

Government Executive

Facing Hurdles

By Charles S. Clark

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Dear Deputy Secretary:

Congratulations on your recent appointment to the department's No. 2 slot. As you prepare in the coming months for what might—through no fault of yours—prove a contentious confirmation hearing, you may wish to study the following urgent challenges facing the federal family in 2013. As many highly placed executives have learned, if a problem were easy, it would have been solved before it reached your desk. Your loyal staff has picked four trends you couldn't avoid addressing even if you wanted to.

Trend 1: Shrinking Budgets

Washington's deep budget stalemate—no matter who gains the upper hand in the coming eventful months—likely will provide only one guarantee: that the substantial budget cuts assigned to our agency during the past two cycles is now the new normal. This is bound to be true regardless of whether the two parties get serious about reducing the nation's streak of trillion-dollar-plus deficits.

Multiyear planning is out of the question, useful as it would be. More likely you'll be forced to improvise while leading a team of employees whose pay is frozen, whose health insurance premiums are rising, and whose travel and conference budgets are curtailed.

To make do with less, you have to understand what things cost. "It's very difficult to navigate in tight budgets without insight into your cost drivers," says Robert Shea, a principal with Grant Thornton LLP and associate director at the Office of Management and Budget under President George W. Bush. "You need some evidentiary basis for deciding where to invest your resources."

The trend toward outsourcing during the Clinton and Bush administrations is less of an option now. Agency chief human capital officers responding to a survey the nonprofit Partnership for Public Service and Grant Thornton released in August said contractors are simply less viable. So agencies must be creative in enhancing the capabilities of in-house staff.

One area ripe for reforms—one that would go over well with the White House—is reorganization of offices and programs to curb duplication. Easier said than done, given that much of the overlap involves other agencies and the pet projects of influential lawmakers. But the Government Accountability Office in a 2011 report identified 34 areas where programs were duplicative or fragmented. It's possible some of our training efforts, for example, could piggyback onto another department's.

We live in "an enormously challenging environment for the country and for government as a tool for addressing issues collectively," says Max Stier, president and chief executive officer of the Partnership. "Things are more

complicated because many of the issues are organized horizontally while the government is organized vertically.” Food safety, for example, cuts across 15 agencies as well as different levels and sectors, while cybersecurity ropes in the Defense Department and the nation’s financial infrastructure. “Virtually nothing we do nowadays involves no cyber contact,” Stier adds. “No single agency has the resources to address these complicated, globalized problems. Government is a holding company rather than an enterprise.”

Dan Blair, president and CEO of the National Academy of Public Administration, contends that some of the “belt and suspenders” duplication is needed, but should be done intentionally. “Often it can’t be stopped because one arm of Congress isn’t aware of what the other is doing,” he says.

To do more with less, you’ll have to enlist cooperation at all levels of the org chart—and don’t neglect labor-management partnerships, which can motivate employees unnerved by change. And it will be a fight to preserve adequate funds for training against pressure to impose cuts that appear penny-wise to the public but pound-foolish to agency insiders.

You will have heard much about this year’s scandal surrounding the extravagant Las Vegas training conference gifted to the whole federal workforce by a group within the General Services Administration. After that harsh spotlight, directives came swiftly requiring agencies to cut back on conferences and make future gatherings more businesslike. “In the context of today’s budget, this is common sense. Federal employees have no right, no entitlement to go to conferences,” Blair says. “There is excellent training at some conferences.” But, he adds, “in the world we live in, you must take a second or third look before you go down to Key West in January.”

Others believe GSA and OMB over-reacted with sweeping restrictions. “I hope this hysteria will recede and we go back to some sort of normalcy on the idea of professional development as a worthy investment,” Shea says. “Conferences allow you access to good intelligence on what is going on in your world, but also allow you to network, meet others and gauge your organization’s performance. You don’t want federal employees cloistered but out and about, getting smarter about doing their jobs.”

Trend 2: Retirement Wave

By the Office of Personnel Management’s calculations, 30 percent of the federal workforce will be eligible to retire during the next four years, including 58 percent of the Senior Executive Service. Indeed, 2011 brought a 24 percent boost in retirements over the previous year.

Much of this trend tracks with demographics of the baby boom cohort. But there’s also the “fed up” factor in reaction to fed-bashing from politicians. Given the high unemployment rate, one might assume an ample pipeline of young talent is at the ready. To be sure, a new Pathways program to draw recent college graduates to federal service began in July. But the bigger challenge of the retirement wave is preventing a brain drain.

“The downside of an improving economy is that retirement will look more attractive as the stock market percolates along,” says Don Kettl, dean of the University of Maryland’s School of Public Policy. “And that could lead to a high turnover of experienced workers—potentially a quick spurt of retirements.”

A surprising number “are in the leveraging business,” he says. Kettl means federal employees who are not staffing a workstation or managing a process but who are “creating the rules and regulations for those who are.” If employees with 20 years’ experience leave in droves, there’s not only the problem of who steps in, but a risk that the resulting gap “ripples out into the bigger economy,” he says.

Blair agrees an exodus could be far-reaching. “The government structure is cumbersome, so the economy could come back quickly and it would take it a year and a half or two years to catch up on recruiting,” he says. Offering an attractive career might also be complicated by the recently enacted Stop Trading on Congressional Knowledge Act. Originally aimed at enhancing disclosure of financial holdings by lawmakers, it was expanded to apply to thousands of federal jobs. “Many a deputy or assistant secretary may say they don’t want this paperwork burden with the subsequent public disclosure required by an open, searchable database,” he says.

The budget crunch and retirement tsunami won’t be limited to the executive levels, but also will pressure succession planning at all levels. The survey of human capital officers showed that gaps in competencies are a growing concern: only 27 percent of respondents said their agency was “preparing an adequate pool of qualified candidates for future needs either to a ‘great’ or ‘very great’ extent. Likely areas of shortages? Accounting, finance and procurement.

One bit of good news is OPM has helped agencies reduce hiring time from 130 days to 105 days. That’s despite some software troubles at the USAJobs.gov website. But rather than wait passively for ill-targeted résumés, consider a proactive and focused recruitment strategy. The Consumer Financial Protection Bureau, for example, has attracted a slew of tech-savvy young recruits from Silicon Valley.

Taking advantage of the newly enacted option for partial retirement could keep some expertise in-house. When a law passed in July giving agencies the option of phasing employees into a part-time schedule while collecting a partial annuity, the National Active and Retired Federal Employees Association applauded. “Not only is this good news for experienced federal workers,” said NARFE National President Joseph Beaudoin, “but the government as a whole also will benefit from retaining these valuable workers to help with transitions.”

Shea says agency leaders “will have to be creative about finding ways to reward and retain employees by being cheerleaders in chief.” Success will go to “those who articulate a clear and compelling mission for their agency as to why it would be a compelling career choice,” he says, adding that OPM will have to be aggressive and act more as a strategic partner than in the past.

“You want employees who are seriously engaged in your mission, which is difficult if they’re being told they are lazy bureaucrats, undeserving of a pay raise,” Shea says. “Policymakers and managers need to invest time and energy in reminding employees of their value, informing them what they need to do to improve. A pay freeze limits you from rewarding on one level, but there are lots of other ways to incentivize them.”

Trend 3: Performance Measures

Like many who come to government from the private sector, you probably are conversant with the embrace of analytics in evaluating programs. This digital discipline allows leaders to study huge amounts of data, collaborate with faraway colleagues, streamline services and save money. Yet as Stier notes, data is used differently in the for-profit sector, and a government’s efforts to measure contributions to the public good don’t always lead to quantifiable data.

That said, agencies are required to pursue analytics-oriented program performance measures under the 2010 updates to the Government Performance and Results Act. The law made 152 changes in the federal performance management framework, requiring strategic plans, program goals, cross-agency priority goals and annual program performance reports. The president’s fiscal 2013 budget, released in February, listed 14 priority goals that require coordination with officials at other agencies. As deputy, that will include people over whom you

have no authority. And in May, OMB sent a memo directing all departments to use evidence-based evaluations in preparing their fiscal 2014 budget requests.

You doubtless have your own thoughts on whether data is your friend. But tread carefully. “It’s fashionable,” Kettl says, for new presidents and managers to compose a fresh management agenda, “to close down what was done before.” But, he adds, the increased pressure for measurable results and metrics that started in the George W. Bush administration has sped up under President Obama. “It won’t go away,” he says.

Someone in your position must set the tone. “Articulate to managers what information you need to help run the organization, to ensure that whatever reports are done are tailored to the way the leaders like to get that information,” Shea says. That means incorporating not only all the information needed to make key decisions, but also a basis for tracking performance. “It’s hard work,” he adds, “but you need to invest the time it takes.”

Some students of reform feel burned by past failures. In such areas as financial management and acquisition, agencies “need a culture change in that customer service has not always been the focus,” Stier says. “Do they know who the client is? Frequently the answer is no.”

Similarly, the recent Memos to Leaders project produced by NAPA and the American Society for Public Administration notes that surveys of federal managers over the last decade show little increase in performance information. The key to progress may be hiring top appointees “with a skill set that allows them to lead discussions about how to improve performance,” one memo says. “In the long run, an emphasis on learning will generate greater dividends than a punitive approach that would lead to federal managers responding defensively.”

In your new role, welcome input from members of Congress and their staff as you continue the effort to implement GPRA. It’s good politics and it might reduce the reporting burden. It’s in the interest of both branches of government to use a common language in evaluating programs so that decisions on which to preserve will stick after individuals and administrations have moved on.

Trend 4: Political Polarization

Many federal officials testifying on Capitol Hill have bitten their tongues and listened as lawmakers bash the “wasteful and spoiled” federal workforce—often on the premise that government pay and benefits are a prime cause of deficits.

In the Senate, the atmosphere has become so polarized it is routine for presidential nominations to be held hostage to political agendas. Some help is on the way. A law that cleared Congress in August eliminated the need for confirmation votes on 170 executive branch positions and 3,000 military officer appointments.

The bill has “partially addressed the problem, but the hyperpartisan environment is still a mega-issue,” says Kettl, adding that many appointees “will have difficulty putting a management team together.” Chief operating officers should pay attention to what the White House wants, he notes, saying the President’s Management Council is a powerhouse for innovation.

Partisan anguish also exists inside agency walls, according to Blair. “We want to work to address any us-versus-them between politicals and career people or rank and file,” he says.

As deputy secretary, you will have little choice but to adjust to prevailing political winds. “You can either fret about things that are inevitable, or suck it up and figure out ways around them,” Shea says. “These are institutions staffed primarily by partisans, so the quest for common ground should be ongoing,” he says. “Don’t let bitterness get in the way of getting things done. If a congressional authorizing committee blocks an appointee, don’t let that prevent you from working with that committee in other capacities.”

One more tip from Shea: “In most organizations, more so in the public sector, there are influencers—a couple of longtime employees who are well-known, and who are potentially your biggest roadblocks. Find out who those influences are, make sure you invest the time it takes to get their advice and get them bought in to what you want to achieve.”

Don’t underestimate the loyalty and competence of career staff. “Nothing will get done without a lot of effective engagement,” Stier says, adding rather than trying to reinvent an entire portfolio, count on “the easier wins coming through finishing the work of predecessors.”

With so much on the plates of incoming deputies, Stier says, “they need to choose a small number of issues and be hard-nosed about what will drive through an affirmative agenda. Most of the day will be spent responding to crises thrown at them by Congress or other stakeholders.”

Your staff is honored by the opportunity to prepare this orientation memo. May your leadership allow our agency to serve the American people in the best way we can.

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