



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT  
Washington, DC 20415

The Director

Thursday, May 10, 2001  
MSG 2001-041

**MEMORANDUM FOR: Heads Of Executive Departments And Agencies**

FROM: Steven R. Cohen, Acting Director

Subject: Workforce Planning Restructuring

**Purpose.** This Bulletin:

- Instructs Executive agencies and departments ("agencies") to submit a workforce analysis to OMB by June 29, 2001. This is the initial phase of implementing the President's initiative to have agencies restructure their workforces to streamline organizations; and
- Provides preliminary guidance on the development of agency-specific restructuring plans in the context of an agency's FY 2003 budget request and annual performance plan.

**Background.** The White House Chief of Staff's January 20th "Hiring Controls" Memorandum stated that in the long term, every agency head will be expected to develop a plan to meet the President's goal of reducing management ranks and that OMB would issue guidance on the development of those plans. Additionally, the Director's February 14, 2001 Memorandum "Performance Goals and Management Initiatives for the FY 2002 Budget" directs agencies to include delayering of management levels to streamline organizations as a performance goal in their FY 2002 Budget requests and annual performance plans.

Furthermore, the President's FY 2002 Budget announces: "the first priority of the President's Government reform initiatives is to make Government citizen-centered. This means ensuring that there is as little distance as possible between the citizens and decision-makers. To shrink the distance between citizens and Cabinet members, the Administration will flatten the Federal hierarchy, reduce the number of layers in the upper echelons of Government, and use workforce planning to help agencies and redistribute higher-level positions to front-line, service-delivery positions that interact with citizens."

**Coverage.** This Bulletin applies to agencies with more than 100 FTE (see [Attachment A](#)). Agencies with fewer than 100 FTE may voluntarily comply.

**Required actions.** Each covered agency should: provide summary information on its workforce analysis to the agency's OMB representative no later than June 29, 2001; and develop a restructuring plan as part of its FY 2003 budget submission and annual performance plan.

***Restructuring to Streamline Organizations.*** Each agency is asked to prepare a restructuring plan based upon a workforce analysis to make the Government more citizen-centered by, as appropriate:

- Deploying resources to direct service delivery positions that interact with citizens; and
- Using workforce planning to flatten the Federal hierarchy, increase the span of control, reduce the time it takes to make decisions, and reduce the number of layers in Government.

## **Workforce Analysis**

Each covered agency should prepare a workforce analysis by bureau or organization that, at a minimum:

- Provides information, as of September 30, 2000, on the demographics of the permanent workforce including age, grade, retirement eligibility and expected retirements over the next five years, and attrition, including trends in recent retirements over the past five years;
- Provides information, as appropriate, on the agency's seasonal, temporary, and intermittent workforce for FY 2000, including number and occupations of employees in each category and duration and periodicity of employment;
- Evaluates the skills of the workforce (see the questions below); and
- Identifies each supervisor/manager as reported to the Central Personnel Data File by occupational title, grade level, geographic location, and supervisor-to-staff ratios.

This analysis will serve as the baseline for the agency-specific restructuring plan. The analysis should be fully consistent with: actions taken by the agency to implement other management reform initiatives, including those addressed in OMB Memorandum M-01-15 making greater use of performance-based contracts, expanding the application of on-line procurement, and expanding A-76 competitions and increasing the accuracy of FAIR Act inventories(see [Attachment B](#)); and with the agency's biennial SES allocation request to the Office of Personnel Management (OPM).

Agencies should prepare a summary of its findings that addresses each of the above elements. To the maximum extent possible, data used in the analysis should be consistent with that reported to OPM; any deviations should be noted. In addition to the summary data, agencies should address the following questions:

- What skills are currently vital to the accomplishment of the agency's goals and objectives?
- What changes are expected in the work of the agency (e.g. due to changes in mission/goals, technology, new/terminated programs or functions, and shifts to contracting out)? How will this affect the agency's human resources? What skills will no longer be required, and what new skills will the agency need in the next five years?
- What recruitment, training, and retention strategies are being implemented to help ensure that the agency has, and will continue to have, a high-quality, diverse workforce?

- How is the agency addressing expected skill imbalances due to attrition, including retirements over the next five years?
- What challenges impede the agency's ability to recruit and retain a high-quality, diverse workforce?

Where has the agency successfully delegated authority or restructured to reduce the number of layers that a programmatic action passes through before it reaches an authoritative decision point (e.g. procuring new computers, allocating operating budgets, completely satisfying a customer's complaint, processing a benefits claim, and clearing controlled correspondence)? Where can the agency improve its processes to reduce the number of layers that a programmatic action passes through before it reaches an authoritative decision point? Please provide at least two examples of each.

What barriers (statutory, administrative, physical, or cultural) has the agency identified to achieving workforce restructuring?

This information should be provided to the agency's OMB representative no later than June 29, 2001. Agencies may be asked to provide additional information.

### **Agency-Specific Restructuring Plans**

Based on the workforce analysis, agencies should, as a part of the FY 2003 budget submission and annual performance plan, develop a five-year plan to identify the specific organizational changes the agency is proposing to: reduce the number of managers, reduce organizational layers, reduce the time it takes to make decisions, increase the span of control, and redirect positions within the agency to ensure that the largest number of employees possible are in direct service delivery positions that interact with citizens and retrain and/or redeploy employees as part of restructuring efforts. Include in the plan:

Organizational charts showing the changes from the baseline levels in the organization's program and staffing structure and work processes that would be accomplished by the proposal;

- Costs and/or savings that will result in the first year and over five years from implementing these changes at the account and/or program level as appropriate;
- The human resources management tools and flexibilities needed to implement the plan;
- The specific actions to be taken, with a timetable; and
- The anticipated impact that these changes will have by fiscal year and the agency's plan for measuring progress.

OMB and OPM will work closely with agencies to implement the President's initiative. In addition to this Bulletin, OPM has tools to help each agency conduct a workforce analysis and is prepared to provide guidance and assistance as needed.

Additional guidance on agency-specific restructuring plans and other aspects of agency budget submissions and annual performance plans will be provided in OMB Circular No. A-11, which will be issued this summer.

**Contact.** Questions regarding this Bulletin should be directed to the agency's OMB representative. Specific questions on conducting a workforce analysis should be directed to Employment Service, OPM at 202-606-6500.

Mitchell E. Daniels, Jr.  
Director

Attachment A Bulletin 01-

**Executive Branch Agencies with more than 100 FTE**

Department of Agriculture  
Department of Commerce  
Department of Defense--Military  
Department of Education  
Department of Energy  
Department of Health and Human Services  
Department of Housing and Urban Development  
Department of the Interior  
Department of Justice  
Department of Labor  
Department of State  
Department of Transportation  
Department of the Treasury  
Department of Veterans Affairs  
Agency for International Development  
American Battle Monuments Commission  
Armed Forces Retirement Home  
Broadcasting Board of Governors  
Cemeterial Expenses (Army)  
Commodity Futures Trading Commission  
Consumer Product Safety Commission  
Corporation for National and Community Service  
Corps of Engineers  
Court Services and Offender Supervision Agency for the District of Columbia  
Defense Nuclear Facilities Safety Board  
Environmental Protection Agency  
Equal Employment Opportunity Commission  
Export-Import Bank of the United States  
Farm Credit Administration  
Federal Communications Commission  
Federal Deposit Insurance Corporation  
Federal Election Commission  
Federal Emergency Management Agency  
Federal Housing Finance Board  
Federal Labor Relations Authority  
Federal Maritime Commission  
Federal Mediation and Conciliation Service  
Federal Retirement Thrift Investment Board  
Federal Trade Commission  
General Services Administration

Intelligence Community Management Account  
International Trade Commission  
Merit Systems Protection Board  
National Aeronautics and Space Administration  
National Archives and Records Administration  
National Credit Union Administration  
National Endowment for the Arts  
National Endowment for the Humanities  
National Labor Relations Board  
National Science Foundation  
National Transportation Safety Board  
Nuclear Regulatory Commission  
Office of the United States Trade Representative  
Office of Administration  
Office of Management and Budget  
Office of National Drug Control Policy  
Office of Personnel Management  
Office of Special Counsel  
Overseas Private Investment Corporation  
Peace Corps  
Presidio Trust  
Railroad Retirement Board  
Securities and Exchange Commission  
Selective Service System  
Small Business Administration  
Smithsonian Institution  
Social Security Administration  
Tennessee Valley Authority  
United States Holocaust Memorial Museum

Attachment B Bulletin 01-

March 9, 2001

M-01-15

**MEMORANDUM FOR HEADS AND ACTING HEADS OF DEPARTMENTS AND AGENCIES**

FROM: Sean O'Keefe  
Deputy Director

Subject: Performance Goals and Management Initiatives for the FY 2002 Budget

In accordance with the Director's Memorandum, subject above, dated February 14, 2001, the Office of Management and Budget is providing additional guidance on the development of Performance Plans regarding the following reform initiatives:

- 1. *Making greater use of performance-based contracts:*** For FY 2002, the Performance-Based Contracting (PBC) goal is to award contracts over \$25,000 using Performance-Based Service Contracting (PBSC) techniques for not less than 20 percent of total eligible service contracting dollars. This goal is based on the goals established under the Government-wide Acquisition Performance Measurement Program established by the Procurement Executives Council (PEC).
- 2. *Expanding the application of on-line procurement:*** For FY 2002, agencies will post 100 percent of all synopses and solicitations valued at over \$25,000 on the government-wide point-of-entry (Website); FedBizOpps.gov. The President's commitment is to shift procurement to the Internet at the same rate as the private sector and to increase competition and accessibility.
- 3. *Expanding A-76 competitions and more accurate FAIR Act inventories:*** For FY 2002, agencies will complete public-private or direct conversion competitions on not less than 5 percent of the FTE listed on their Federal Activities Inventory Reform Act inventories. Agency plans will include the number of FTE by function and location being competed, training requirements and planned contract support. The President's commitment is to open at least one-half of the Federal positions listed on the FAIR Act inventory of commercial functions to competition with the private sector.

Agency plans should outline how the agency intends to meet these goals. If the agency does not believe that it will achieve these goals within the FY 2002 Budget time-frame, the agency should describe the actions the agency intends to take in order to mitigate this problem. Agencies should provide a time-line showing when it expects to achieve this FY 2002 Budget goal.