asian	5%
African American	4%
White	79%

Notes: Because of rounding, the components shown do not always add up to the total shown.

Employees categorized as "Other" include employees who reported being American Indian or Alaska Native, Native Hawaiian or Other Pacific Islander, or two or more races. One employee was removed from the data due to an invalid entry.

Employees are classified according to their Official Duty Station (ODS). The ODS may differ from an employee's job assignment to headquarters, the U.S. field, or the overseas field. This difference primarily affects headquarters staff, which would be counted as U.S. field staff. GM estimates that this difference may affect approximate 17 staff annually. Data represent all active employees during the final pay period of each fiscal year, according to GM. This data does not include overseas locally employed staff.

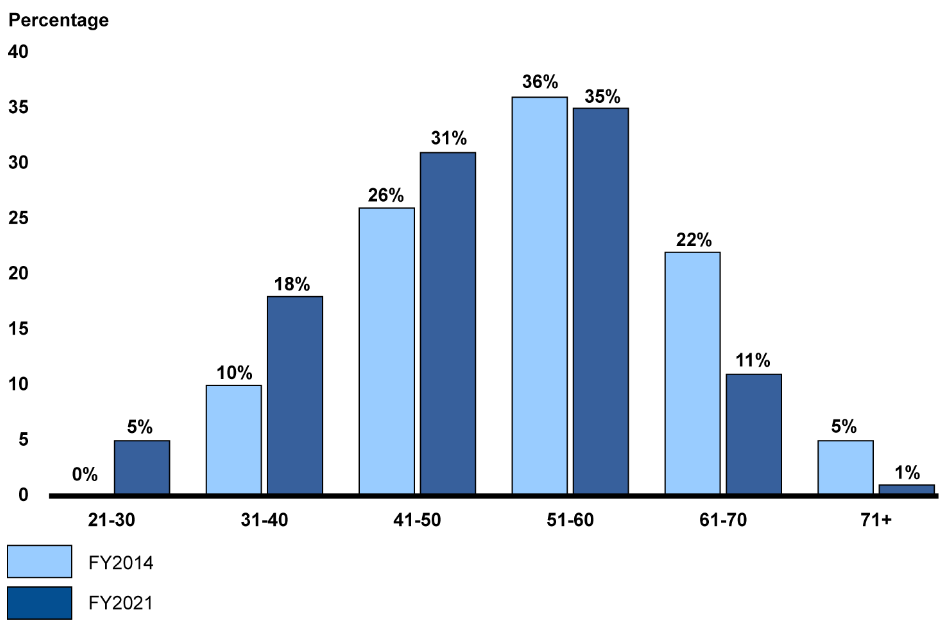
During this period, the proportion of Black or African American employees in leadership positions at GM across the Civil and Foreign Service increased 9 percent (from seven to 12 employees).[3] Despite a greater increase in the total number of Hispanic or Latino employees (from 45 to

[3]For Foreign Service positions, GM defines a leadership pay grade as Senior Foreign Service (SFS). For Civil Service positions, GM defines a leadership pay grade as a GS-15 or Senior Executive Service (SES).

65 employees), the number of Hispanic employees in leadership positions increased only slightly (from two to three employees). However, the proportion of Asian employees in leadership positions decreased 2 percent (three employees to one). Similarly, the proportion of White employees in leadership positions decreased 10 percent (from 68 to 52 employees).

Age: During this period, the proportion of younger employees at GM has increased, while that of older employees decreased. The proportion of overall staff at GM age 40 and under increased from 11 percent in fiscal year 2014 to 22 percent in fiscal year 2021 (from 85 to 165 employees), while the percentage of those over age 60 decreased from 27 to 12 percent (from 218 to 88 employees) (see fig. 9). More than 30 percent of GM staff were eligible for retirement as of fiscal year 2021, according to GM.[4]

Figure 9: Age of Employees in the Overall Workforce at the International Trade Administration's Global Markets, Fiscal Years 2014 and 2021



Legend: FY = fiscal year.

Source: GAO analysis of National Finance Center data. | GAO-23-105369

[4]ITA defines a critical role as one that, if left vacant, would pose a risk to the agency's ability to execute its mission. To identify critical roles, GM evaluated individual positions within their retirement eligible populations against an industry scorecard that addressed numerous topics related to criticality and risk of vacancy.

Accessible Data for Figure 9: Age of Employees in the Overall Workforce at the International Trade Administration's Global Markets, Fiscal Years 2014 and 2021

Overall

	71+	61-70	51-60	41-50	31-40	21-30
FY 14	5%	22%	36%	26%	10%	0%
FY 21	1%	11%	35%	31%	18%	5%

Global Schedule

	71+	61-70	51-60	41-50	31-40	21-30
FY 14	7%	21%	32%	26%	14%	0%
FY 21	1%	12%	34%	29%	17%	7%

Foreign Office

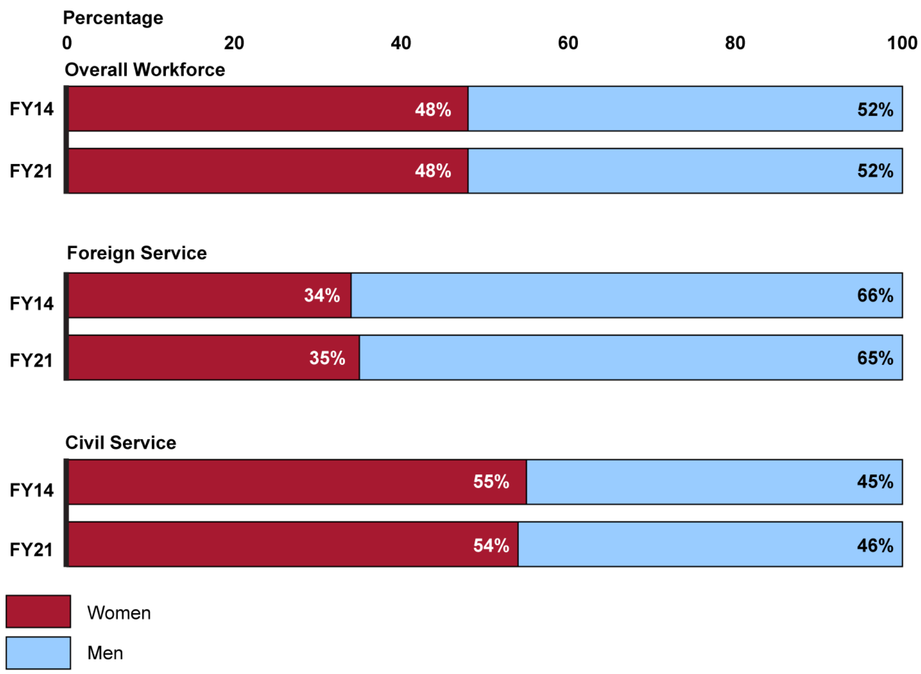
	71+	61-70	51-60	41-50	31-40	21-30
FY 14	2%	26%	45%	24%	3%	0%
FY 21	0%	9%	38%	33%	19%	1%

Notes: Because of rounding, the components shown do not always add up to the total shown. This data does not include locally employed staff.

Women: During this period, the overall proportion of women employees at GM remained largely unchanged at 48 percent while the total number of staff employed by GM decreased (from 794 to 744).[5] The proportion of women employees in the Civil and Foreign Commercial Service remained largely unchanged as well. In fiscal year 2014, women made up about 55 percent of the Civil Service (292 out of 530 employees), and about 34 percent of the Foreign Commercial Service (90 out of 264 employees). In fiscal year 2021, they made up about 54 percent of the Civil Service (263 out of 484 employees) and about 35 percent of the Foreign Commercial Service (92 out of 260 employees) (see fig. 10).

[5]According to the Bureau of Labor Statistics Civilian Labor Force data, women made up about 47 percent of the workforce in 2021. In comparison, women made up about 48 percent of GM employees in fiscal year 2021.

Figure 10: Proportions of Men and Women in Overall Workforce of International Trade Administration's Global Markets, Civil Service and Foreign Commercial Service, Fiscal Years (FY) 2014 and 2021



Legend: FY = fiscal year.

Source: GAO analysis of National Finance Center data. | GAO-23-105369

Accessible Data for Figure 10: Proportions of Men and Women in Overall Workforce of International Trade Administration's Global Markets, Civil Service and Foreign Commercial Service, Fiscal Years (FY) 2014 and 2021

	Female	Male
General Schedule, FY14	55%	45%
General Schedule, FY21	54%	46%
Foreign Officers, FY14	34%	66%
Foreign Officers, FY21	35%	65%
Overall Workforce, FY14	48%	52%
Overall Workforce, FY21	48%	52%

Note: This data does not include locally employed staff.

Although the proportion of women employees at GM remained relatively unchanged during this period, the proportion of women employees in leadership positions at GM increased. Specifically, women made up about 30 percent of GM's leadership positions in fiscal year 2014, while they made up about 36 percent in fiscal year 2021 (from 24 out of 80 employees in fiscal year 2014 to 25 out of 69 employees in fiscal year 2021). Our analysis found that the overall proportion of women in leadership positions increased in the Civil Service and decreased in the Foreign Commercial Service during this period. Specifically, the number of women in Foreign Commercial Service leadership positions decreased from 12 (out of 40) to nine (out of 27), while the number of women in Civil Service leadership positions increased from 12 (out of 40) to 16 (out of 42).[6]

[6]In an updated data request, GM stated that the number of employees in Foreign Commercial Service leadership positions was 39 in 2021. However, GM was unable to provide demographic data on the employees in these positions, so we present the former number in our report.

Appendix IV: Comments from the Department of Commerce

UNITED STATES DEPARTMENT OF COMMERCE
Office of the Acting Chief Financial Officer and
Assistant Secretary for Administration
Washington, D.C. 20230

April 18, 2023

Ms. Kimberly Gianopoulos
Director, International Affairs and Trade
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Ms. Gianopoulos:

In accordance with 31 U.S.C.§ 720, enclosed please find the Department of Commerce's technical comments in response to the GAO report entitled GAO-23-105369, *Export Promotion: Commerce Should Improve Workforce Planning and Management of Its Global Markets Unit*.

Thank you for allowing the Department to provide comments. The enclosure provides the technical comments.

If you have any questions, please contact MaryAnn Mausser, Department GAO Audit Liaison, at mmausser@doc.gov or (202) 482-8120.

Sincerely,

JEREMY PELTER
Digitally signed by JEREMY PELTER
Date: 2023.04.18 18:11:37 -04'00'

Jeremy Pelter
Acting Chief Financial Officer and
Assistant Secretary for Administration

Enclosure

Appendix IV: Comments from the Department of Commerce

The Department of Commerce, the International Trade Administration (ITA), and Global Markets (GM) concur with GAO's recommendations. Global Markets sincerely appreciates GAO's comprehensive review and thoughtful analysis of its workforce planning and management. In particular, we appreciate the clarity of understanding the report provides into the budget challenges we have faced over many years that contribute directly to our ability to sustain and grow our human resources in the U.S and overseas fields, and at our headquarters following the consolidation that established Global Markets in 2013. Additionally, we appreciate the recognition that Global Markets could do a better job of documenting staffing decisions and codifying resource allocation processes, something we fully agree with and recognize as critical and necessary outputs of the strategic alignment of our administrative, operational, staffing and budgetary processes that was effectuated through the establishment of a Deputy Assistant Secretary (DAS)-level operations unit in mid-2019. Since that time, we have made headway, but there is more we can do, as noted in the report.

Responses to GAO Recommendations

1. *Regularly review justifications for positions that deviate from model recommendations.*

   We are in full agreement with this recommendation. In addition to establishing internal control to memorialize our current procedures and regularize justification reviews, Global Markets will codify the ORAM and DRAM data model processes in a way that fully describes the relationships between the data models and how they relate to the staffing and resource allocation decision-making process. ORAM and DRAM provide important data that helps us distribute and balance our existing resources across our global and domestic footprints, in a model that informs the decision-making process, along with, for example, Post and regional DAS input based on real-time needs and priorities. It is important to note that the ORAM/DRAM not be seen as the only tool in the decision-making process and that deviations from its roster-balancing recommendations are reflective of our organization's priorities and the value-added judgments of senior decision-makers. As noted, memorialization and review of these decisions is important.

2. *Document the processes for updating staff allocation models.*
   We are in full agreement with this recommendation. In fact, though we still have work to do, the process for updating our staff allocation models began in earnest in May of 2021. At that time, our DAS for Global Operations conducted an internal study on how to bridge human capital gaps across Global Markets. We recognized the need to take multiple simultaneous actions across the lifecycle of our workforce and that work was needed to integrate our workforces. One key action was to transform our Global Markets staffing plan into a table of organization that would help us link budget to staffing and sharpen our understanding of how we measure productivity enhancements. We also recognized that a cross-organizational approach would be an intense and ongoing multi-year effort.

3. *Develop a comprehensive workforce plan*.
   We are in full agreement with this recommendation. As noted, Global Markets must manage the relationships between its three workforce segments to ensure the systemic linkages between them

remain in balance and have upward productivity gains, aligned with our ongoing desire to invest in technology enhancements. This work will allow Global Markets to deliver a comprehensive, iterative workforce plan, which we will map out this fiscal year. In the process, we will document linkages with ITA-level efforts related to employees hired using Title 5 authorities. GM's recent success in standardizing and linking its position descriptions for almost all client-facing Civil Service and Locally Employed Staff overseas provides a notable starting point. In addition, ITA and Global Markets are working on an ITA wide table of organization which will maintain position information and employee data that will provide a complete picture of filled and vacant positions across ITA.

4. *Address human capital vacancies.*

   We are in full agreement and are doing so. In fact, this has been a priority for the organization, as we recognize the need to have a solid backbone of support for our officers and staff overseas. Prior to receiving the draft report, Global Markets has made progress filling vacancies in our Office of Global Talent Management and is now 87% staffed (with 4 remaining vacancies) toward its authorized target of 30 FTE. Budget permitting, Global Markets will continue to fill the remaining vacancies. If funding resources are unavailable, we will document the vacancies in our staffing plan as unfunded.

Accessible Text for Appendix IV: Comments from the Department of Commerce

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GAO Contact

Appendix V: GAO Contact and Staff Acknowledgments

Kimberly Gianopoulos at (202) 512-8612 or gianopoulosk@gao.gov

Staff Acknowledgments

In addition to the contact named above, Adam Cowles (Assistant Director), Brian Hackney (Analyst-in-Charge), James Boohaker, Bethany Gracer, Samantha Jorgensen, Adam Peterson, Terry Richardson, Marc Rockmore, Aldo Salerno, Mona Sehgal, and Nicole Willems made key contributions to this report.

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