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Improving Work Force Management in the Department of State

The Program Planning and Budget Interface

James A. Winnefeld

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Prepared for the
Department of State

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PREFACE

The Department of State is designing an improved program planning and budgeting system, which it hopes will improve planning and provide better linkages among resource planning, allocation, and expenditure processes. This system is intended to have many of the attributes of the planning, programming, and budgeting systems (PPBS) used elsewhere in the U.S. government. An important subset of any resource management system is its work force component. Work force management within the department has received intensive internal and external scrutiny. However, most of these efforts have focused on only personnel issues. Few examinations have been made of the totality of work force management in system terms—that is, explicitly linking goals, inputs, outputs, and processes.[1]

The brief study documented in this report is an attempt to compensate for this narrow focus and stand back and look at the system as a whole while paying closer attention to its work force management component. The defect of this approach is that one loses important detail, detail upon which any system must depend. There is no readily available solution to this dilemma. But this is an outsider's look at the department's resource management. This perspective confers some advantages along with the obvious disadvantages. The outsider is perhaps better able to look beyond organizational charters and current practices and examine *functions*, both the way they are performed and their effects on other functions.

One of the difficulties inherent in this analysis was that current systems are poorly documented. The author encountered few in the department who understand the integrated totality of the current largely free-standing program planning, budgeting, work force, and information management systems.[2] To do this study, the author was forced to confront this lack of understanding and try to remedy it. He interviewed knowledgeable staff and attended and occasionally participated in many briefings that addressed system design issues. Unfortunately, this method can easily overlook some important particular.

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[1]The 1988–1989 Thomas Commission came close, but it did not address the overall resource management setting within which any work force management system must function.

[2]This critical judgment was arrived at over the course of almost a year and a half as the author interviewed, briefed, and was briefed by many middle managers in the department.

The intention was to describe the current system and provide a useful framework for identifying corrective action.

SUMMARY

This report describes the Department of State's current work force management system and outlines two alternative systems that might better fit with the department's emerging program planning and budgeting system. Interviews with many middle managers in the department were the basis for describing the current system and defining alternatives.

To assist in the analysis, a simple model of the two systems of interest was developed. Each of the subsystems and most of the linkages among them were examined with the objective of identifying strengths and weaknesses. When this model is applied to the current work force system, the analysis suggests that the system suffers from the lack of a requirements subsystem and an inadequate role for central personnel managers in budget development and review. Although those managers have leverage in allocating person-years (full-time equivalent, or FTE) in budget execution, they work with an insufficiently disciplined position management system, really a franchising system that provides licenses to go hunting for the requisite staff. There appears to be no important role for the central personnel managers in the budget development process, which is dominated by the central budgeting and financial management organization and the some 30 bureaus in the department.[1]

The first alternative system defined provides for greater centralization of work force management authority, and the second further decentralizes authorities that characterize the current system. Neither alternative critically depends on the establishment of an improved departmental program planning and budgeting system, although both would benefit greatly from such an improvement. The first alternative gives the central work force managers a major role in requirements determination and in helping the financial managers develop and review the budget. The position management system is tightened up and aligned at least once per year with the FTE system. The use of FTE is extended to the budget development process. The second alternative provides more leverage to the bureaus in determining their requirements and in optimizing their work force mix across traditional resource and budget time lines.

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[1] This may be changing. Central personnel managers did have a role in identifying resource issues during the FY 1992 budget development cycle.

The current system and both alternatives were assessed against two sets of criteria: the strength they provide to the linkages among complementary subsystems and ten generalized total system performance parameters. All three systems have strengths, and the recommendations reflect those strengths.

RECOMMENDATIONS

1. Associated with Current Systems
   a. Retain the current departmental *organization* for work force and program planning and budgeting. Changes would be limited to *functions*. The central work force requirements function would reside within the current personnel organization (PER). The central *resource management function* would reside in the financial management organization (FMP). The bureaus would continue to play the main supporting role in work force and program planning and the principal role in budget execution.
   b. Retain the essential features of the current budget execution system as modified by improved linkages with other systems and as supported by an improved program structure and information system.
   c. Retain the current system of FTE management in budget execution, but extend it to program and budget development.
   d. Retain the current system of centrally funding foreign service and full-time civil service personnel.
2. Associated with Alternative No. 1
   a. Establish a strong, centrally located work force requirements and analysis capability in PER.
   b. Define a major role for PER in helping FMP develop budget preparation instructions and conduct the budget review. Provide for an overall work force budget assessment to accompany the draft budget request when it goes to the Under Secretary for Management for approval.
   c. Introduce greater discipline in the position management system and more closely align positions with FTE by strengthening PER's *actual* role in position management.
   d. Conduct out-year departmental work force strength planning to identify implications of current and future constraints and requirements assumptions.
3. Associated with Alternative No. 2
   a. Give the bureaus greater latitude in trading off resources

across traditional lines and over time in the process of building programs and budgets.

    b. Give the bureaus a major role in inputting to a centrally maintained work force requirements database.

4. Associated with an improved program planning and budgeting system

    a. Establish a departmental program structure that ties work force requirements, positions, and the people filling them to departmental objectives, missions, and tasks.

    b. Establish a departmental program planning development capability in FMP.

    c. Consistent with the pace of implementing the foregoing recommendations, improve the department's information system to better support resource analysis.

5. Associated with programmatic issues

    a. Incrementally fund the foreign service pipeline over a period of five years to reduce the long-standing position gap problem.

    b. Provide a pool of funds (by "skimming" traditional bureau funding allocations if necessary) to accommodate better bureau investment needs when the payoff is spread over several years beyond the budget year. Bureaus would compete for these funds annually by presenting high-leverage proposals for work force output improvement.

ACKNOWLEDGMENTS

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GLOSSARY

EX	Executive directors of bureaus in the Department of State; they serve as principal administrative officers and have cognizance of work force matters in their bureau.
FMP	Department of State's Bureau of Finance and Management Policies under the Chief Financial Officer.
FSN	Foreign service national (foreign hire).
FTE	Full-time equivalent of a unit of the work force. A person year of effort; a means to link average unit personnel cost to a unit of personnel strength.
FTP	Full-time permanent civil service employees of the department.
MIS	Management information system.
PER	Department of State's central personnel organization under the Director General of the Foreign Service and Director of Personnel.
PER/RMA	Resource management analysis office reporting to the Director of Personnel (PER).
PIT	Part-time, intermittent, or temporary employees of the department.
PPBS	Planning, programming, and budgeting system.
Program planning and budgeting system	A system, currently under development, for managing all department resources; analogous to DoD's PPBS.
Work force management system	The system that manages the totality of the department's staff, including but not limited to the foreign service, civil service, and contract labor.

I. INTRODUCTION

This report responds to a request from the Department of State to develop in *outline* form and document the *initial* design for a work force management system that is compatible with the emerging program planning and budgeting system. This task includes the identification of the major system components, functions, relationships, inputs, and outputs of the work force management system with emphasis on the interfaces with other departmental management systems. *The tasking does not include a detailed analysis of the department's personnel, budgeting, management information, and accounting systems, nor does it address specific implementation issues. It does not include defining formats or the specifications of reports and associated processes.* Rather, this study is intended to assist top management in gaining a broader perspective of the interaction of its current major management systems as they affect work force management and to suggest two alternative formulations for improving matters. It does not provide any "grand designs." Instead, it examines the utility of incremental improvements. As incremental as some of these improvement options are, they nevertheless would require considerable changes in the way the department manages its work force and deploys its dollar resources.[1]

The first task in this analysis was to define the objectives of work force management, identify and relate the relevant management functions, and suggest the attributes that would define a "good" system for performing those functions. The result of this task set out in Sec. II is a model of a management system and ten criteria for assessing the design and performance of the current and possible future work force management systems. The model and the criteria are based on a review of the management literature and experience with analogous governmental systems.

The second task was to gain a comprehensive understanding of how the current departmental management systems work, with emphasis on how they relate to one another in work force management functions. In the absence of top-level descriptive documents on the workings of the current system, a series of extended interviews was held with selected principal managers who operate the current systems. From these interviews and from an examination of directives from top

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[1] For a recounting of a previous Department of State attempt to make major organizational changes and improve its processes, see Warwick, 1975.

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management and working level reports, the outline of the current system's functioning emerged.

This description highlights several internal system and system interface problems that are well known to middle managers in the department. The description attempts to relate the disparate problems in such a way that their totality can be better understood as a basis for concerted corrective action. Section III develops this descriptive outline by concentrating on systemic interfaces and the difficulties that flow from them. The treatment is neither detailed nor complete. It is intended to help managers gain a first order understanding of system problems outside their area of responsibility and of problems that flow across system boundaries.

Section IV sketches out two alternative systems. Although current organizational structures are retained, roles and inputs and outputs across organizational and systemic boundaries are adjusted in ways that might improve operation of the total system. Section V compares the three systems (the current and two improvement alternatives) and recommends corrective action.

Before we turn to a description of a preferred work force management system, a few caveats are in order. First, the emerging strategic resource management system has not been fully defined. It will almost certainly include a formal program structure to facilitate the display of resource allocation over time and will have a serviceable crosswalk to the budget and expenditure accounting systems. This in itself is an ambitious undertaking. Furthermore, a centralized program review and analysis staff will very likely assist the bureaus in developing programs to use as an input to budget development. Getting the necessary staff resources and developing workable processes to perform the program development function also presents an ambitious agenda. Finally, a quantum improvement is needed in the quality of information support provided to management at all levels in the department if an effective program planning and budgeting system is to be installed.

Given these imposing hurdles, it seemed practical to suggest improvements to the work force management system that did not depend on this ambitious agenda *but that are consistent with it*. That approach has guided the development of this research.

Continued reference is made throughout the report to the "program planning and budgeting system" and the "work force management system" as though they were two separate entities. Any effective work force management system cannot be an autonomous system and *must be embedded in the program planning and budgeting system*. Thus, references to linkages among the components of the two systems really mean a set of internal linkages within the overall system. Within this context the focus is on work force management.

II. A WORKING MODEL AND PERFORMANCE CRITERIA FOR A GOOD WORK FORCE MANAGEMENT SYSTEM

This section operates in the realm of "what should be," leaving "what is" to Sec. III. The analysis is bounded by what it is reasonable to expect and the realities of attempting to change any large bureaucracy. This analysis is less concerned with the specific mission of the Department of State and its "products," as important as they are, than with the way the department obtains, deploys, and uses its resources within its missions and tasks.

THE OBJECTIVES OF ANY WORK FORCE MANAGEMENT SYSTEM

The prime objective of any work force management system is to obtain and deploy human resources to build and deliver the organization's products (or perform its mission) effectively and efficiently. Other subsidiary objectives, aside from their important social worth, also contribute to the effectiveness and efficiency of the work force. With more or less fixed resources, as is the case with the Department of State, the incentive is to maximize the quantity and quality of the product, consistent with legal and social constraints.

Work force management takes place inside a larger resource management and organizational setting. That setting is largely determined by functions that must be performed to produce a product. The setting and functions can be described by a model.

A MODEL OF WORK FORCE MANAGEMENT IN THE LARGER RESOURCE MANAGEMENT SETTING[1]

A model of work force management would contain at least three important functions:

1. Requirements and Planning: Determining what is needed in quantity, quality, location, and time, and formulating

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[1] The model of functions and linkages described here is based on the seminal work of Simon (1975) in organizational theory and administrative behavior. See particularly his Ch. VIII on communications.

alternative means of satisfying requirements at alternative resource levels in future environments.

2. Work Force Allocation: Distributing work force resources to perform the mission and tasks of the organization most efficiently and effectively. This function involves brokering the conflicting pressures of need and scarcity.

3. Personnel Management: Hiring, training, promoting, disciplining, and assigning the personnel to satisfy work force allocations.[2]

The most important systemic interface these functions have, other than with one another, is with the organization's larger planning, programming, and budgeting system, what we refer to as its strategic resource management system. That system can also be defined by three functions:

1. Planning and Programming: Determining what resources (in terms of funds, personnel, capital equipment, and facilities) are needed and in what order of priority over time; and formulating alternatives for management's decision in forms that portray all the relevant costs, opportunities, and payoffs.

2. Budget Development: Translating program alternatives selected by management into resource formats that meet the requirements of law and governmental procedure, pricing those resources and marshaling information for their justification, and providing the means to relate budgets to programs and expenditures.

3. Budget Execution: Translating the approved budget into a series of discrete and coordinated management actions that achieve the result intended by the management-approved program and adjusting those actions to reflect new or unforeseen circumstances.

These six functions are portrayed in Fig. 1 as two linked systems that are subject to outside influences, such as departmental objectives, policy guidance, the law, fiscal constraints, etc., and the information support available. In ideal circumstances the functions represented by each box of the figure would be performed well and the linkages between each pair would be open and strong. Problems exist when a

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[2]Although the second and third functions appear to overlap, they are in reality quite distinct. Function 2 encompasses the decision by management to place personnel resources in specific organizations and locations over time. It does this by establishing and eliminating positions. Function 3 is the act of hiring and detailing personnel to fill those positions established by management.

Work Force Management

Departmental Planning, Programming, Budgeting

Policy guidance, department objectives, the law, dollar/FTE constraints

① Work force requirements and planning

② Work force allocation and control

③ Personnel management

④ Planning and Programming

⑤ Budget development

⑥ Budget execution

Information management support
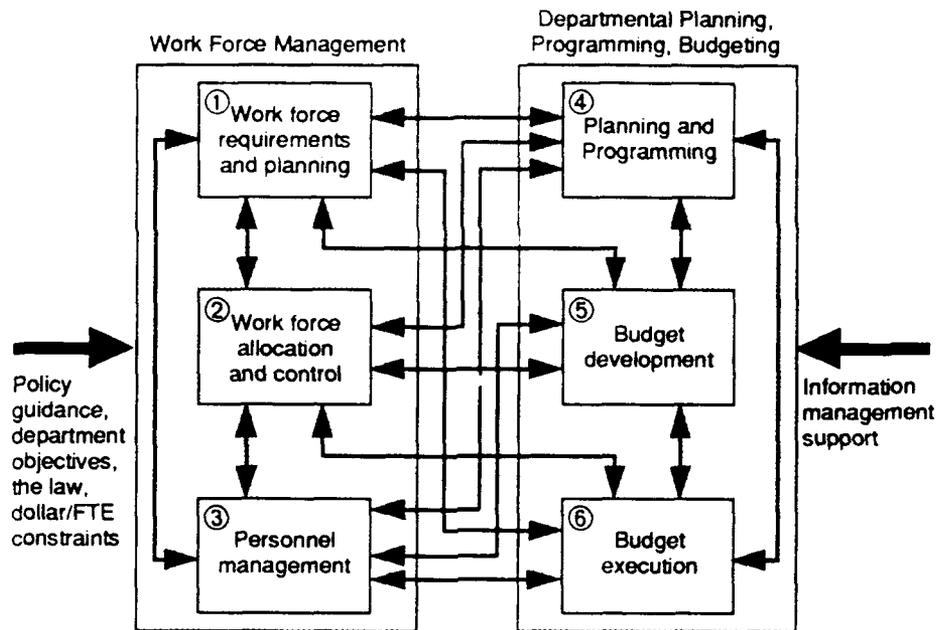
Fig. 1— Components of a strategic resource management system from a work force management perspective

function is performed poorly (or not at all), when the linkages are weak, or when the information flow is restricted.

There is a temptation at first glance to relate the three work force management boxes in the diagram to the department's Director of Personnel (PER) and the planning, programming, and budgeting boxes to the department's Chief Financial Officer (FMP). But that conclusion overlooks the important role of the bureaus in each of the boxes of the process as well as the considerable overlapping of functions between the department's financial and personnel officials. Figure 1 is not much help in understanding the organizational interfaces within the department and how each bureau performs its management functions. The figure permits us to see more clearly the needed functions and linkages without organizational filters; it puts into relief where functions and interfaces are weak and cross organizational lines.

There would be some utility in describing the functions and linkages of a "good" system before describing how the departmental system operates today. However, in the interest of brevity and relevance,

discussion is postponed to Sec. III. For now a set of criteria is defined for assessing the performance of any work force management system that fits the generic model portrayed in Fig. 1.

WORK FORCE MANAGEMENT SYSTEM ASSESSMENT CRITERIA

1. *Can resource allocation be tracked back to, and justified by, departmental objectives and priorities?* This criterion suggests an ability to relate decisions in boxes 1–3 and 4–6 of the model and have an audit trail from work force and other resource decisions to objectives and priorities.

2. *Can resource priorities, either zero-based or at the margin, be identified?* This criterion envisions a scheme for informing choice among competing programs and alternatives. Its roots would be in boxes 1 and 4 and its full use would occur in boxes 2 and 5.

3. *Are resources blended to provide maximum output as measured against departmental objectives and as constrained by FTE[3] and dollar controls?* This criterion applies to all the boxes of the model.

4. *Are resource tradeoff analyses facilitated?* This criterion applies principally to boxes 1 and 4.

5. *Are the out-year effects of near-year resource decisions accurately portrayed?* This criterion applies principally to boxes 1 and 4.

6. *Are all responsible offices involved in resource planning, allocation, and other management processes?* This criterion applies to all six boxes in the model.

7. *Are resource requirements and allocation processes "open" to all responsible offices and staff?* This criterion applies to all six boxes in the model.

8. *Is a proper mix of centralized guidance, decentralized plan development, and top-level oversight provided?* This criterion applies to all six boxes in the model.

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[3]FTE means "full-time equivalent" of a unit of the work force over a year, in effect a person-year of effort. Because the Office of Management and Budget (OMB) imposes a ceiling on work force size for each department and agency of the Executive Branch in the form of total allowable FTE, it serves as a constraint almost as stringent as dollar ceiling constraints. Within the Department of State, the Director of Personnel is responsible for allocating FTE to the bureaus. These bureau constraints then shape the size and composition of the department's work force through the hiring and assignment processes.

9. *Are organizational barriers to shifting resources minimized?* This criterion applies principally to boxes 1, 2, 4, and 5.

10. *Do contemplated alterations of the system minimize disruption of current organizations and processes?* This criterion lies outside the model.

The next section describes the operation of the current system in functional and linkage terms and suggests their implications for improvement actions.

III. THE CURRENT WORK FORCE MANAGEMENT SYSTEM

> Uncertainty means we do not have a complete description of the world which we fully believe to be true. Instead, we consider the world to be in one or another of a range of states. Each state of the world is a description which is complete for all relevant purposes. Our uncertainty consists of not knowing which state is the true one.[1]

One's first—uncertain—impression of the current work force management system of the Department of State is that it is heavily concentrated on personnel issues. That is, it emphasizes assignments, promotions, and recruiting, not requirements, priorities, and thoughtful and systematic allocation of scarce work force resources. Optimization of resource allocation appears to be conducted *within*, not *across*, bureaus. Moreover, an outside observer would be surprised at the almost total absence of input from central personnel managers to the budget development process. The budget is developed on the basis of inputs from many bureaus and offices, inputs not guided in any substantial way by centralized work force and personnel planning. *In effect, the budgetary planning and programming (requirements and tradeoff analysis, prioritizing, allocation) of scarce human resources has been made without the active participation of the responsible central work force managers.*

These are first impressions. This section will take a closer look at the various functions that constitute the work force management system to confirm or modify them. The first interest is in understanding which functions are relevant to this examination. The second interest is in the linkages or *communications paths* between the functions. Definition of the necessary functions will permit determination of what needs to be done.

INTERNAL PROBLEMS IN EACH FUNCTIONAL SUBSYSTEM

Each of the six subsystems supporting the functions shown in Fig. 1 has internal problems with ramifications for other functions.[2] But this research concerns work force management.

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[1] Arrow, 1974, pp. 33–34.

[2] The words function and system (or subsystem) often appear to be used interchangeably. Depending on the context, the distinction depends on whether the discussion is about a task to be performed or the systemic underpinnings needed to perform it.

The Work Force Requirements and Planning Function

A system to assess. establish, and archive work force requirements hardly exists at the moment. The department currently considers its active authorized position files plus its emerging "reserve position" files and existing contract work force person-years as a representation of its requirements.[3] Several places in the department have informal compilations of requirements: needed positions that are currently unfunded plus positions not currently in the system but that will be needed in the future. No systematized inventory of required positions clearly delineates requirements and funded positions by program or budget year. Moreover, there is no tie between requirements and positions and specific program functions that must be undertaken to perform the department's mission and achieve its goals.[4]

To illustrate the implications of this deficiency, one has only to observe that the department is unable to stand up today before OMB or the Congress and say:

> Here are our validated requirements, here are our funded positions, these are the positions we have been unable to fund because of FTE or dollar constraints, here is why each of those positions is needed, and here is the adverse effect on the department's mission of not funding them.

Although there are additional reasons for the department's inability to make these important statements, the fundamental problem is the absence of a way to determine and portray requirements.[5]

An embryonic work force requirements capability has been established in the resource management analysis office under the Director of Personnel. but it is far from clear whether that organization's charter and resources will permit any substantial improvement in the department's ability to understand its work load and the staffing required to undertake it.

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[3]The resource management and analysis office under the Director of Personnel (PER/RMA) has drafted *Position Management Guidelines* to shape work force allocation policies and actions by the bureaus and offices. These guidelines provide for a "reserve" of civil service positions for which FTE coverage is not available. There is no similar system for capturing unmet foreign service position needs.

[4]There is provision for a tie among requested positions and program elements (and object classes) in the budget preparation instructions promulgated by the department's financial office.

[5]The DoD is able to make this type of statement because it develops a program that requires such a capability in advance of budget development. This rationale is carried forward to the Congress in the form of the *Defense Manpower Management Report*. When reductions are imposed by the Congress. a vehicle is available to identify the reductions with a specific program.

The Work Force Allocation and Control Function

The system supporting this function is well developed but weak. There are several reasons for this weakness.

- Top-level managers historically have been more interested in assignments, performance, and promotions (and to a much lesser extent in hiring and training) than they have been in translating requirements into positions, improving the position management system, and in understanding the characteristics of the FTE management system.[6]

- Lack of interest in position management has caused it to be viewed as largely a bookkeeping exercise bearing little relationship to what is really important—the assignment and hiring processes and dollar (and FTE) controls.[7] This attitude has reduced the clout of those charged with position management and shifted emphasis to FTE management as the sole tool of resource control in work force management. The position control system licenses those with an authorized position to go hunting for a body to fill it. That system bears little relationship to resource constraints.

- The shifting of position management functions (and shifting back) between the FMP and PER organizations has blurred responsibilities and led to the creation of three position management databases, all of which must be kept up to date because they serve somewhat different purposes.[8]

- An inability or unwillingness to fund dedicated "pipeline" positions as opposed to "structure" positions in program and budget development.[9] The result is a chronic gapping of a considerable number of structure positions and damage to the credibility of the position management system.

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[6]This criticism is implicit in many of the findings of the Bremer Study, 1989. The FTE management "system" is a technique whereby OMB imposes work force person-year ceilings on the department, which then suballocates these ceilings (and provides drawing rights on commensurate centrally controlled funds) to bureaus and offices. FTE "consumption" is closely monitored at several levels to track budget execution against financial and personnel plans.

[7]This attitude is reflected in the Grove Study, 1988, recommendation B-2.

[8]These are the authorized position database (PER/RMA), the established position database (PER/EX), and the more historically oriented position database maintained by FMP/MP.

[9]Pipeline positions are those used to account for "persons in motion" between assignments, patients, some training, etc. Structure positions are those that carry a specific assignment with them.

- Allegations that the position database is not current or is otherwise suspect.[10]

The Personnel Management Function

This function has already received substantial attention in the Grove, Bremer, and "Caldwell Gap" studies and by the Thomas Commission. Moreover, the ongoing Functional Needs Study and the Study on Foreign Service Specialists will further illuminate associated issues. Considerable criticism has already been leveled at hiring, assignment, promotion, and training processes.

The principal criticism for present purposes is the absence of forward-looking planning in personnel management.[11] The principal vehicle for personnel planning is the "hiring plan," which is really a personnel strength or projected employment plan. This plan looks forward to the upcoming budget year and reflects loss forecasts and hiring needs against some determined total strength number. Determining this total strength number is a critical event for personnel planning and budget development purposes but appears to be done with no systematic look at requirements either for the upcoming budget year or for out-years when there are needs to acquire and "grow" the necessary personnel in the near-years.[12]

The Departmental Program Planning Function

There is little *centralized program planning* in the department today. Where it exists at all, it is done as a necessary preparatory task for budget development.[13] This gaping hole in the current resource management system may be an important causal factor in the budget execution and work force management difficulties that periodically whipsaw the department. The program planning design effort now in progress is oriented in part to remedy this deficiency. The creation of a centralized program planning system is arguably the most important

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[10]Several managers pointed this out to the Bremer Study (1989) group. The large number of undesignated positions in the foreign service generalist position database and their past manipulation lend credibility to these allegations.

[11]An exception is foreign service promotion planning wherein the out-year effects of current promotion policies are examined.

[12]The determining factor in one recent hiring plan exercise was guidance that there would be no work force growth in the upcoming budget year. This is a legitimate decision by management, but it leaves unaddressed the question of how priority new requirements are to be met with a static work force and no system for squeezing out compensatory reductions.

[13]The Grove Study (1988) clearly articulated the need to remedy this deficiency. See its recommendations A-1, A-2, B-1.

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element in improving its resource management, especially in its work force subset.

The Budget Development Function

Current budget development suffers from the inadequate program planning front end, particularly in the work force planning and programming area. Budget development is based on budget submissions from the various bureaus and offices, which are then rolled up and adjusted to provide the basis for the department's budget request. Those who develop the budget—in the bureaus and in FMP—do not benefit from an assessment of the department's work force requirements, the distribution of work force resources, and work force tradeoff analyses from the central personnel planning offices. The bureaus are not now in an optimal position to conduct this type of assessment and analysis.[14]

The result is a budget that is substantially disconnected from important central personnel planning functions (e.g., foreign service recruiting, prioritization of strength needs across bureaus and offices) and perspectives. The budget follows in the wake of the previous budget with few course adjustments to reflect emerging requirements and a rebalancing of the department's resources.

The Budget Execution Function

The budget execution system suffers from any upstream deficiencies in planning and programming and the vicissitudes of unpredicted events. Because there is little in the way of a work force planning and programming front end to budget development, any deferred or overlooked problems become obvious in budget execution. Problems in priorities and funding shortfalls associated with specific programs that should have been identified and fixed before or during budget development must be remedied ad hoc.

Work force management problems that usually surface are FTE misalignment with funding, diversion of personnel from established positions to meet new (or old but imprecisely identified) requirements, inordinately large hiring lags, changes in work force mixes, and midcourse corrections in hiring plans to meet funding shortfalls or FTE overconsumption.

Adding to these problems are some important data management deficiencies and the multiplicity of organizations involved. An FTE

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[14]A possible exception is Consular Affairs, where because of the nature of the work, quantitative work load analysis is feasible.

allocation problem can quickly become a three-cornered event involving PER, FMP, and the bureau or office concerned, spiced by disagreement among data systems about the base FTE numbers.

INTERFACE PROBLEMS BETWEEN FUNCTIONS

The internal problems described above (by no means a complete list) telegraph some of the interface problems in a complex management system. Weak functional systems result in weak interfaces. Weak interfaces result in below par total system performance. Weak total system performance results in staff frustration, failures in mission accomplishment, and more institutional power migrating to the stronger players regardless of detrimental effects to the weaker players and the system as a whole. The following discussion will identify some of these interface problems.[15]

1-2. Between Work Force Resource Allocation/Control and Requirements

This linkage is almost nonexistent because a centralized requirements subsystem exists only in the concept approval stage and as a set of informal wish lists of "must fix" problems. Those who manage positions therefore have no sense of priorities between emerging requirements and existing positions. In allocating FTE to bureaus and offices, those who manage FTE look more at previous year allocations than at changing missions and requirements. Future requirements are rarely identified because there is no place to store them; and they are, in any case, not relevant to position management *in the current year.*

1-3. Between Personnel Management and Work Force Requirements

Ideally the requirements system would influence the personnel management system by providing guidance to those who hire and assign personnel. This guidance would be in the form of position priorities and tradeoff options in the face of constraints on personnel inventory. Conversely, the personnel management system could update the requirements system (e.g., updating pipeline requirements data

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[15]The numbering used refers to the links between the components identified in Fig. 1. Thus, 1-4 refers to the linkage between the work force requirements function and the departmental program planning function. Time and resources did not permit examination of all linkages. Attention is directed toward those that connect work force management system components, but no attempt is made to prioritize them.

based on gap experience, updating hiring lag data based on established but unfilled position data). Since there is no requirements system, no linkage currently exists.

1-4. Between Work Force Requirements and Departmental Planning and Programming

Neither of these systems exists, although some bureaus attempt to do it for their own organizations. At the departmental level, planning and programming should include articulating the department's goals in discrete terms and attempting to determine the resources needed over time to achieve them.[16] This type of planning should include a determination of what types and numbers of resources are likely to be available in the long and short term, resource tradeoff analysis, and program and budget building priorities. All these planning functions are now telescoped into the department's budget building process. The out-year effects of current decisions are rarely explicated; and those who build budgets are given little guidance except deadlines, formats, and a funding target or cap.

Work force requirements planning should parallel overall departmental planning and programming, and inform both. Requirements planning should define and project work force requirements and compare them with current resource levels. This planning should also include work force tradeoff analysis, to include contract labor and the effect of laborsaving devices. This planning should also provide departmental planners some guide to the priority of unfunded work force requirements as well as assess the possible maldistribution of work force resources.

1-5. Between Work Force Requirements and Budget Development

Currently there is no PER developed work force requirements and priorities information used in budget development.[17] Any requirements information that is used comes from the bureaus in their budget

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[16]The very generalized draft Secretarial Goals in the "FY 91 Budget Instructions" are only a starting point. A derivative set of more detailed objectives is needed as well as some sense of priorities among objectives. Since priorities is the name of the budget game, the current goals are of little use to harried budget developers.

[17]PER does not have any substantial capability now to systematically provide requirements and priorities information. The information exists in bits and pieces within PER/RMA and in the bureaus. As indicated earlier, there is no central repository for this information. If PER were tasked to provide it in consolidated form as part of the budget development process, the capability probably could be developed.

submissions. FMP has no set of outside benchmarks to assess the balance of competing requirements across bureaus except past and current employment numbers.

1-6. Between Work Force Requirements and Budget Execution

This linkage does not exist currently. In an improved system with a fully developed work force requirements subsystem, that subsystem would inform budget execution decisions such as reallocation of FTE and budget dollars if a department-wide decrement were required.

2-3. Between Work Force Allocation and Control and Personnel Management

Ideally the position management function should drive personnel hiring and assignment and provide a benchmark for the performance of the personnel management system. For example, if only 92 percent of the established positions were filled, one should logically look at hiring and assignment practices. However, for several reasons the problem is not that simple.

- With reference to the foreign service, inadequate resources (funds, FTE, positions) are available for the training, transients, and patients pipeline. This results in an average gap of 9 percent unfilled foreign service generalist positions.[18]
- With reference to the civil service, there are considerable hiring gaps for established positions occasioned by FTE or funding shortages and administrative delays associated with position classification and security clearance procedures.
- The position management system is only loosely coupled to fiscal constraints on resource management. Although a position must be established to stimulate the hiring and assignment systems to fill it, there are no statutory limitations or rules that cap the number of positions that can be established. In effect there is little disciplinary incentive to keep the positions established in consonance with the dollars and FTE available.[19]

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[18]See the Bremer Study (1989) (Data Table VI). A sampling of foreign service specialist experience suggests an even higher gap rate. See the Caldwell Gap Study (1988–1989) for additional data on this problem.

[19]The operative constraints are informal. In the case of the foreign service, they are the numbers of excess established positions that the assignment process can stand before the system starts to break down (e.g., important positions unfilled by current bid and priority system, confusion over competing priorities in filling positions with insufficient

The real constraints in work force resource management are FTE allocated to the bureaus by PER and the dollars that are aligned with that allocation by FMP. This affects personnel management by setting a cap on the bureaus' current employment and hiring of civil service permanent (FTP) and temporary (PIT) employees.

2-4. Between Work Force Allocation and Control and Departmental Planning and Programming

This linkage doesn't exist both because there is no central departmental planning and programming function and because work force allocation and control tend to be budget execution functions under current processes. In a mature program planning system, the work force allocation and control system would provide program planners with information and positions, for the current work force distribution and mix and identify budget execution problems related to the work force that need addressing in program development. This input would complement the longer-view input from the work force requirements and priorities subsystem.

2-5. Between Work Force Allocation and Control and Departmental Budget Development

FTE allocation today is solely a budget execution tool. It is not used in budget development. The only constraints in budget development by the bureaus are the dollar target and conformance with personnel management regulations. Positions do play some role in budget development in that requests for additional funds are normally based in part on bureau requests for additional staff. Those requests face a difficult road in any event, but if they are not backed up by authorized positions, they stand even less chance of serious consideration.

Moreover, all centrally funded personnel and the positions they occupy are in effect a no-cost item in budget development by the bureaus. Although they show up in the bureau funding totals, they represent an unfungible resource, a subject Sec. IV will address.

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assignable inventory). In the case of the civil service, the constraints are the excess numbers of positions that the bureaus know they will not have the FTE or funds to fill. In the current PER planning scheme, those positions would become "reserve positions" (unfunded requirements). To PER/RMA's credit, it is trying to discipline the position management system, but the institutional pressures extant with the system appear likely to defeat it.

2-6. Between Work Force Allocation and
Departmental Budget Execution

This linkage is fairly strong in the current system. PER centrally manages FTE across the bureaus. As FTE is reallocated, FMP tracks funds accordingly.[20] FTE consumption is closely monitored by FMP and PER and constraints are imposed (e.g., on hiring) or reallocations are made to get consumption in line with targets. In a way FTE is "funny money" controlled by PER to shape person-year consumption to fit dollar controls and OMB work force constraints. FMP holds the real money for centrally paid full-time personnel, and the bureaus hold it for part-time personnel.

3-4. Between Personnel Management and
Departmental Program Planning

This linkage does not exist because of the departmental program planning deficiencies pointed out earlier. In a fully functional and integrated program planning and budgeting system, personnel managers would inform both work force requirements planners and departmental program planners of their resource problems—e.g., the need to program to correct gap problems, more training to meet language proficiency requirements, and imbalances in work force composition.

3-5. Between Personnel Management and
Departmental Budget Development

This link is fairly strong because "current employment" levels are essential elements in budget development at both the bureau and departmental levels. Moreover, current highly visible and priority work force problems tend to generate attention in budget development. Some of these problems can be fixed with a budget year infusion of resources. Indeed, some of them are sufficiently urgent that corrective action is needed in current year budget execution. Others cannot be fixed quickly because the work force inventory cannot be grown overnight. This is particularly the case in the closed (or bottom up) system that defines foreign service officer personnel management.

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[20]Foreign service personnel are subject only to central controls managed by PER, and their FTE is not suballocated. The metaphor used is that "Foreign service officers carry their FTE around on their backs."

3-6. Between Personnel Management and Departmental Budget Execution

This link, too, is fairly strong. Personnel and dollars are shifted to meet changing requirements. Hiring tempo increases and decreases are used to meet the combination of work load, funding, and FTE constraints. Nevertheless, both the personnel management and budget execution functions suffer from the upstream deficiencies cited above.

IMPLICATIONS OF DEFICIENCIES IN FUNCTIONAL PERFORMANCE AND LINKAGES

The foregoing critique of the current system when viewed against the backdrop of the performance criteria outlined in Sec. II suggests the direction and content of needed change. These changes will be discussed from the senior managers' perspective.

Implications for Bureau Work Force Managers (Executive Directors)

The performance criteria in Sec. II argue for a close tie among work force requirements definition, budget/program dollars and FTE allocation, positions established, and the personnel on board. Each bureau or other senior work force manager needs a monthly update of the data display of the sort shown in Table 1. These data would show the correlation among validated requirements, established positions, allocated FTE, and personnel on board. It would provide some ready visibility into the workings of the position requirements, authorization, and allocation processes as well as the personnel hiring and assignment processes. A summing of these displays would portray the work force "program/plan" and its status in the budget being executed. A comparison of this "roll up" (or aggregate) against individual bureau displays would suggest avenues for further investigation when any bureau deviated substantially from the norm.

Implications for Central Work Force Managers (PER)

The central work force managers need to keep four sets of books for the department as a whole:

1. *A work force requirements database* that serves as a repository for all validated, pending, and emerging work force requirements. Displays from this database are a surrogate for the

Table 1

ILLUSTRATIVE DISPLAY OF POSITIONS AND INVENTORY AGAINST FTE

Bureau XYZ (or Program ABC)	1 May 1990			
	FY90	FY91	FY92	Out-Years
Not Subject to Allocated FTE				
Foreign service generalists				
Documented requirements	33	34	34	33
Established positions	30	30	30	30
Assigned/on board	26	27 proj.	—	—
Foreign service specialists				
Documented requirements	15	17	17	17
Established positions	14	15	15	15
Assigned/on board	12	14 proj.	—	—
Domestic Subject to Allocated FTE				
Civil service FTP				
Documented requirements	27	26	25	25
Established positions (active)	22	22	22	22
Assigned/on board	19	17 proj.	—	—
Pending hires	2	3 est.	—	—
PIT				
Documented requirements	16	17	17	17
Established positions	12	14	14	14
Assigned/on board	8	12 proj.	—	—
Pending hires	4	2 est.	—	—
Overseas Subject to Allocated FTE				
Foreign service nationals				
Documented requirements	12	16	16	16
Established positions	12	12	12	12
Assigned/on board	8	10 proj.	—	—
Pending hires	3	2 est.	—	—
American PIT				
Documented requirements	5	4	4	4
Established positions	4	4	4	3
Assigned/on board	3	4 proj.	—	—
Pending hires	1	0 est.	—	—
FTE				
Estimated needs		40	40	40
Current allocation	40	—	—	—
Current consumption	30			

department's work load. As a start, this database could use the current authorized position files as augmented by reserve position files and contract labor data. Requirements data would be shown over the program period (perhaps out to 6–8 years in the future). This database would have to be systematically and periodically purged to keep it current. Formats for the data would have to be consistent with position and work force inventory data. *This database does not exist.*

2. *A single integrated position database* that can display both authorized and established positions over the program period. *Several partial databases exist and are managed by PER/RMA, PER/EX, and FMP/MP.*

3. *An inventory vs. position database* that shows all encumbered positions and all personnel not currently in an established position (e.g., dual incumbency, personnel "in motion"). *This database exists but cannot readily provide longitudinal (historical) displays.*

4. *An FTE allocation and utilization database* that provides for plotting FTE allocation against FTE consumption data. *This database exists.*

These databases would feed the report generator for the illustrative bureau data displays shown in Table 1. In addition to these displays of requirements, positions, FTE, and inventory, the central work force managers need a set of alternative inventory development plans that project departmental "strength" based on varied personnel loss and requirements assumptions.[21]

Requirements planners need a system that portrays priorities tied to departmental objectives. The: ould be able to offer senior managers various methods needed to ta budget and work force decrements while satisfying important new requirements. Pushing this decision down to the bureau level by decrement quotas enhances delegating execution functions at the expense of balancing competing requirements across organizational lines. Central work force managers should help fill this vacuum.

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[21]The department uses the unfortunately named "hiring plan" to portray these calculations. Hiring is only one-third of the story in these plans; the other two-thirds are projected losses and forecast work force requirements. With requirements and losses assumed, hiring is a forced number. A better name would be "work force inventory management plan." In past years the requirements (or inventory target) has been fairly fixed based on such assumptions as "no work force growth." Occasionally, decremented inventory plans have been run to answer "what if" questions. This situation puts into stark relief the disconnect between the requirements process and the process of budget development and execution. Although "no work force growth" is a legitimate management dictum, it doesn't work very well if there is no system in place to identify decrements to offset pressing new requirements.

At the start of every program planning cycle, work force requirements planners should provide an input to departmental program planners. This input should include:

1. An overall assessment of the match between work load and inventory distribution.
2. Identification (and if possible, prioritization) of emerging work force requirements and those flowing from previous resource decisions.
3. Analyses that tie work force allocations to departmental goals and priorities.
4. Analyses of opportunities for tradeoffs among elements of the work force and with labor saving devices.
5. Effects of past inventory decisions on the out-year inventory profile.
6. Identification of current and upcoming major work force management issues.
7. Three inventory plans (in digest form), including straight lining current strength numbers and an increment and a decrement plan (e.g., ± 5 percent).
8. Effect of various commission, study group, and Inspector General recommendations on work force resource requirements.

This input to the program planners will be no stronger than the willingness of the central work force managers to take on tough resource allocation issues. They must add "value" to the product and not be satisfied with just bundling up unconstrained and unvalidated requirements for review.

To supplement this longer-range input, the central work force managers should also provide an input to the budget developers as they develop guidance for the upcoming budget year. This input could take the form of a proposed work force annex to the budget call to the bureaus.[22] The annex to the budget call might cover the following items:

- Guidelines for changing the work force mix within the bureaus (e.g., FSNs to PIT, foreign service generalists to civil service) as part the budget development process.
- Allocation of FTE to bureaus for budget planning purposes.[23]

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[22]The form is not important. What is important is that work force management issues surface early in the budget development process (if not already disposed of in a future program planning process). The more these issues are hidden or postponed, the more difficult it is to remedy them downstream.

[23]FTE is currently used as a work force allocation and control tool in budget execution. This proposal would extend its use to planning and budget development. Budget requests by the bureaus are not currently constrained by FTE considerations.

- Purging the position files of unneeded positions.
- Emerging (including out-year) work force requirements that need funding support in bureau budget development.
- Personnel planning factors for budget development and position management—e.g., hiring lapse rates, projected gap rates.
- Guidelines that PER will use in reviewing the bureau budget requests individually and in the aggregate for executability (e.g., avoiding single-year peaks and valleys in personnel plans) and cross bureau implications (e.g., training, recruitment, classification).

Implications for Departmental Program Planners (Bureaus)

A "good" program planning and budgeting system would have considerable central and bureau-level planning to shape budget guidance and development. This planning would entail an examination of the department's mission and goals, its likely resource constraints, emerging requirements, current resource allocation, and utilization. The product of this planning would be a recommended "program" intended to shape but not necessarily define the budget. The planning conducted incident to program development would consider resource trade-offs to gain increased efficiency or effectiveness. Even in the absence of a formal program to focus these efforts, a program planner could suggest budget guidelines for use in the "budget call" document.

Central work force managers in PER would play an important role in this process since many of the issues would include work force considerations. It is at this point that notional out-year "hiring" plans should be built to understand the long-term effect of upcoming budget year options. If building a program to hand off to the budget is too ambitious, in the near term senior officials could build and review a program prototype guidelines document as the starting point in developing budget building guidance.

Implications for Departmental Budget
Developers (PER and Bureaus)

A "good" work force management system would deeply involve work force managers in the budget development process. Ideally, they would help shape the budget development guidance inherent in the budget call, and they would review bureau budgets and the emerging departmental budget. They would assist FMP in identifying where work force decrements might be taken to offset necessary increments and suggest alternatives the bureau might use to accomplish its work load.

FMP would exploit these inputs to reshape the funding profile set out in the budget decisions. This process would get PER involved at the front end of FTE sizing and allocation instead of waiting until the budget was locked up and the financial plan was being built.

The critique offered in this section and the implications for management just outlined lead to a co. sideration of alternative work force management systems that define the range of choice for improvement.

IV. TWO ALTERNATIVE WORK FORCE MANAGEMENT SYSTEMS

This section sketches out two candidate work force management systems that might comfortably interface with the department's emerging program planning and budgeting system. When developed and installed, the latter system would put more emphasis on front end planning than is done currently. Moreover, it will eventually include a formal program structure and database that will permit ready manipulation of program data to support resource analysis, support translation of program information to budget formats, and track expenditure accounting data back through the budget to the program to departmental goals and priorities. The two work force management system alternatives sketched out below would be greatly enhanced by the installation of such a program structure and database; *however, neither alternative depends on a full installation.*

Underlying both work force management alternatives is recognition of the necessity that implementation be gradual and accommodate current organizational and resource realities. Substantial progress should nevertheless not be tied to constraints whose roots lie in a reluctance to depart from current practice.

AN OVERVIEW OF THE ALTERNATIVES

The two alternatives represent two distinct philosophical viewpoints as to how the department's work force could be better managed. The first is based on greater centralization of work force management functions, particularly in guiding, shaping, and reviewing the department's work force program and budget. This centralization would hinge on PER playing a larger role in assisting FMP with budget development guidance and review as those processes were tied to work force management. The second alternative is to take the current, largely decentralized management of the work force a step further by giving the bureaus more authority to shape their work forces to meet their requirements as they define them. This alternative depends on much better work force and financial information system support than the department currently enjoys. The central work force managers would

still play a major role, but several important functions would shift to the bureaus.[1]

Alternative No. 1: A Larger Role for the
PER Organization in Work Force Management

This alternative is based on a stronger PER guidance, oversight, and review role in shaping the department's work force program and budget and on improving two major work force management capabilities within the PER organization. Although this alternative would benefit from having a departmentwide program planning structure in place, the alternative is not dependent on that assumption. In some respects this alternative is a low-cost fix to the current front end of budget building and an attempt to extend and rationalize the PER role in that process. There is minimal dollar cost in this alternative (perhaps some additional work force requirements staff in PER/RMA). The primary institutional cost is in disrupting the way the department currently does business.

Budget Development. Under this alternative PER would enter the budget development process in two places. First it would build a draft work force annex to the various budget call documents and submit it to FMP.[2] The contents of this annex were outlined during the discussion of an ideal system in Sec. III. This annex would contain work force planning guidance that the bureaus should consider in developing their budget submissions. A valuable part of this budget call would be to start the dialog on constraints early in development rather than waiting until the budget review. Thus, in a departure from current practice, FTE and dollar targets would be part of the budget call and out-year ramifications would be specifically addressed. Additional requirements in FTE and dollar terms could be identified in the bureau-developed budget requests for consideration during the budget review.

The second PER entry into the budget development process would be during the budget review. PER would assist FMP in the assessment

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[1]The definition of fundamentally different work force management alternatives could be based on criteria other than centralization vs. decentralization (e.g., incrementalism vs. new organization or functional design, economic models, information management models). The centralization vs. decentralization paradigm was selected based on arguments in March and Simon, 1958, pp. 201–210. See also Simon, 1975, pp. 234–240.

[2]The "budget call" is the guidance developed by FMP specifying the requirements for bureau-developed budget requests.

of bureau budgets individually and in the departmental aggregate for balance, executability, and consistency with the department's longer-term goals for work force management.[3] One PER objective during budget review would be to help establish a more explicit tie between FMP-imposed dollar decrements and their implications for FTE allocation and elimination or reduction of specific functions. Accompanying the preliminary budget sent to the Under Secretary for Management would be an overall PER assessment of the work force program reflected in the budget.

A More Effective Role for PER in Requirements Analysis and Position Management. Along with the two budget interfaces just described, PER would undertake two other initiatives or upgrades. First it would install a work force requirements subsystem in PER/RMA.[4] This system would consist of a requirements database consistent with current position (established and authorized) databases, and needed analysis, position classification, and database management staff. This system would be the repository for all requirements, validated or not. Inputs could come from any official source within the department: the bureaus, posts and missions, the IG staff, etc.

The second action would be to introduce greater discipline in the position management system. A more intensive effort would be made to align positions with FTE available or projected to be available. Although it is not necessary that positions "chase" FTE during the budget execution year, there should be a minimum (once a year?) update when positions are aligned with FTE. The best time to do this would be when FTE are allocated before the start of the budget year. At that time bureaus should be "taxed" to provide position compensation to bring the position and FTE numbers in balance.[5] Those positions offered up, if still considered valid requirements and not needed to compensate for civil service lapse rates, would migrate to the requirements database.

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[3]Every bureau could be minimally satisfied with the preliminary budget decisions and still have an unsatisfactory derivative work force plan for the department (e.g., hiring spikes, undigestible changes in the work force mix, inefficient department resource utilization).

[4]The need for this subsystem is recognized within PER. PER/RMA has been tasked to develop the necessary information support and procedures. It is too early to say whether this effort has sufficient resources and institutional support to be effective.

[5]Position and FTE totals would not be identical because of the need to account for part-time positions, civil service lapse rates, and differential overseas accounting practices for foreign service nationals (FSNs).

Alternative No. 2: Greater Decentralization of Work Force Management

This alternative rides longstanding centrifugal pressures in work force management.[6] It places the requirements determination function with the bureaus, gives them a greater role in position management, and provides them more flexibility in defining work force mix in budget development. This alternative is consistent with the part of alternative No. 1 that deals with a greater PER role in budget development. But to the extent PER is less involved in requirements determination and position management, it would be a less effective participant in the budget guidance and review processes.

Requirements Determination. Although the first alternative envisions bureau participation with PER in developing work force requirements, under alternative No. 2 requirements determination would reside completely in the bureaus. There would still be a central requirements database, but the bureaus would be responsible for maintaining their part of it. PER would specify the formats and procedures for database maintenance. PER would also continue to provide position classification services and, when requested, work load analysis support. Under this scheme PER/RMA would be a technical support organization rather than perform a substantive role in work force management.

With the principal requirements determination role, bureaus would have to take a longer view of their requirements and conduct tradeoff and similar analyses to improve internal resource utilization.

Position Management. Under this scheme, PER would give the bureaus position control numbers by work force category (e.g., FSN). Within those numbers the bureaus would have authority to establish and delete positions subject to the relevant classification and civil service procedures. They would not have to seek permission to authorize or establish positions within controls. The concept of "authorized positions" would disappear. The bureaus' penchant to inflate grade levels would be constrained by the budget controls to be described below. An option under this alternative would be to do away with suballocating

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[6]The department already has a decentralized work force system. The principal leverages PER has in work force management are FTE allocation, position classification and management, and foreign service inventory and assignment control. Each has weaknesses. FTE is not nearly the control that dollars are. Position management is an insufficiently disciplined process and is only loosely connected to FTE and resources. Foreign service inventory and assignment control is highly constrained by the budget and bid system. The alternative discussed here is based on the assumption that further decentralizing the system has advantages.

FTE to the bureaus and let them manage to the dollar. PER and FMP would monitor FTE consumption for the department.[7]

Work Force Tradeoffs. Currently foreign service and full-time permanent civil service staffs are centrally funded and thus are essentially a "free good" to the bureaus in budget or program development. Under alternative No. 2, FMP in the budget (or planning) call would provide funding (but not FTE) targets to the bureaus in terms of two "colors" of dollars: "green dollars," representing the pro rata costs of the bureau's current employment of foreign and FTP civil service staff, and "blue dollars," which could be programmed and budgeted at the bureaus' discretion, as now, for PIT or FSN payroll or for other non-centrally funded expenses.[8]

If, in budget development, a bureau wished to trade off green dollars for blue dollars, it could petition FMP and PER to do so. If the petition were approved, its budget target totals (and eventually target FTE allocation) would be changed accordingly. An analogous process would occur if the bureau wanted more foreign service and full-time civil service positions and were willing to give up blue dollars to get them. PER would have to monitor developments closely so that large changes in the department's work force profile did not occur during a single budget year. But the point is to force the bureaus to think about their total force over a longer time period in their resource management. An ancillary benefit would be to foster a purge of position databases while building a work force requirements database for each bureau.

AN ADDITIONAL SUGGESTION THAT FITS BOTH ALTERNATIVES

Currently the department does not plan, program, or budget for staff resources to reduce the position gapping problem identified in the

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[7]There are serious drawbacks as well as advantages to this option that will not be addressed here. There may be a "mystique" about suballocated FTE that needs to be reexamined. Currently, a bureau may need three "licenses" to get a "body:" (1) an established position, (2) sufficient FTE to stay within controls, (3) the dollars to hire (in the case of PIT).

[8]There would not necessarily be any changes in the current allotment system between FMP and the bureaus or the current practice of a central payroll for foreign and FTP civil service. In a sense the green dollars suggested can be used only during budget or program development. The bureaus would not see the money for centrally funded personnel during budget execution. In a strategic resource management system with a fully developed program planning phase, these tradeoff decisions would be made in advance of budget development.

Caldwell Gap Study and the Bremer Study.[9] The reason for this deficiency lies in (1) the difficulty of grasping the concept of a "person in motion," (2) practices resulting in unassignable personnel ("corridor walkers") that compound and confound the position gapping problem, (3) the department's unwillingness or inability to convince the OMB and the Congress of the pernicious effects of failure to fund the pipeline.

It is recommended that over a five-year period the department phase in pipeline strength for the foreign service so that with a "perfect" assignment system the number of gapped positions could be halved from the current average 9 percent rate. The high gap rate calls into question the validity of the current position file and its underlying rationale, delegates many important resource management decisions to the assignment staff and individual officers, and presents a confusing picture of the department's work load. When combined with the current bid system of assignments, it has the potential of inefficiently skewing the distribution of current assets.[10]

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[9]Gapping refers to established positions that have no incumbents. It is the result of insufficient inventory, undisciplined position management, or deficient personnel assignment practices. The gapping problem applies principally to the foreign service. The civil service faces a different but analogous problem in hiring lapse rates. The remedies for each problem are different.

[10]The department has a system of assignment priorities so that the really important positions get filled. As effective as this system is, a larger number of *not as important* positions free fall until they fit the aggregate of the wishes of individual officers up for reassignment. If every position is a valid position, a built-in gap of 9 percent because of failure to fund the pipeline is unacceptable.

V. AN ASSESSMENT

This report has examined in broad outline terms three work force management systems:

- The current system.
- A stronger centralized system with the PER organization playing a key role in defining requirements and in budget development.
- A more decentralized system with the bureaus playing the central role in work force management.

There are at least two ways to compare and assess the performance of these systems. The first yardstick is the ten generalized criteria set out in Sec. II. The second is a comparative analysis of the performance of each system across the linkages in the six functions used in Sec. III (and illustrated in Fig. 1). Both classes of assessment are necessarily speculative, because the alternative systems outlined in Sec. IV do not exist. But there are better grounds for assessing the performance of the current system. Those who support continuing the current system are obliged to question the applicability of the model and the criteria suggested in Sec. II, or the capability of the department to effect change. Good arguments can be advanced in both categories. This report is intended to help frame such arguments and allow the reader to provide additional data and draw his own conclusions. What follows is my highly judgmental comparative assessment of the three systems and some recommendations that flow from that assessment.

AN ASSESSMENT USING THE FUNCTIONAL MODEL

In Sec. II a six-function model was defined to portray the interaction of a program planning and budgeting system with its embedded work force management system. The operation of the current work force management system was defined using that model. That model is shown in Fig. 1. Table 2 suggests a comparative assessment of each alternative system. *The table is judgmental and illustrative.* The reader is encouraged to assign his own grades for each linkage and, if he wishes, a weighting scheme for each linkage. Under a unitary linear

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Table 2

USING THE LINKAGE MODEL TO ASSESS
WORK FORCE MANAGEMENT SYSTEMS

Linkage Between Functions in Fig. 1	Current System	Alternative No. 1	Alternative No. 2
1-2	F	A	C
1-3	F	B	C
1-4	NA	NA	NA
1-5	F	B	B
1-6	F	B	C
2-3	C	B	C
2-4	NA	NA	NA
2-5	D	B	B
2-6	B	B	B
3-4	NA	NA	NA
3-5	C	B	C
3-6	B	B	B

A = excellent fit; B = Good fit; C = Acceptable fit;
D = Poor fit; F = No fit; NA = Not applicable, because
departmental program planning system does not exist
and is *not a precondition to improve work force management
as defined in alternatives No. 1 and No. 2.*

weighting scheme, Alternative No. 1 would appear superior to both the current system and Alternative No. 2.[1]

The ratings in Table 2 do not depend on the existence of a centralized departmental program planning system. This is not to say that such a system would not improve work force management. Rather, it says that until such a system is defined and installed (full installation may take years), it is possible to define stand-alone improvements to the work force management system. In my opinion, *all alternatives would be improved by installation of a departmental program planning system.* Alternative No. 1 would benefit the most because of potentially strong linkage between work force requirements planning and centralized departmental program planning.

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[1] By "unitary linear" is meant equal weighting of linkages and a scheme of equal deviations between the letter grades used.

AN ASSESSMENT USING GENERALIZED TOTAL SYSTEM PERFORMANCE CRITERIA

Section II suggested ten generalized criteria for measuring work force system structure and performance. Table 3, subject to the same caveats that applied to Table 2, provides my judgments on comparative system performance under this scheme. The reader should use his own scoring and include additional criteria.

Table 3

USING TEN GENERALIZED CRITERIA TO ASSESS
WORK FORCE MANAGEMENT SYSTEMS

Criteria	Current System	Alternative No. 1	Alternative No. 2
1. Tying objectives to resources	D	B	C
2. Identification of resource priorities at margin	C	A	B
3. Resources balanced to provide maximum output			
within bureaus	C	B	A
across bureaus	D	B	C
4. Resource tradeoff analysis	D	B	C
5. Portrayal of out-year effects	D	A	B
6. Inclusion of all responsible offices in resource management	C	B	C
7. Visible allocation processes	D	B	B
8. Mix of centralized guidance and decentralized program development	C	A	B
9. Organizational barriers to shifting resources minimized	D	B	A
10. Minimum disruption of current organization and processes	A	C	C

A – Excellent fit; B – Good fit; C – Acceptable fit; D – Poor fit; F – No fit.

THE CONTRIBUTION OF A FULLY IMPLEMENTED PROGRAM PLANNING AND BUDGETING SYSTEM TO IMPROVED WORK FORCE MANAGEMENT

Thus far this analysis has looked ahead to the possible contribution of a fully implemented program planning and budgeting system but has not predicated improved work force management on that proposition. How would the three alternatives fit with a fully implemented system? Some assumptions must be made about what such a system would include.

1. *An information structure displaying all of the department's resources in program terms.* This structure would tie departmental objectives, missions, and tasks to specific program elements or activities. It would be constructed so as to facilitate resource allocation analysis and provide a crosswalk to budget development and budget execution. Moreover, it would provide a method for tying individual positions and the people occupying them to programs and objectives. This tool would facilitate building program rationale and define the effect of program or budget increments and decrements.

2. *A centralized departmental program planning and resource analysis organization with a specified staff.* This organization would coordinate bureau efforts in the development of a departmental program and assist FMP in developing budget preparation instructions. It would also participate in the budget review. This organization would provide a natural partner for an emerging PER requirements planning capability. One of its objectives would be to exploit resource tradeoffs across traditional organizational, accounting, and physical characteristic lines, *and over time* early in the allocation process to maximize departmental outputs. One of its principal tasks would be to assess the out-year effects of current resource decisions.

3. *A rationalized information support system.* This subject is dealt with here in the most general terms. There are considerable (and to be fair, well-recognized) problems in acquiring, accessing, and displaying resource information in the department.[2] To cite just three examples associated with work force management:

- Three separate information systems are associated with position management, each tailored for different users.
- To retrieve longitudinal work force information requires considerable handtooling (e.g., finding out how many positions have been vacant for how long).

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[2]Again, to quote from Arrow (1974, p. 49), "Decisions are necessarily a function of information. Hence, if it is decided to collect no information relative to a certain class of decisions, those decisions are nonagenda."

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- Current systems appear optimized for resource consumption
  and accounting (e.g., dollars, positions, FTE) and not to sup-
  port resource analysis.

The three work force management alternatives would each benefit
from these improvements. Indeed, the quality of work force manage-
ment would improve considerably solely on the basis of these improve-
ments even in the absence of the work force management improve-
ments discussed here. However, improvements in both systems very
likely would have a synergistic effect. *A conclusion of this report is that
improvements in the work force management system by themselves
would improve program planning and budgeting of the department's
resources, and improvements in the program planning and budgeting
system would improve work force management.*

RECOMMENDATIONS

One should approach the subject of recommendations with a certain
amount of wariness. One reformer, looking back at his efforts to make
changes in the department, noted with a twinge of regret:

> In hindsight I guess I would do a number of things differently and
> maybe be a lot more successful with a lot fewer changes. . . . I would
> start a great many fewer undertakings which had to be done simul-
> taneously. I would try to develop a better priority of issues and a
> better ordering of them so that the results of doing one would be an
> action-forcing process for the next and so on. . . . Secondly, I would
> be a lot more patient with the process—I would involve a great many
> more people and groups—all of the interested constituencies and try
> to make it *their problem* for *their solution.*[3]

This sense of proportion, priorities, and patience underpins the
recommendations set out below, recommendations set out in a rough
order of priority. The recommendations on the program planning and
budgeting system in paragraph 4 below could be interleaved with the
work force management recommendations as the pace of implementa-
tion permits.

1. Associated with Current Systems
   a. Retain the current departmental *organization* for work force
      management and program planning and budgeting.
      Changes would be limited to *functions.* The central work
      force requirements function would reside within the current

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[3]The words of former Deputy Under Secretary of State for Administration, William J.
Crockett, quoted in Warwick, 1975, p. 209.

PER organization. The central resource management function would reside in the FMP organization. In the future, as now, the bureaus would play the principal supporting role in work force and program planning and the principal role in budget execution.

b. Retain the essential features of the current budget execution system, as modified by the improved linkages with other systems as suggested in Secs. III and IV and as supported by an improved program structure and information system.

c. Retain the current system of FTE management in budget execution, but extend it to program and budget development.

d. Retain the current system of centrally funding foreign service and full-time civil service personnel.

2. Associated with Alternative No. 1

a. Establish a strong, centrally located work force requirements and analysis capability in PER.

b. Define a major role for PER in helping FMP develop budget preparation instructions and conduct the budget review. Provide for an overall work force budget assessment to accompany the draft budget request when it goes to the Under Secretary for Management for approval.

c. Introduce greater discipline in the position management system and more closely align positions with FTE by strengthening PER's *actual* role in position management.

d. Conduct out-year departmental work force strength planning to identify implications of current and future constraints and requirements assumptions.

3. Associated with Alternative No. 2

a. Give the bureaus greater latitude in trading off resources across traditional lines and over time in the process of building programs and budgets.

b. Give the bureaus a major role in inputting to a centrally maintained work force requirements database.

4. Associated with an Improved Strategic Work Force Management System

a. Establish a departmental program structure that ties work force requirements, positions, and the people filling them to departmental objectives, missions, and tasks.

b. Establish a departmental program planning development capability in FMP.

c. Consistent with the pace of implementing the foregoing

recommendations, improve the department's information system to better support resource analysis.

5. Associated with Programmatic Issues

    a. Incrementally fund the foreign service pipeline over a period of five years to reduce the long-standing position gap problem.

    b. Provide a pool of funds (by "skimming" traditional bureau funding allocations if necessary) to better accommodate bureau investment needs when the payoff is spread over several years beyond the budget year. Bureaus would compete for these funds annually by presenting high-leverage proposals for work force output improvement.

SOME CLOSING THOUGHTS ON ORGANIZATIONAL ISSUES

This analysis has generally examined functions and systems and kept the organizational issues in the background. Putting field and overseas activities aside, there are three principal players in work force management: the bureaus, FMP, and PER. There is plenty of work for all three if the work force is to be managed well. The PER organization has been interested in personnel management and has largely forfeited its role in resource analysis and allocation (FTE management aside). The FMP organization and its predecessors have focused on the budget and largely forfeited their role in program building. The bureaus have had to fill the gaps without substantial departmental guidance in shaping the work force, the flexibility of moving resources across traditional lines, and a program to explicate and rationalize resource requirements over time.

The recommendations set out above would expand the role of each of these actors to fill current vacuums. PER would become a more active player in resource analysis, FMP would become a more active player in plan and program development, and the bureaus would be accorded greater flexibility in resource allocation. The result would be a more transparent and coherent total system with each player contributing from his strength and not compensating for the weaknesses of the others. If the department is to meet its obligations in an era of increased financial stringency, it must change to a rational structure for and flesh out its management support systems.

LOOKING AHEAD

This analysis has been necessarily "top down" and incomplete. It will be properly criticized by middle managers who must work with important detail. However, a top-down look, shorn of detail, can serve a useful purpose if it sensitizes top management to the issues and provides for a useful way to look at problems. Descriptions, alternatives, and judgments provided here should be "scrubbed," and when a consensus emerges on the needed improvements to the work force system, the following actions should be undertaken.

1. If the six-component model of departmental resource management set out in Fig. 1 is deemed useful, the next step should be to explicate in some detail the nature of the information and guidance flows among the component functions. This detail should include specific reports and guidance in format detail accompanied by illustrative documents. If the model is incomplete (or wrong), it should be revised to provide a basis for further assessment and corrective action.

2. The work force management alternatives outlined here should be aligned with the specifications of the emerging program planning and budgeting system and potential compatibilities and synergism assessed. This assessment should be fed back into the design efforts in progress for both systems.

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