The U.S. Department of Agriculture
Farm Service Agency
Organizational Assessment
Findings and Recommendations

Executive Summary

May 30, 2008

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EXECUTIVE SUMMARY

1. Background

The United States Department of Agriculture (USDA), Farm Service Agency (FSA) administers and manages farm commodity, credit, conservation, disaster, and loan programs as authorized by Congress through a network of federal, state and county offices. FSA is a customer-focused agency, dedicated to achieving an economically and environmentally sound future for American agriculture. The FSA National Headquarters (NHQ) has employees and operations located in Washington, DC; Kansas City, MO; St. Louis, MO; and Salt Lake City, UT. In addition, each of the 50 states and the territory of Puerto Rico has an FSA State Office to support the FSA mission at the local level through approximately 2,400 county offices. The FSA workforce includes 5,079 Federal employees with 8,000-plus additional county employees.

As with most government agencies today, the economic reality for FSA is that funding is either flat or declining, while fixed costs are expected to continue to escalate. At the same time the agency, like others, is competing for limited resources to manage increased reporting requirements and improve programmatic and administrative infrastructures that are antiquated and increasingly costly to upgrade and/or replace (e.g. IT hardware and applications).

In recognition of these challenges, FSA leaders determined that it was essential to move forward with a comprehensive and independent organizational review and Assessment that addresses two specific areas: (1) NHQ organizational structure and (2) State Office organizational structure. A critical component of this Assessment is that FSA must also consider the impact and implications of any recommendation(s) made on its current and future alignment with Departmental and Office of Management and Budget (OMB) mandates, such as the President's Management Agenda (PMA).

FSA leadership ultimately selected KnowledgeBank, Inc. (KB) as the prime contractor to assist with this effort and KB teamed with Federal Management Partners, Inc. (FMP) for this engagement (KB/FMP Team). The FSA Organizational Assessment was conceptualized in two phases, with Phase I beginning in September of 2007 and quickly providing the background and scope for Phase II, which began in November of 2007.

2. Goals of the Organizational Assessment

In approaching this Organizational Assessment, the KB/FMP team sought to identify concrete proposals for organizational change that would enable FSA to increase its overall efficiency and effectiveness. Those specific areas identified for review included FSA's organizational structure, functions, service delivery, NHQ interactions and interoperability with its field offices, and cross-cutting issues applicable across NHQ locations. Recognizing the significant Human Capital issues facing the agency, the FSA leadership asked the KB/FMP team to include among its key objectives, the development of an FSA Strategic Human Capital Report focused on the following areas:

- A thorough analysis of current state workforce demographics data across the agency, with a focus on trends to identify the direction of employee attrition due to several factors.
- A thorough review of the current state of the human capital governance structure at FSA and establishment of a strategy to achieve human capital management goals and priorities.

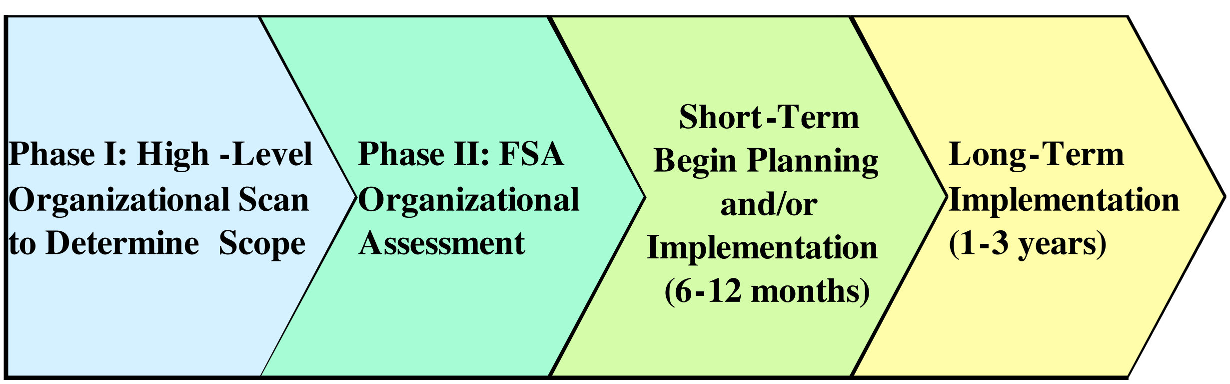
  Finally, the team sought to position FSA to meet the expectations by OMB and USDA for an in-depth organizational review that would produce recommended changes to improve efficiency and effectiveness within the agency.

3. Guiding Principles

The Organizational Assessment focused on FSA's organizational structure, functions performed, human capital trends and governance, and leadership practices alignment with the current mission and strategy. The Assessment team recognized actions already taken by FSA to improve efficiency and effectiveness, and identified best practices to leverage in other functions. To provide a complete understanding of the organization, the KB/FMP team analyzed the individual deputy area functions, the interactions and interfaces between and among these functions, and the agency as an enterprise. The team framed the resulting findings and recommendations so as to best position FSA for the current environment, and where possible, anticipate future workforce and technological needs. We believe that these findings and recommendations also will remain applicable regardless of potential changes in agency leadership.

Given the forthcoming change in Presidential Administration, we are recommending actions that can be implemented, or at least be in the planning stages, in the short-term (6-12 months). Where long-term (1-3 years) recommendations are made, the KB/FMP team acknowledges that these recommendations could require additional analysis, planning, and preparation prior to decision-making and implementation. In particular, the scope of this project did not include a detailed staffing or workload analysis, which we believe is necessary to construct a full business case for all long-term recommendations. Most recommended actions or changes to FSA contained in this report can be achieved using normal attrition and redeployment, thereby minimizing negative impact upon employees. Finally, the recommendations are sensitive to the fact that the recently passed Farm Bill will likely affect FSA priorities.

The overall process for the Organizational Assessment is illustrated as follows:



4. Phase I Overview

During Phase I of the FSA Organizational Assessment, which lasted from September 4, 2007 through October 22, 2007, the team performed a high-level review and identified critical areas of scope for Phase II. The KB/FMP team presented the key areas to FSA leadership who ultimately made the decision on what to include in Phase II. Phase I involved a brief data analysis and document review, as well as interviews with 25 key leaders in FSA and elsewhere in USDA.

The key findings from Phase I of the FSA Organizational Assessment were as follows:

- **FSA leaders and personnel are highly committed to the mission of the agency**
    - Many interviewees had significant experience with FSA and FSA programs, and cited the mission-driven culture of FSA's NHQ, State Office, and County employees

- **FSA is challenged by the complexity and statutory constraints of the programs it is charged to administer**
    - Several interviewees noted that the structure and processes of the agency have remained largely unchanged for over 50 years
    - Interviewees cited complexities in the number and variability of policies, forms and requirements ultimately affecting FSA customers (producers) and the need to better "streamline" these requirements

- **FSA's current NHQ organizational structure does not optimally position FSA to fulfill its mission and deliver its programs and services in the most effective way**
    - Interviewees described FSA's current NHQ structure as suboptimal. The role and specific responsibilities of each NHQ division and work unit are not as clear as they need to be – resulting in duplication of effort, uncertainty around "who does what when," and difficulties in communication and coordination across and within divisions.

- **FSA's overall performance is substantially compromised by its lack of a modern Information Technology (IT) and automation infrastructure and corresponding capabilities**
    - Interviewees indicated that IT deficiencies interfere with virtually every aspect of the agency's administration, operation, and program/service delivery chain. Across the board, interviewees cited IT issues as a "real detriment" to the agency.

- **FSA's current program/service delivery model (throughout the National HQ, State, and county offices) does not operate effectively and efficiently**
    - Interviewees discussed confusion surrounding lines of authority and responsibility, and communication and coordination problems
    - Many interviewees acknowledged difficulties in resulting program operation and service levels (e.g. proper and timely payment disbursement to qualified beneficiaries)

- **FSA's Deputy Administrator for Management (DAM) organization is challenged in its ability to consistently provide quality administrative services desired by FSA as a whole; quality of capabilities and service levels varies by division and location (e.g. DC vs. Kansas City)**
    - Many interviewees cited significant room for further review of consolidation and streamlining of Administrative- and Management-related functions currently performed in other areas within NHQ and the States

- **FSA State Offices lack sufficient standardization in organizational structure, staffing, and operation**
    - Interviewees cited possible underutilization of services and the opportunity for States to share services in core cross-cutting functions

- **FSA's Human Capital (HC) organization is not positioned as a key strategic player in the organization (i.e. agency needs to focus more on HC)**
    - Many interviewees expressed concern that FSA is at risk of significant loss of talent and knowledge leading to considerable skill gaps

5. Phase II Scope

Given the findings from Phase I, the KB/FMP team initiated Phase II in November of 2007. In an organization of the size and complexity of FSA, determining an appropriate scope for the Assessment was critical given the short six (6) month timeframe and focus on actionable recommendations.

The final areas of scope agreed to by the FSA leadership for the Phase II study consisted of the following:

5.1. NHQ

- Deputy Administrator for Farm Programs (DAFP)
- Deputy Administrator for Farm Loan Programs (DAFLP)
- Deputy Administrator for Commodity Operations (DACO)
- Office of Budget and Finance (OBF)
- DAM organization specific to: Human Resources Division (HRD) and the Information Technology Services Division (ITSD)
- Office of Business and Program Integration (OBPI)
- Modernize and Innovate the Delivery of Agricultural Systems (MIDAS) initiative

Specific to the MIDAS review, the team was to identify how FSA could effectively position itself to integrate and implement MIDAS throughout the agency once funding is approved. This Assessment would be done in conjunction with the ITSD structure review and would include the review of program goals and future requirements to identify key positions and competencies required by the MIDAS team. Additionally, we considered the methodologies needed to implement and effectively manage a half billion dollar initiative.

5.2. State Office (STO) structure. Leveraging the existing State Review Study, the team conducted an organizational review of 10 State Offices selected by FSA leadership. The review did not include the Assessment of county office workload or staff. The team conducted one site visit to the following State Offices:

- New Hampshire (NH)
- Missouri (MO)
- Texas (TX)
- Montana (MT)
- Pennsylvania (PA)
- Kentucky (KY)
- Louisiana (LA)
- California (CA)
- Nebraska (NE)
- Iowa (IA)

5.3. Strategic Management of Human Capital. The team developed a high-level strategy to address the critical loss of knowledge, staff, and leadership across FSA. This provides a current state picture of the loss of key personnel in mission critical positions and leadership positions over the next three (3) to five (5) years, as well as forward-facing, actionable strategies for addressing these gaps. Additionally, the team examined the current governance structure and role of human capital within FSA and provided guidance to ensure FSA is positioned well for strategic alignment.

5.4. Additional Scope Elements. In performing the Organizational Assessment, the KB/FMP team worked in partnership with FSA leaders to develop current state organizational charts for each FSA organization included in the Phase II review. The team also reviewed and recommended key metrics (where measurable data was readily available) to track overall efficiency and effectiveness of the FSA organization. Finally, the Assessment included a targeted Benchmarking Report with three organizations that were selected based on the agency's direction to compare itself with other agencies that have also undergone major transformation. These organizations include the United States Department of Agriculture Forest Service (FS), the National Aeronautics and Space Administration (NASA), and the Small Business Administration (SBA).

6. Phase II Overall Observations

In relating these observations, the KB/FMP team identified several agency achievements, summarized below, and discussed in more detail in the comprehensive individual studies:

Organization	Accomplishment
DACO	Focus on continuous improvement has yielded results in four key areas: • Aligning organizational structure to core functions • Preparing for workforce transition due to expected retirement attrition • Improving the end-to-end procurement process • Improving its approach to developing and maintaining IT solutions
DAFLP	• Reduced the number of FSA county offices delivering Farm Loan program services from approximately 2,300 to 800 and consolidated the work across counties where the volume of transactions was too low to maintain personnel proficiency in processing Farm Loan transactions. In addition, this reduced the number of Farm Loan Specialist positions from 1713 in FY 2002 to 1514 in FY 2008 (a decrease of 99 FTE). • Assigned resources to address responsibilities for administrative requests (e.g. OMB, PART) and other "back-office" operation activities (e.g. IT, strategic planning), which helped focus the most experienced and knowledgeable Farm Loan Specialists on servicing field offices, commercial lenders, and farmers • Introduced a new 24-hour, toll-free line that borrowers can call to get information on their accounts ultimately resulting in improved overall service to customers
DAFP	• Personnel have assumed leadership in FSA's efforts to correct the recent "improper payment" deficiencies within farm programs • Divisions continue to seek opportunities to extend the reach and applicability of those farm programs which they are charged with administering, including the expansion of the Crop Disaster Program within PECD to new producer constituencies and the development of various Hazardous Waste Programs within CEPD (e.g. the Murdoch Fire Remediation Project)
State Offices	• Actively participate in reviews of operational efficiencies and improvements, and in efforts to improve procedures and systems • Proactively closed County Offices which were understaffed or underserved • Recognized deficiencies and made resource investments in particular areas such as MIS initiatives and web site development • Recently sponsored the first conference for SEDs and DDs in San Antonio, TX to promote understanding of the key role that DDs play as the pivotal link to County Offices in providing service to producers

<table>
<tr><th>Organization</th><th>Accomplishment</th></tr>
<tr><td>ITSD</td><td>All major FSA/CCC/IT investments, Geospatial Information Systems and Farm Loan Program Information Delivery Systems conform to the Earned Value Management (EVM) guidelines stipulated by OMB
FSA was acknowledged by the USDA OCIO as a primary contributor to USDA’s Enterprise Architecture (EA) because of submitting the MIDAS Segment Architecture, Transition Activity, and Segment Architecture Summary
Engaged with partner USDA agencies to collaborate on Enterprise Architecture processes and tools. Internal development project teams are focused on re-using enterprise assets and identifying potential candidates for leveraging throughout USDA to reduce IT expenditures.</td></tr>
<tr><td>MIDAS</td><td>FSA reorganized the management of MIDAS by creating a separate Project Management Office (PMO) outside ITSD and DAFP, reporting to the Administrator of FSA. To assure that the PMO would take fresh look at the implementation of MIDAS, FSA hired a project manager who has extensive private sector experience in managing large scale, technically complex projects for federal agency clients. Additionally, the decision to use COTS software instead of custom code will produce a better, more reliable system in less time.</td></tr>
<tr><td>HRD</td><td>Implemented the following programs, which have received positive feedback from customers:
Leadership Development Program, which builds leadership competencies and is mandatory for new National Office, Kansas City, St. Louis, and Aerial Photography Field Office (APFO) managers
State District Director (DD) training program, which provides guidance on topics such as performance management, customer service delivery, leadership, and listening skills. The program is targeted towards new DD’s and conducted by current DDs trained as facilitators.
DD mentoring program (developed and awaiting required approvals)
Learning Development Channel for grade level 15 positions and above. There are 750 pre-recorded presentations by leading experts that can be accessed on Ag Learn.
Collaboration between the Administrative Officer Leaders Group established in the State Office structure and HRD appears to be an effective group with engaged members. This group meets regularly to discuss administrative issues and work with various administrative leaders to develop and implement resolution strategies.</td></tr>
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Organization	Accomplishment
OBF	• Implementation of the Budget and Performance Management System (BPMS), a multi-agency project led by FSA to improve budgeting and resource management functions. BPMS provides most elements of OMB's Budget Formulation and Execution (BF&E) Line of Business (LoB) solution to link cost and performance data. These results will be provided to managers at all levels for use as a management and budget tool. • Decreasing material weaknesses and significant deficiencies. In FY 2007, the agency reduced its total number of weaknesses and deficiencies from eight to five.
OBPI	• Completion of the FSA FY 2005-2011 Strategic Plan under resource constraints • Achievement of an average win rate of 75% for all appeals cases litigated in coordination with the department. Both the number of appeals and the win rate is higher than for any other USDA agency.

As the reader will see in the balance of this report, we believe that this Assessment has identified significant steps that FSA can take to better position the agency to meet the challenges ahead (e.g. "doing more with less"). Our team found that FSA's leadership, management, and employees demonstrate a laudable openness to change in service of continued excellence. However, some of the recommendations and proposed changes contained in this report will require sufficient dedication of resources for planning, implementation, and maintenance; FSA leadership does not believe the agency currently has the appropriate resources required and would therefore need additional support to achieve desired results.

Although this report contains many detailed recommendations specific to FSA organizational areas studied, there are several overall observations that can be made regarding the agency as a whole:

- **Significant Complexities in FSA work.** The agency takes its cue from Congressionally-mandated programs and must constantly be in reaction mode to administer programs that vary in complexity and size. A significant portion of the work is conducted out of the County Offices, which have a total staff population of over 8,000 FTEs. Noted as an added challenge, these county personnel are hired through a County Committee structure and are managed out of a county personnel system. Where as, the 5,079 federal FTEs are managed out of a separate personnel system.

- **Doing "More with Less."** As with many agencies, FSA is confronted with the double-edged sword of having to deliver against increased mandates in an era of flat or decreasing budgets.

- **Commitment to Mission.** All employees, whether in working for program or administrative functions, are highly committed to FSA's mission and to "doing the right thing" despite the challenges that sometimes exist.

- **Openness to Change.** Several leaders acknowledged that "we can't continue like we have been," and expressed genuine support for change in their organizations. Employees are also open and hopeful about the potential for change, though several conveyed their skepticism that change will actually occur.

- **Interoperability Issues between States (field) and NHQ.** There is a difference in perception between the two structures on how well each works with the others to deliver services. Specifically, States personnel believe that they are not engaged in program delivery strategies until too late in the implementation process. The team captured what were thought of as best practices within the agency, spearheaded by Farm Loan Programs, that FSA could implement enterprise-wide and as a result, possibly change perception.

- **Stovepipe Culture across FSA.** This observation impacts the agency's ability to collaborate and communicate across organizational units as effectively as it could.

- **Lack of Confidence in Two Key Administrative Areas.** Across the board there is concern about the Human Resources and Information Technology Services Divisions' ability to deliver services that are extremely important to the agency's success. Some of the concerns are directed at outside elements, (e.g. lack of investment in agency IT spending). In any case, stakeholders believe and we affirm that a major transformation is required.

- **Perception that FSA NHQ is Overstaffed was Unfounded.** Though clearly there are opportunities to transition out heavy transaction-based activities and centralize functions in the long-term (e.g. in administrative areas and in the State structure), the team did not find evidence that NHQ organizations studied were overstaffed.

7. Top Priorities Identified

Additionally, though there are numerous findings and recommendations presented in this report, the team has identified seven areas for agency consideration as top priorities:

- **Organizational Effectiveness**
  - Structure realignment, or redesign of proposed organizations
  - Further analysis of key functions, processes or workload and staffing activities
  - Further study of the consolidation, centralization, and streamlining of key management services to gain efficiencies and reduce costs (e.g. structure of administrative functions for State Offices)

- **Strategy and Measurement**
  - Expand strategic planning process to translate organizational goals into business and personnel goals
  - Measurement of programs and administrative services for effectiveness and efficiency. Includes the development of key metrics and utilization of the Budget and Performance Management System (BPMS).

- **Leadership Transformation**
  - Define management and leadership competencies required to position FSA for the future
  - Develop capacity in leaders to direct the organization through change resulting from system implementations, regulatory and process changes, and workforce transition

- **Communication**
  - Build and implement strategies to improve communication
  - Target improved collaboration and communication across NHQ deputy areas and NHQ to the field (e.g. State Offices)

- **Process Improvement**
  - Target key administrative processes that generate the most frustration for stakeholders (e.g. HRD and ITSD)
  - Enhance collaboration within the field on how programs are administered and delivered

- **Human Capital Management**
  - Redesign human capital management governance
  - Develop an annual strategic human capital plan
  - Restructure and transform HRD from a heavy-transaction based organization to a "strategic business partner" with a clear focus on improving customer satisfaction
  - Engage executives at NHQ in setting agency priorities for key human capital strategies and the field in planning and execution. Establish a new branch within FSA to develop, execute and monitor progress against human capital management goals

- **Customer Service**
  - Develop mutually agreed upon measures of success
  - Empower services providers to partner and collaborate, give them the skills to succeed in these techniques, and hold people accountable for their role in the relationship
  - Redesign the customer service delivery processes within HRD and ITSD by focusing on measurable results

8. Cross Cutting Findings

The analysis of the interviews and data collected during the FSA Organizational Assessment indicates that there are several recurring topics that were highlighted across functions and geographic locations. The three primary areas that surfaced as cross-cutting themes include:

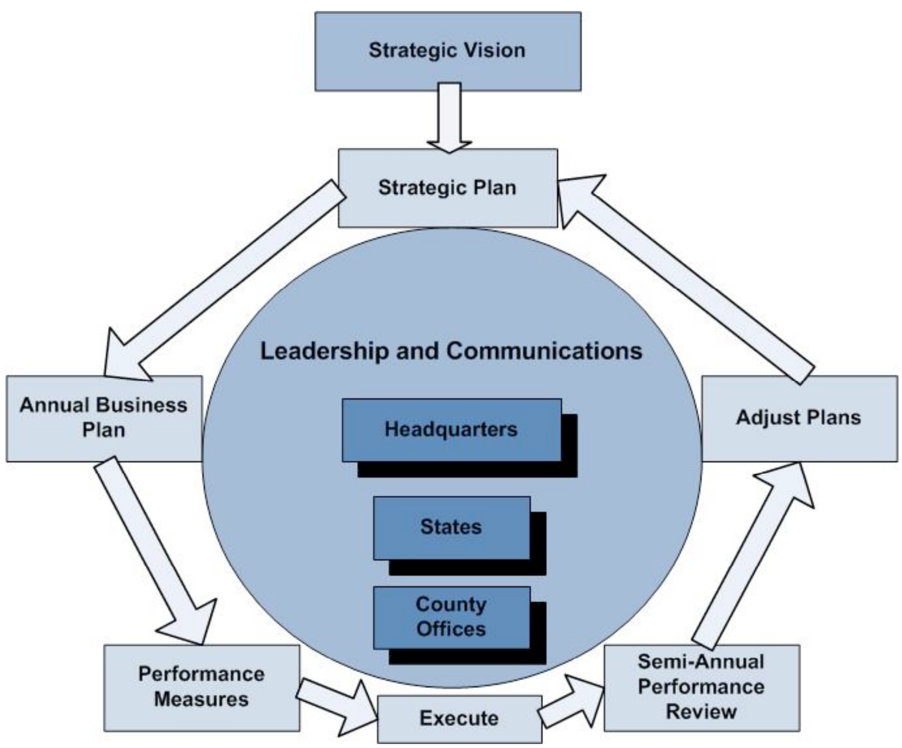
- Strategy and Measurement
- Leadership and Management
- Communications

Below is a summary of the findings and recommendations associated with these areas *(for more detail on each finding and recommendation, refer to the Cross Cutting Report in Appendix 2)*.

Findings	Recommendations
Strategy and Measurement	
FSA needs greater focus on cascading the strategic planning process to drive business goal achievement and performance accountability.	Expand the focus of FSA's strategic planning through the implementation of strategic business planning toolkits and training.
FSA should strengthen the focus to periodically and systematically review the results of its organizational performance.	Hold semi-annual organizational performance reviews.
FSA does not have a formally constituted continuous improvement process to achieve gains in productivity and efficiency and adapt to continuing reductions in agency operating budgets.	Implement a continuous process improvement program like Lean Six Sigma (LSS). ***Note:*** LSS could also be applied to various headquarters functions to identify non-mission critical work that can be reduced or eliminated, thereby freeing up resources to focus on the agency's core activities.
Leadership and Management	
FSA employees have a low level of engagement.	Increase focus on improvement of employee engagement to change the negative perceptions that exist among personnel.
There is a perception among FSA employees across the board that people skills and demonstration of basic leadership traits are lacking in management personnel.	Improve future leader selection by giving greater emphasis to leadership competencies than to technical skills.
Communication	
Weak communications within a function or program frustrate employees.	Increase communication frequency and clarify roles in the communication process.
Breakdowns in communication across functions and programs result in poor customer service, performance issues and inefficiency.	Clarify roles and responsibilities, train personnel in key competencies, and develop a customer service culture.

Findings	Recommendations
Communication (continued)	
Weak communications within a function or program frustrate employees.	Increase communication frequency and clarify roles in the communication process.
Breakdowns in communication across functions and programs result in poor customer service, performance issues and inefficiency.	Clarify roles and responsibilities, train personnel in key competencies, and develop a customer service culture.
Communications from leadership to employees does not articulate strategy and vision in terms that employees can apply to their work.	Synchronize leadership competency building with communications competency building. Deliver periodic presentations to all employee groups.
FSA struggles to implement change initiatives and new programs within headquarters functions, and down to state and county offices.	Install subject matter experts on project teams and define a standard FSA program / major initiative implementation methodology.

Combining the recommendations from all three cross cutting themes results in a process that links strategy and measurement, leadership ownership, and communications to create a culture of mutually understood goals, clear roles and responsibilities, and accountability for achievement.



9. Individual Study Areas – High Level Findings and Recommendations

The purpose of this Assessment was to identify opportunities for FSA to increase its overall efficiency and effectiveness, with a primary focus on organizational structure. The following sections summarize the current state, findings and rationale relevant to each recommended action and are discussed in detail in the comprehensive individual studies.

9.1. Deputy Administrator for Commodity Operations (DACO)

Organizational Assessment Methodology

The Organizational Assessment of Commodity Operations (CO) included:

- One-on-one interviews with 33 CO management personnel using a standard interview protocol
- Group interviews with sample of CO employees, 5 sessions, total of 23 employees
- Collection and review of CO documentation
- Documentation and confirmation of CO organizational chart
- Collection of data related to Commodity Operations:
    - Core functions
    - Personnel time spent performing core functions by grade and by division
    - Customer population
    - Contracts with external entities
- Follow-up interviews to clarify data collected, as needed

Summary of Findings and Recommendations

FINDING #	FINDING	RECOMMENDED ACTION	BUSINESS CASE HIGHLIGHTS
1	DC Commodity Operations' (DC CO) proposed restructuring plan includes the consolidation of two divisions, Commodity Procurement and Analysis (CPPAD) and Warehouse and Inventory (WID), into one Division. KB/FMP's review supports this proposal, with some minor modifications.	Endorse the DACO Restructuring Task Force recommendation to consolidate the DC CO operations under one Director, with two modifications: • Eliminate 1 Assistant to the Deputy Director position • Define and implement a clear transition plan	Short Term Implementation (6-12 months) Significant Savings
2	Kansas City Commodity Office's (KC CO) current authorized FTE ceiling exceeds the staffing required for current workload.	Continue to "right-size" the Kansas City Commodity Office (KC CO) with the staffing quantity and skills needed to align the workforce to current operations.	Short Term Implementation (6-12 months) Significant savings

FINDING #	FINDING	RECOMMENDED ACTION	BUSINESS CASE HIGHLIGHTS
3	Commodity Operations' current change initiatives will improve and automate existing processes. However, the long-term vision for CO's services is unclear.	Develop a Commodity Operations long-term strategy and "vision of operations" that provides a roadmap for change in terms of processes, systems, organization, and workforce.	Short Term Implementation (6-12 months) Align CO's management priorities and decision-making with long-range strategic needs

In September 2007, the Deputy Administrator for Commodity Operations (DACO) created a DC CO Restructuring Task Force with three employees representing the Commodity Procurement and Analysis (CPPAD) and Warehouse & Inventory (WID) divisions. This task force has been working with DACO's executive leadership to define a new organizational structure to consolidate the two divisions.

Their goals in defining the future structure are to:
- Consolidate WID and CPAAD under a single Director
- Improve DC CO's ability to adapt to changes in workload and priorities
- Provide all employees with added responsibility and freedom
- Focus DACO's staff on program management rather than personnel management responsibilities
- Increase promotion potential for program specialists[1]

As of February 1, 2008, DC CO has a large number of leadership positions to support a relatively small staff. Each division has a Director, Deputy Director, Assistant to the Director and one (1) to two (2) Branch Chiefs, representing a total of nine (9) managers to supervise 20 employees (authorized FTE ceiling).

The DACO and the DC CO Organization Restructuring Task Force have proposed a matrix organizational structure that parallels the current WID organization. The proposed consolidated division eliminates five management positions from DC CO:
- 1 Director
- 1 Deputy Director
- 1 Assistant to the Director
- 2 Branch Chiefs

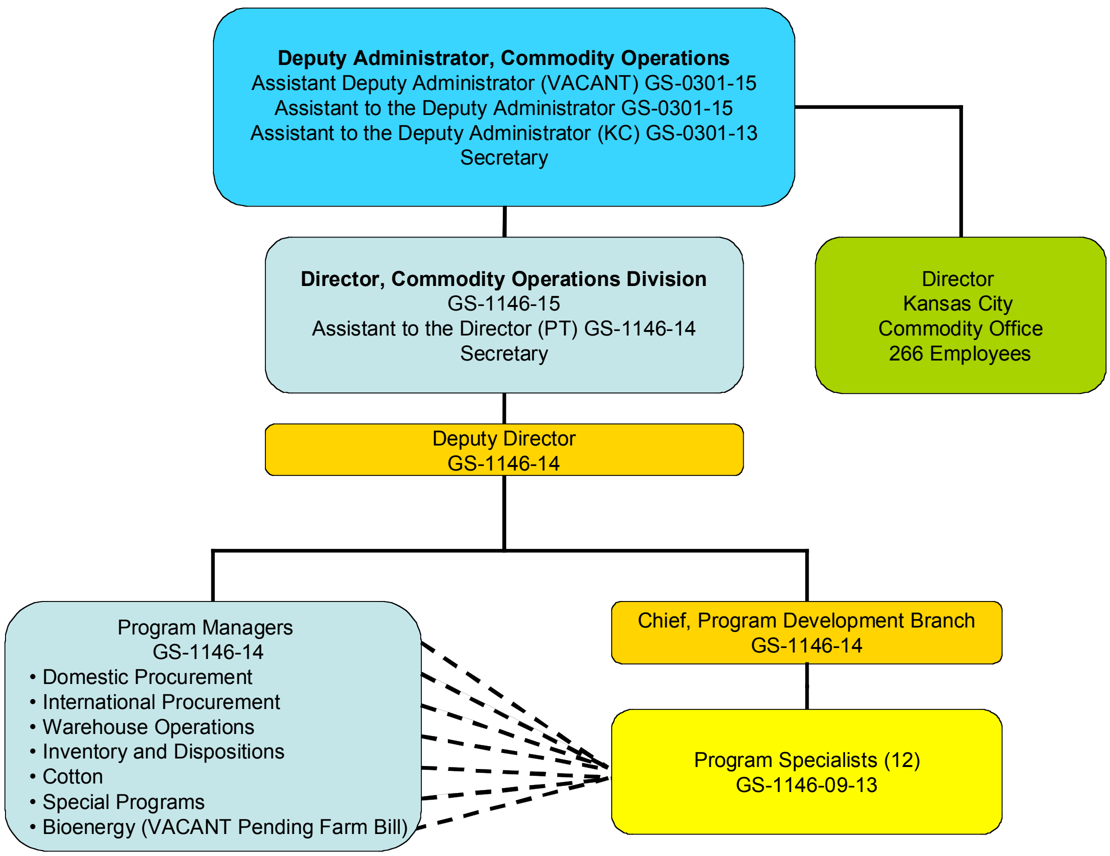
The KB/FMP team supports this proposal with two main modifications:

- Eliminate one of the three Assistant to the Deputy Administrator positions
- Define and implement a transition plan to ensure a successful move to the consolidated organization from the perspective of employees, management, and customers.

[1] Proposed Commodity Management Division Restructuring Justification, February 2008

The new structure includes positions which will accommodate existing DC CO personnel. The DC CO consolidated division will be expected to continue to perform responsibilities for the wide breadth of CO program areas. This new division will also need to continue to regularly coordinate with the six divisions in KCCO and external customers (FNS, AMS, USAID, and FAS).

Future State – DC Commodity Operations Organizational Chart – Modified



In order to effectively transition into and maintain this proposed matrix structure (which is unconventional within FSA and the Federal government), it is critical to develop and execute a sound implementation plan. Implementation of this recommendation is projected to produce $614,374 in salary savings annually.

Also in 2007, DACO implemented a hiring freeze throughout Commodity Operations (CO). The hiring freeze was implemented in response to the recognition that CO's workload, particularly inventory management, had reduced due to the high price of agricultural produce. In addition, the DACO was responding to pressure to reduce CO's overall operating costs. This hiring freeze has resulted in a 9% reduction in KCCO workforce (27 FTE) with the current headcount at 262 FTE as of February 1, 2008.

With the hiring freeze, CO's headcount has been steadily reducing due to attrition from retirements, transfers, and voluntary separations. To adapt to the workforce changes, CO management has been reallocating underutilized personnel to fill staffing gaps in functions with "mission critical occupations." This has been effective where personnel have the prerequisite skills to fill open positions. However, in some cases underutilized employees do not have the prerequisite skills to be transferred and retrained to fill "mission critical occupations". As a result, there are limits to management's ability to successfully fit the current workforce into CO's changing operations.

To date CO's management team has been successful in maintaining operational effectiveness with the reduction in headcount. However, the headcount reduction has begun to strain performance within the warehouse examination and procurement functions. These two functions are concerned that they may not be able to achieve strategic goals and customers service levels in the next year.

The FSA Organizational Assessment concludes that the Kansas City Commodity Office's current authorized FTE ceiling exceeds the staffing required for the current workload. KC CO needs to continue to "right-size" the organization to ensure that the workforce has the skills and headcount necessary to maintain expected productivity rates. The following actions are recommended:

- Eliminate 21 FTE (of the 27 current "frozen" vacancies) from the total KC CO authorized FTE ceiling
- Allow immediate recruiting for 6 positions to fill Mission Critical Occupations – i.e. Warehouse Examiners and Contract Specialists
- Conduct a detailed "Workload Analysis" to determine the skill sets and headcount required by KC CO
- Develop a "Workforce Transition Plan" to adapt the CO workforce to current operations
- Continue the hiring freeze, as needed for certain non mission critical positions, to allow additional workforce reduction through attrition.

Implementation of this recommendation is expected to realize a total of $1,412,359 in short-term savings.

Commodity Operations' goals and services have experienced limited change over the past 20 years. However, with the availability of automation solutions and the movement of work to commercial vendors, Commodity Operations is beginning to experience change at an increasing rate. Commodity Operations currently has a number of change initiatives in process that are focused on incrementally improving existing processes, with no clear integrated vision for CO's future operations. Management's current working assumption is that Commodity Operations will continue to provide these same services in the future.

The FSA Organizational Assessment concludes that with an unclear vision for the future of Commodity Operations, CO management is not able to pursue more radical opportunities for change that may eliminate work, push work to commercial industry, or significantly alter FSA's support of the agriculture industry. In addition, without a clear direction, the management team is limited in its ability to strategically "right size" the workforce with the quantity of resources and competencies that CO will require in the next 3-5 years.

By developing a long-term strategy, the Commodity Operations management team can invest in pursuing more revolutionary change efforts to improve FSA's services to farmers and other key stakeholders. A clear "Vision of Operations" provides the foundation needed to proactively define a plan to most effectively transition the Commodities Operations workforce and services for the future. Currently underutilized resources can be deployed to research change initiative options and develop their own competencies to align with future position requirements. New hire recruiting can also be adjusted to match the changes in the nature of Mission Critical Positions, as well as seek personnel with competencies that will be required in future "generalist" positions.

Commodity Operations' workload is influenced by external forces such as the Farm Bill, government policy legislation, and changes in the economy. Any changes or fluctuations in these variables can shift the workload within CO's functions. Defining a "Business Architecture" for Commodity Operations can help the management team identify potential "triggers", consider the impact of these external variables, and prepare workforce options to manage workload fluctuations. Workforce options may include establishment of generalist positions which are cross-trained and adaptable, as well as the use of a contingency workforce.

The recommended actions for Commodity Operations include:

- Develop a Commodity Operations long-term strategy and "Vision of Operations"
- Develop a Commodity Operations "Business Architecture" that can respond to environmental triggers (e.g. Farm Bill, legislative changes, economic conditions)
- Research and propose the next general of change initiatives

In 2006, KC CO realigned the organization to consolidate similar functions around core processes within divisions and branches. While the current organizational structure is logical and functional, CO personnel identify several post-implementation challenges.

- **Supervisor to employee ratio**. The reorganization reduced the number of branches and Branch Chief positions. As a result, the number of employees reporting to each remaining Branch Chief increased. Nine branches (53% of all branches) have supervisor to employee ratios in the range of 1:14 to 1:17. As KC CO implements increasing amounts of change initiatives and experiences increasing amounts of retirement attrition, employees new to KC CO may require closer supervision and on-the-job training.

- **Team effectiveness**. The KC CO leadership team created self-directed teams within each branch, organized around similar functions and commodity type. The effectiveness of these teams is inconsistent. KC CO personnel cite lack of leadership guidance and no formalized team roles as factors limiting the implementation of teams.

- **Knowledge transfer processes**. KC CO has training to prepare employees for two mission critical occupations: Contract Officers and Warehouse Examiners. For all other positions, there is no formalized training program for new employees into these jobs. Most training is delivered on-the-job with limited supporting documentation. Although most KC CO branches have some form of process documentation, CO does not have process documentation goals, templates, or standards that are applied consistently across the organization.

The following actions are recommended for Commodity Operations to continue to adapt to recent organizational restructuring, and to prepare the CO to adapt to expected workforce transitions and the implementation of change initiative.

- Continue planned workforce reductions, through attrition and hiring freeze, to reduce the supervisor to employee ratio
- Provide guidelines, training and tools for implementing effective self-directed teams
- Increase the effectiveness of knowledge transfer processes

9.2. Deputy Administrator for Farm Loan Programs (DAFLP)

Organizational Assessment Methodology

The Organizational Assessment of Farm Loan Programs (FLP) included:

- One-on-one interviews with 11 FLP management personnel using a standard interview protocol
- Collection and review of FLP documentation
- Documentation and validation of FLP organizational charts
- Collection of data related to Farm Loan Programs:
    - Core functions
    - Personnel time spent performing core functions by grade and by division
    - Customer population
    - Contracts with external entities
- One-on-one interviews with FLP representatives from 10 States as part of Assessment of the FSA State Offices
- Follow-up interviews to clarify data collected, as needed

Working sessions conducted during the Organizational Assessment focused on the consolidation and comparison of data collected across FSA organizations. For Farm Loan Programs, particular attention was given to FLP's interrelationships with Farm Programs (DAFP), State Offices, Office of Budget and Finance (OBF), and the Information Technology Services Division (ITSD).

Summary of Findings and Recommendations

FINDING #	FINDING	RECOMMENDED ACTION	BUSINESS CASE HIGHLIGHTS
1	Farm Loan Programs' current headquarters structure is effective. *Farm Loan Programs demonstrates several FSA "best practices" as summarized in Section 2.7.*	No structure changes recommended for the Farm Loan Programs headquarters organization. *Consider implementing FSA "best practices" demonstrated by FLP in other FSA functions and program areas.*	No changes recommended, therefore no business case provided
2	DAFLP lacks authority over field personnel performing Farm Loan Programs (FLP) functions and activities.	Formalize State Office personnel accountability to DAFLP for the implementation of Farm Loan Programs by allowing DAFLP leadership to provide input into State Farm Loan Chief selection processes (SEDs make final selection decisions).	Short-Term Implementation (6-12 months) Increased effectiveness, consistency, and accountability in program implementation

The FSA Organizational Assessment concluded that Farm Loan Programs' current headquarters structure is effective.

The Farm Loan Programs (FLP) Headquarters (HQ) organization has three main divisions:
- Loan Making and Funds Management Division
- Loan Servicing and Property Management Division
- Program Development & Economic Enhancement Division

The first two divisions above are structured around four core processes representing the Farm Loan lifecycle. These processes are: (1) Funds Management; (2) Loan Making; (3) Loan Servicing; and (4) Property Management. According to FLP management personnel, grouping the two types of loans by process has been effective in delivering programs in a coordinated way to field personnel who implement programs.

The third division, Program Development & Economic Enhancement Division (PDEED), addresses cross-functional programs, such as:
- IT systems development
- Field training and communications
- Farm Loan Programs Risk Assessment (FLPRA)

Both the FLP leadership and programs have been stable enough to allow FLP to focus on strategic efforts to improve operations through change initiatives such as:
- Streamlining documentation
- Converting to web-based systems
- Consolidating county Farm Loan Service Centers
- Redefining role of County Committee in loan approval processes

The current organizational structure has been effective at adapting to workload shifts required to deliver routine FLP operations and to implement program changes and other streamlining initiatives.

No structural changes are recommended for Farm Loan Programs' headquarters organization at this time. However, FSA should consider implementing confirmed "best practices" within other FSA function and program areas. Sample "best practices" performed by DAFLP include:

- Methods for maximizing the effectiveness of the "rural delivery structure" used to delivery FSA programs to farmers and ranchers
- Customer service and responsiveness
- Annual strategic planning process
- Performance metrics and management reporting
- State Office oversight and risk management
- Interface with FSA's IT organization

The team believes that many of these practices can easily be implemented within other FSA organizations with minor modifications.

The Deputy Administrator for Farm Loan Programs (DAFLP) is held accountable for FSA's Farm Loan Program results. However the current structure does not give DAFLP formal authority over the state and county personnel who implement Farm Loan Programs. According to the current structure, DAFLP is expected to communicate with State Office Farm Loan Chiefs and State Executive Directors through the Deputy Administrator for Field Operations (DAFO). FLP management has found this process to be cumbersome and inefficient when field performance issues require resolution.

The success of FLP's current approach to influence field performance is dependent upon the personal relationships and personality of the current DAFLP. Building organization success around personality is not an effective succession strategy. The goal is to create an accountability infrastructure that will remain beyond the tenure of a specific person's leadership style. Therefore, we recommend that FSA formalize State Office personnel accountability to DAFLP for the implementation of Farm Loan Programs.

Strengthening the field's accountability to Farm Loan Program results will:

- Clarify performance expectations
- Streamline communications in order to reduce time to resolve issues
- Improve responsiveness and customer service
- Enhance risk mitigation to reduce financial losses

Several steps are recommended to strengthen the accountability of field offices to Farm Loan Program results and to formalize DAFLP's influence on the implementation of Farm Loan programs.

- DAFLP leader (or designee) provides input into the selection process to interview and recommend State Farm Loan Chief candidates to the SED. SED makes the final selection decision
- DAFLP collaborates with SEDs to define key Farm Loan Program performance metrics to monitor State's program results
    - DAFLP provides SED and State Farm Loan Chief with "Annual FLP Performance Report"
    - DAFLP submits the same "Annual FLP Performance Report" to DAFO as input to SED's annual appraisal
- DAFLP and DAFO collaborate to define (or update) processes for resolving issues with State Offices related to the quality implementation of Farm Loan Programs
    - Identify issues with SEDs' and/or State Farm Loan Chiefs' performance that are impeding performance or increasing FSA's exposure to risk
    - Prioritize and identify sense of urgency for headquarters intervention
    - Define strategies for addressing issues and mitigating risks
    - Define roles and responsibilities of DAFLP and DAFO in implementing strategies to resolve issue or mitigate risks

9.3. Deputy Administrator for Farm Programs (DAFP)

Organizational Assessment Methodology

The Organizational Assessment of the Farm Programs (DAFP) included:

Interviews with Farm Programs Management (Total =30)
- Deputy Administrator (1)
- Assistant to the Deputy Administrator (2)
- Division Directors (4)
- Deputy Division Directors (3)
- Associate Division Directors (2)
- Branch Chiefs (8)
- Section Heads (10)

One-on-one interviews with 30 DAFP management personnel using a standard interview protocol. These included 3 managers from the Front Office, 9 managers from PECD, 3 managers from PSD, 4 managers from CEPD, and 11 managers from APFO.

15 Group interviews with DAFP employees using a standard group interview protocol. These included approximately 93 employees – 18 employees from CEPD, 20 employees from PECD, 20 employees from PSD, and 35 employees from APFO.

Follow-up interviews to clarify data collected, as needed

Working sessions conducted during the Organizational Assessment focused on the consolidation and comparison of data collected across FSA organizations. For DAFP, particular attention was given to interrelationships with Farm Loan Programs, State Offices, Office of Budget and Finance, DAFO, and FSA’s IT group.

Summary of Findings and Recommendations

FINDING #	FINDING	RECOMMENDED ACTION	BUSINESS CASE HIGHLIGHTS
1 1.1 1.2 1.3 1.4	DAFP programs and operations are not efficiently organized. DAFP automation functions/practices and key business processes “common” to DAFP/FSA operating units are not sufficiently standardized and integrated. FSA lacks critical and effective oversight mechanism to ensure proper implementation of farm program policy and procedures within the Field. APFO’s utility and value to FSA is marginalized by its current placement within DAFP; while dispersion of Geospatial Information System (GIS) development and functions compromises FSA’s ability to leverage this key capability on behalf of Farm Program administration and implementation. FSA’s Homeland Security, COOP, disaster preparedness, and emergency designation functions are insufficiently coordinated and integrated.	Reorganize DAFP's management and administrative structure to maximize program and service effectiveness and efficiency. *Proposed DAFP consists of 5 principal units:* • Disaster Assistance Programs Division (DAPD) • Conservation and Environmental Programs Division (CEPD) • Price Support Programs Division (PSPD) • Common Business Processes Division (CBPD) • Program Oversight and Review Office (PORO) .	All are Short Term Implementation (6-12 months) *One-Time Implementation Costs:* Associated with establishment of CBPD, PORO, and reconfiguration of existing PECD Recurring Costs: Associated with maintenance of new offices *Long-Term Savings: Projected* productivity/efficiency increases associated with formation of new CBPD and consolidation of existing FSA program oversight and monitoring capabilities into new PORO unit

FINDING #	FINDING	RECOMMENDED ACTION	BUSINESS CASE HIGHLIGHTS
2	DAFP lacks authority over field personnel performing Farm Programs (FP) functions and activities.	Formalize State Office personnel accountability to DAFP for the implementation of Farm Programs by allowing DAFP leadership to provide input into State Farm Program Chief selection processes (SEDs make final selection decisions).	Short-Term Implementation (6-12 months) Increased effectiveness, consistency, and accountability in program implementation

In our review of DAFP's current organization, the KB/FMP team found that the structure contains some disadvantages. Chief among these is the fact that current DAFP divisions are siloed, preventing the cross-divisional communication, coordination, and collaboration necessary for effective deputy area functioning. In addition, individual DAFP divisions are significantly varied in their respective organizational, management, and staffing structures; preventing standardization and integration in DAFP-wide policies and operations.

To counter this, we recommend reorganizing DAFP's management and administrative structure to maximize program and service effectiveness and efficiency.

The proposed DAFP structure is organized around three (3) primary DAFP business lines:

- Disaster programs
- Conservation and environmental programs
- Price support programs

This Assessment found that the lack of automation, process standardization, and integration among DAFP divisions and between DAFP and ITSD compromises FSA's program and service delivery to both internal and external FSA customers. Currently, all three HQ divisions of DAFP (CEPD, PECD, and PSD) have their own automation unit structured to provide user requirements and interface with IT programmers in Kansas City ITSD. Each division, in essence, recreates a workflow process for new programs based only on the work done within the division without the benefit of drawing from previously designed programs that have been developed elsewhere in DAFP. This lack of integration and synergy has led to redundancies and inefficiencies in program development, as well as created imbalances in workload among the automation units within the various divisions and complications for the Kansas City ITSD staff.

Therefore the Assessment team recommends that DAFP consolidate the "common" business processes, including current division-specific automation units, into a single DAFP division (*Common Business Processes Division,* or *CBPD*) incorporating the following common business functions:

- Automation
- Compliance

- Farm Records
- SCIMS, Eligibility, Subsidiary, & Payment Limitation

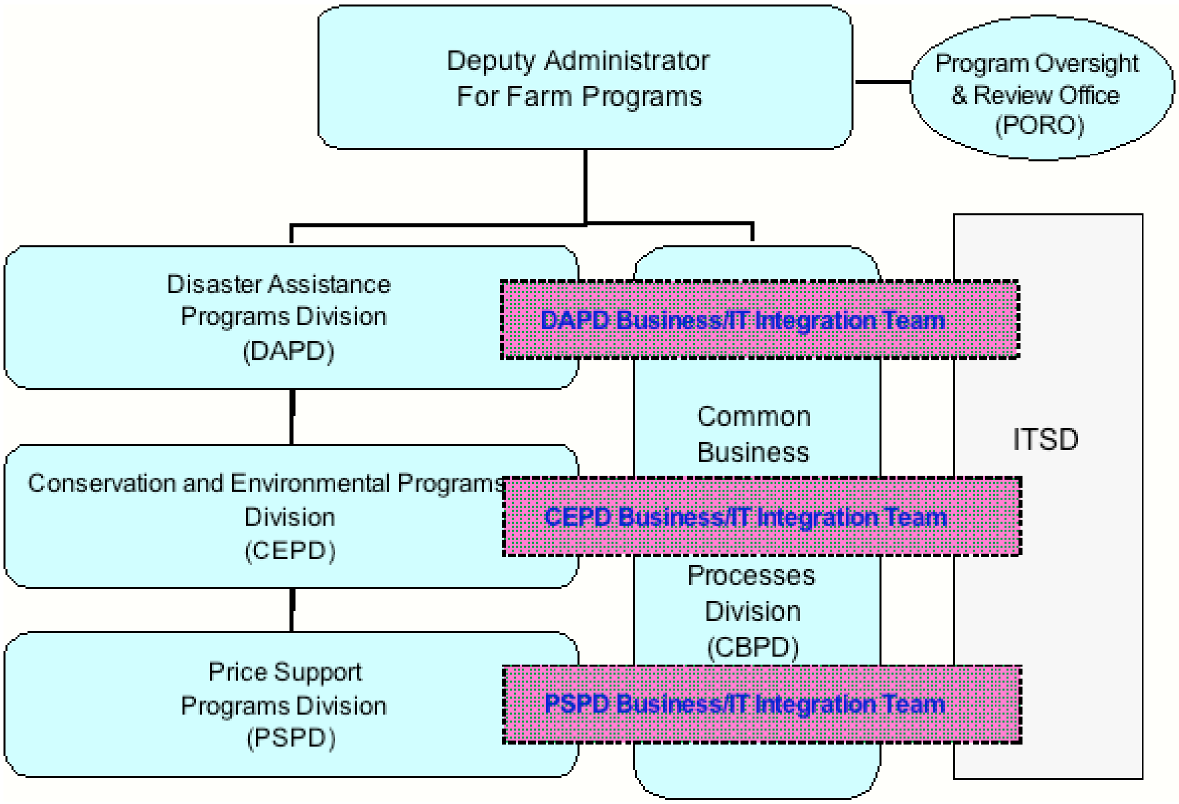
We believe this will unify DAFP business processes for maximal efficiency and enhance the interface between DAFP and ITSD personnel. We also suggest creating *Business-IT Integration Teams* for each DAFP program division spanning respective DAFP division, *Common Business Processes Division,* and ITSD Liaison Managers.

Aerial Photography and GIS have played critical roles in enhancing the programs and services delivered to the customers and stakeholders of FSA, but have only begun to scratch the surface of fully optimizing the technology available. The team believes that integrating and leveraging the disparate resources devoted to GIS, Aerial Photography and Remote Sensing into one unit would improve the effectiveness and efficiency of this critical capability and support function across FSA and USDA. FSA should remove APFO, GIS Coordinator, and GIS FTEs from DAFP and create a new *FSA GIS/Remote Sensing Unit* located within the Office of the Associate Administrator for Operations and Management.

The proposed DAFP organizational structure consists of 5 principal units, which are presented visually in the graph below:

- Disaster and Assistance Programs Division (DAPD)
- Conservation and Environmental Programs Division (CEPD)
- Price Support Programs Division (PSPD)
- Common Business Processes Division (CBPD)
- Program Oversight and Review Office (PORO)

Figure 1 Proposed DAFP Organizational Chart



Additionally, we found that there is inadequate enforcement and "ownership" of DAFP program policy and procedure throughout the entire program service delivery chain (from HQ through the State Offices to the Field). In the current structure of DAFP and DAFO, program implementation, which happens in the county offices, lacks clarity regarding responsibility and oversight.

The team recommends creating a new Program Oversight and Review Office (PORO) within DAFP that exercises formal oversight of Farm Program implementation across and within State and County Offices. The creation of the Program Oversight and Review Office (PORO) will clarify a crucial function of FSA HQ-driven oversight of program policy and procedural implementation and program effectiveness. The team believes that a critical success factor for implementing this recommendation is to carefully establish PORO's review activity focus to ensure it has a precise role and responsibility relative to the charters of other organizations and staff responsible for, as an example, audits and internal control activities. Additionally, because a review of DAFO was not part of the official Phase II Assessment scope, further study is recommended to validate this organization's current role in these activities, and propose how coordination could be optimized in the future.

Finally, FSA's Homeland Security, COOP, disaster preparedness, and emergency designation functions can be consolidated and repositioned within the agency. While these planning and preparedness activities are well underway within the agency, the current haphazard placement of these functions appears to be inconsistent with the criticality and visibility of these duties in an all-hazards environment.

We recommend creating a new Emergency Preparedness unit within the Office of the Associate Administrator for Operations and Management which incorporates the following:

- Homeland Security Managers (currently within PECD)
- FSA COOP function (currently within Emergencies Section of PECD)
- FSA Pandemic Flu Preparedness function (currently within DAFO)
- FSA Emergencies Section (currently within PECD)

Like in Farm Loan Programs, DAFP lacks authority over State Office personnel performing farm program functions and activities. DAFP is implicitly held accountable for key dimensions of Farm Program service delivery within the Field; yet DAFP has no formal supervisory authority over State Office Farm Program personnel at present.

We recommend formalizing the State Office personnel accountability to DAFP for implementation of Farm Programs via the addition of "dotted line" authority from DAFP to the State Offices.

- DAFP leader (or designee) provides input into the selection process to interview and recommend State Farm Program Chief candidates to the SED. SED makes the final selection decision.

- DAFP collaborates with SEDs to identify key Farm Program-related performance metrics to monitor State Office program results

  - DAFP provides SED and State Farm Program Chief(s) with "Annual FP Performance Report"

  - DAFP submits the same "Annual FP Performance Report" to DAFO as input to SED's annual appraisal

- DAFP and DAFO collaborate to define (or update) priorities, strategies, and roles for resolving performance issues within State Offices

9.4. State Offices

Organizational Assessment Methodology

The Organizational Assessment of the FSA State Offices (STOs) included:

- One site visit to each of the following ten states: CA, IA, KY, LA, MO, MT, NE, NH, PA and TX. States were selected by the Deputy Administrator for Field Operations (DAFO) to represent a variety of factors, such as size, geographic location and type of producer
- One-on-one interviews with 10 State Executive Directors and 50 Branch Chiefs; and group interviews with 64 District Directors and 121 employees. Using standard interview protocols, the purpose of these interviews was to:
    - Learn how STOs are structured to perform their work, including functions and staffing
    - Confirm STO functions performed
    - Validate the relations and communications with external and internal customers, including FSA HQ offices
    - Identify best practices
    - Obtain views on FSA as an organization and ideas for increasing overall effectiveness
- Collection and review of STO documentation
- Documentation and confirmation STO organizational charts
- Interviews with 4 DAFO staff members
- Follow-up interviews to clarify data collected, as needed

Working sessions conducted during the Organizational Assessment focused on the consolidation and comparison of data collected across FSA organizations. For the State Offices, particular attention was given to interrelationships with Farm Programs, Farm Loan Programs, Human Resources, Budget and Finance, and FSA's IT Services Division.

Summary of Findings and Recommendations

FINDING #	FINDING	RECOMMENDED ACTION	BUSINESS CASE HIGHLIGHTS
1	New program development and launch is not well coordinated with State Offices (STO) and County Offices (CO), especially Farm Programs.	Charter a Program Development Task Force charged with confirming current issues and defining a process for reengineering Program Development at the HQ and STO interface.	Short Term Implementation (6-12 months) Strategic approach to new program development, launch, and implementation

FINDING #	FINDING	RECOMMENDED ACTION	BUSINESS CASE HIGHLIGHTS
2	Roles of District Directors are not standardized, and therefore, the positions are not optimally used.	Realign organization to have a single supervisory authority for all Service Center staff by: 1) Placing County Executive Directors under the supervision of District Directors; and 2) Standardizing and optimizing the role of DDs with primary focus on managing County Offices. ***Note:*** *The team acknowledges these recommendations would require additional study before implementation could be considered. Of particular note, it is essential that FSA expand the data collection process to include interviews and information gathering with the CEDs and County Committees to ensure all perspectives are properly evaluated*	Short Term Implementation (6-12 months) More efficient and effective management structure, producing better workload management and goal-setting.
3	DAFLP and DAFP lack authority over field personnel performing respective functions and activities.	Formalize State Office personnel accountability to DAFLP and DAFP for the implementation of Programs, by allowing DAFP and DAFLP leadership to provide input into State Farm Loan Program and Farm Program Chiefs selection processes (SEDs make final selection decisions).	Short Term Implementation (6-12 months) Increased effectiveness, consistency, and accountability in program implementation
4	Multiple layers of organization, including State Offices, engaged in administrative services.	Establish 5 Regional Administrative Service Centers, reporting to DAFO with “dotted-line” authority to DAM and CFO. Charter a Regional Administrative Center Task Force to confirm current issues, and develop a future map and phased implementation plan. Membership should include HQ representatives from DAFO, DAM, CFO, STOs (SEDs and AOs).	Long Term Implementation (1-3 years) Estimated savings of 30 percent of positions engaged in administrative support functions in STO

Each State Office is headed by a State Executive Director (SED) who is a Schedule C political appointee responsible for managing the delivery of FSA programs for the State through Branches and regional District Directors (DDs). Service Centers, also known as County Offices, are located in most counties and provide the principal points of contact with the producers for information on and application for FSA farm and loan programs. Service Centers are headed by County Executive Directors (CED) who report to elected County Committees. CEDs and their staffs are not Federal Civil Service employees, but are in a separate personnel system administered by FSA.

The review of 10 FSA-selected State Offices showed that all States feel a lack of involvement in the early development and launch of programs. Resulting challenges include shortcomings in service delivery and receipt of benefits and, in some cases, producers required to provide additional or revised enrollment information. To remedy this concern, the KB/FMP team recommends that a Program Development Task Force be chartered to confirm current issues and deficits, and to define a process for reengineering Program Development at the FSA headquarters and State Office interface.

During the preliminary NHQ executive leadership briefings on early findings and recommendations, the KB/FMP team discovered a disconnect between STO and NHQ Deputy Area perceptions on this issue; NHQ executives stated that STOs were frequently invited to participate in task force committees early in the process. Given that STOs are held accountable for implementation, it will be key for FSA to bridge the perception gap and to ensure STOs feel they are a part of the development and planning process.

The KB/FMP team also found opportunities to standardize and optimize the role of the District Directors, who occupy key management positions in the State Office structure as primary liaisons with field staff and oversight for operations. Interviews within the surveyed States confirmed that current formal lines of authority do not match the operational reality and that District Directors have different foci within the sample states. By formalizing the supervisory relationship between District Directors and County Executive Directors (CED), the field and State will not only be better aligned, but will achieve increased clarity of responsibilities and strengthened accountability as well. The team acknowledges that this recommendation would require additional study before implementation could be considered. Of particular note, because data gathering around and from the County Office structure was out of scope, it is essential that FSA expand the data collection process to include interviews and information compilation with the CEDs and County Committees to ensure all perspectives are properly evaluated.

The Assessment also showed that FSA is not realizing economies of scale and the full effect of modernization by maintaining administrative functions within all 51 State Offices. Recent studies suggest that transitioning to a shared services environment can yield at least 30 percent savings long term.[2] The KB/FMP team recommends the establishment of five (5) Regional Administrative Service Centers reporting to DAFO to perform the administrative functions of all State offices, to include HR, travel, printing/reproduction, finance/accounting, leasing, and some contracting functions. A Regional Administrative Center Task Force should be chartered to

[2] SAP, 2007 Shared Services Conference, *The 20th Anniversary of Shared Services: The Paths Not Taken and the Road Ahead.*

confirm current issues and to develop a future map with a phased implementation plan. This task force should include HQ staff among its membership. Based on current and proposed staffing, the estimated cost savings associated with this consolidated regional administrative structure is projected to be considerable.

Other Considerations for State Offices

The team identified other issues, outside of scope, that we felt were important to raise as factors impacting efficiency and effectiveness. Perhaps the most oft-cited issue of this kind conveyed in the data gathering phase, was concern about the existence of two personnel systems; one covering General Schedule employees, the other covering those CO employees under the previous system from the Agricultural Stabilization and Conservation Service (ASCS). While pay and benefits are similar, accountability systems (i.e. performance management, removal) are different and were cited as supervisory and equity challenges.

Specifically, during the interviews, we asked the question: "If you were Administrator, what is the one (or first) issue you would address?" In every State, one or more respondents indicated that combining the two personnel systems would be a priority. In a majority visited, this was the top priority, cited by approximately 35 staff, and most commonly expressed by DDs. Respondents uniformly cited ineffective management and communication (delineation of responsibilities and control) as the primary reason for the change. Furthermore, the KB/FMP team estimates that nearly half of those who raised this issue were former CEDs, and thus were able to view the matter from both the State and County office perspectives.

The following action is recommended: create a task force to assess the feasibility of placing all employees under the General Schedule. Include representatives with technical expertise, as well as representatives from impacted populations. The KB/FMP team acknowledges that any such change would require legislative action.

9.5. Information Technology Services Division (ITSD)

Organizational Assessment Methodology

The Organizational Assessment of the Information Technology Services Division (ITSD) included:

- One-on-one interviews with 20 ITSD management personnel using a standard interview protocol. There were an additional 28 interviews with ITSD managers in a group setting.
- Five group interview sessions with a sample of 50 ITSD employees
- Customer service interviews of key managers in program and support organizations who use ITSD support and/or who provide business requirements to ITSD
- Collection and review of FSA, program office, and ITSD documentation
- Documentation and confirmation of the ITSD organizational chart
- Collection of data related to FSA technology programs:
  - Core functions
  - FSA technology budgets includes salaries and expenses for ITSD and the FSA technology funds
  - Documentation of functions for ITSD units
  - Documentation of key functional processes including the systems inventory, Service Development Life Cycle, and IT Project Matrix
  - Personnel time spent performing core functions by grade and by division
  - Customer population
  - Number, value and vendor names for contracts
  - Interagency agreements with service providers such as USDA-ITS
- Follow-up interviews to clarify data collected, as needed

Working sessions conducted during the Organizational Assessment focused on the consolidation and comparison of data collected across FSA organizations. Particular attention was given to ITSD's interrelationships with Farm Programs, Farm Loan Programs, Commodity Operations, Office of Budget and Finance (OBF), Human Resources Division (HRD), State Offices, County Offices, and the USDA Office of the Chief Information Officer (OCIO).

Summary of Findings and Recommendations

FINDING #	FINDING	RECOMMENDED ACTION	BUSINESS CASE HIGHLIGHTS
1	FSA lacks a strategic vision of Information Technology that drives mission, goals, processes, and actions.	FSA needs to assume a strategic vision of IT which drives the ITSD mission, goals, processes, and actions, which in turn will yield a more effective and efficient IT organization.	All Short Term Implementation (6-12 months) More efficiently-developed systems, fewer redundancies, reduced costs.
1.1	ITSD does not currently have a strategic plan.	Develop an IT Strategic Plan.	
1.2	FSA lacks an enterprise view of its business processes and technology systems supporting them.	Develop an Enterprise Business/IT Architecture that depicts the business and IT relationships of major IT initiatives.	
1.3	ITSD does not use process improvement tools.	Improve the quality and efficiency of ITSD products by implementing an enterprise-wide standard: CMMI at level 2 and Lean Six Sigma (LSS) to improve software development.	
2	ITSD and Business Owners are not acting in a collaborative manner, which assures accountability and traceability.	Adopt a service-oriented organization to establish structures and processes in FSA that forge collaborative relationships across IT and business organizations.	Short Term Implementation (6-12 months) 20% cost reduction in software development.
3	The ITSD organization is not optimally structured to act as a modern, service-oriented IT organization.	Reorganize FSA ITSD to support a more strategic role for the CIO and to create a larger focus on IT strategy within the organization.	Short Term Implementation (6-12 months) Ensures the CIO is focused on strategic issues and transforming ITSD Improved efficiency
3.1	ITSD's organization does not support a strategic focus for the CIO.	Assign the Deputy CIO line responsibility for daily IT operations in KC. Transfer responsibility for strategy from BAO to AMC. Move CITSO to OTC. Transform PMO into a Project Management Center of Excellence.	

Finding #	Finding	Recommended Action	Business Case Highlights
3.2	ITSD's organization does not support a service-oriented environment.	Elevate security function under CIO to increase strategic focus on IT security. Reorganize ITSD to better align units with customer needs. Divide ADC into two offices, aligned by COTS/shared services and in-house development. Dissolve GIEMSC as currently configured. Move Geospatial and EMSO functions to ADC. Training functions of DASO absorbed by AgLearn/ USDA Grad School.	Short Term Implementation (6-12 months)
4	ITSD staff currently lack the competencies needed to support a more strategic role and improve service delivery in a modern, service-oriented IT organization.	ITSD needs a workforce transformation. Develop an ITSD workforce plan with specific strategies to close competency gaps. Focus on service-oriented and strategic competencies, as well as technical ones.	Short Term Implementation (6-12 months) Prepares ITSD critical staff with the technical competencies needed to be successful in the modern IT world.
5	FSA's IT infrastructure is fragmented and inefficient, limiting the flexible deployment and use of IT staff. There is also the potential of catastrophic failure of IT legacy systems.	FSA must dedicate effort and resources to reducing the number of systems, with specific attention given to migration off of the legacy systems.	Short Term Implementation (6-12 months)
5.1	FSA IT is spread across four computing platforms. Specifically, the AS400/36 is technologically obsolete, making continued development on these systems a huge risk.	Unless MIDAS is funded, FSA will need to reprioritize some projects to reprogram resources to expedite migration from the AS400/36, including a contingency plan to replace the AS/400 System 36 systems.	Mitigates risk of potential for a catastrophic failure.
5.2	FSA has too many database management systems (DBMS).	Reduce the number of DBMS systems from five to one or two.	Long Term Implementation (1-3 years)

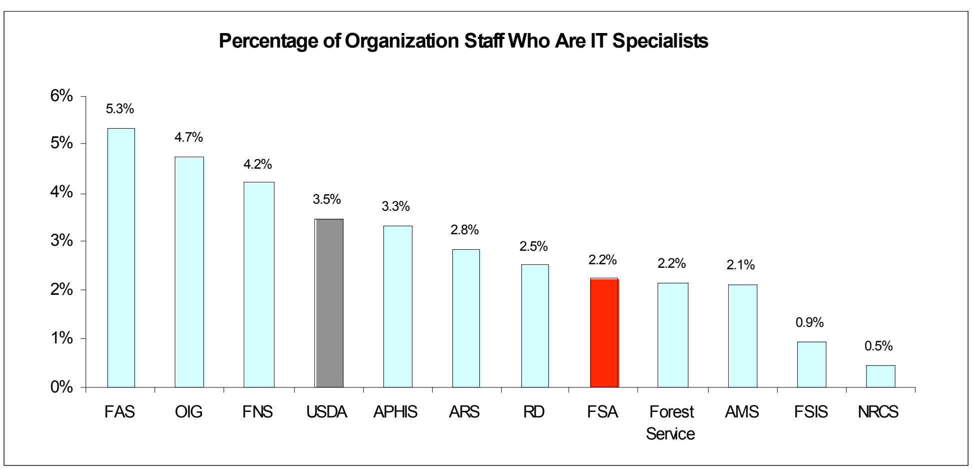
FINDING #	FINDING	RECOMMENDED ACTION	BUSINESS CASE HIGHLIGHTS
6	Help desk support provided to FSA employees by USDA ITS is unsatisfactory.	ITSD must play a greater role in ensuring that customers are provided with adequate service from USDA ITS. – Renegotiate the SLA to improve ITS performance against metrics and targets. – Formalize the current Director of DASO's role as the USDA ITS Liaison.	Short Term Implementation (6-12 months) ITS more accountable for services.

A key question of interest to this Assessment was whether ITSD is appropriately resourced to perform the required work. The KB/FMP team compared the resourcing of information technology at FSA to information technology resourcing at comparable agencies using two different approaches:

1. Number of IT Specialists
2. Funding for IT expenditures

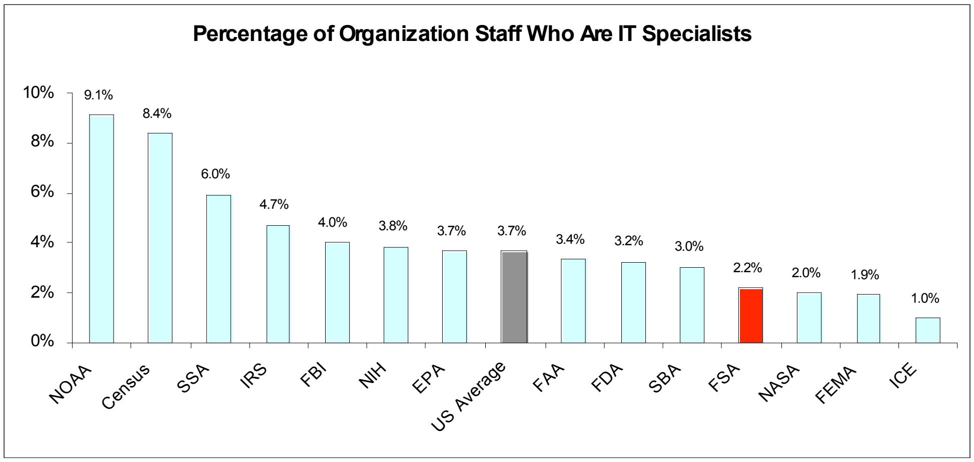
1. **Number of IT Specialists**: Our analysis showed that FSA has one of the lowest ratios of IT Specialists to agency staff of any USDA organization. In fact, ITSD has the same ratio as the Forest Service, which recently completed a Competitive Sourcing process for its IT organization. This holds true when comparing FSA to other sub-cabinet agencies as well. FSA is below the government-wide average of 3.7% for the IT-employee-to-workforce ratio.

IT Staff Ratio Comparison of FSA to Selected USDA Organizations [3]



[3] All data accessed through Fedscope (http://www.fedscope.opm.gov), January 2008.

IT Staff Ratio Comparison of FSA to Selected Government Agencies



2. **Funding for IT Expenditure:** The KB/FMP team also compared the amount organizations in various sectors spend on IT as a percentage of all organizational spending, depicted in the table below.

   FSA spends far less of its agency budget on IT than all categories of organizations studied. FSA's investment in IT as a percentage of budget is less than half of USDA, as well as the average of all federal agencies. FSA's investment in IT as a percentage of revenue is far less than private sector companies in similar lines of business.

IT Spending Comparison of FSA to Government and Financial Organizations *

Sector/Agency	In Billions (FY 2007)		Percentage of Budget/ Revenue on IT
	Total Budget	IT Budget	
*** FSA Budget 2007**	**$30.8**	**$0.3**	**0.93%**
* USDA Budget 2007	$124.0	$2.1	1.69%
* US Government Budget 2007	$2,800.0	$65.0	2.32%
*** Financial Sector*	-	-	*7.80%*
*** Public Sector*	-	-	*4.00%*
*** Government*	-	-	*4.40%*
*** Overall*	-	-	*3.80%*

* Data extracted from FSA, USDA, and US Government documents.
** Forrester Research, Inc. *IT Spending Benchmarks for Very Large Organizations*, 2005.

Due to outsourcing of IT resources, a comparison of IT headcount as a percentage of the organizational headcount is less useful than a comparison of IT spending as a percentage of organizational spending. The table above shows that IT spending varies considerably in different sectors and industries. Comparing the resourcing of IT in terms of headcount and spending provides FSA at best a rough indicator of what FSA should be spending. These indicators show that FSA is at the low end of the scale in terms of IT specialist headcount and spending. If MIDAS is fully funded, FSA IT spending will increase and will become closer to the USDA and federal agency averages.

This data does not definitively support a conclusion that FSA has under-funded IT. However, the data does suggest that FSA should closely examine whether management's expectations for the services IT should deliver are realistic in view of the resourcing it receives. The KB/FMP team makes many recommendations for improvement in ITSD efficiency and effectiveness. Those improvements alone may not produce the improvement in IT services sought by FSA management, unless FSA is able to increase IT funding as well.

With regard to the remainder of its ITSD Organizational Assessment, the KB/FMP team focused not only on the role and responsibility of ITSD, but also the roles and responsibilities of ITSD customers across FSA and their relationship with the USDA OCIO, especially Information Technology Services (ITS) and the National Information Technology Center (NITC). The team found that FSA lacks a strategic vision of Information Technology (IT) that would drive mission, goals, processes, and actions, and therefore, recommends that FSA adopt a strategic vision of a more effective and efficient IT organization.

We also found that ITSD and Business Owners are not acting in a collaborative manner. To counter this, we recommend that FSA adopt a service-oriented organization to establish structures and processes that forge collaborative relationships across IT and the respective business organizations. To become a Service Oriented IT Organization, ITSD and business owners need to establish a new relationship. Rather than acting as an "order-taker", ITSD should become a strategic partner to business process owners. There should be a high level of business owner and end-user engagement with ITSD, from requirements definition through testing and final system operation. Although both ITSD and FSA Business Owners report efforts to form working partnerships, it is clear that considerable room for improvement in their working relationship remains. Business owners and ITSD must have joint responsibility and accountability for systems from start to finish

The team also found that the ITSD organization is not optimally structured to act as a modern, service-oriented IT organization, and proposes that ITSD be reorganized to support a more strategic role for the CIO and to create a larger focus on IT strategy within the organization. Currently, ITSD staff lack the competencies needed to support a more strategic role and improve service delivery in a modern, service-oriented IT organization. The Assessment team recommends that ITSD develop a workforce plan with specific strategies to close competency gaps and focus on service-oriented and strategic competencies, as well as technical ones.

As part of the Organizational Assessment, the KB/FMP team determined whether ITSD was properly placed within the FSA organization. The team recommends that ITSD continue reporting to the Deputy Administrator for Management (DAM). While ITSD performs an important role in FSA, its primary function is to support its internal customers. As an internal service organization, its function is similar to HRD, Acquisitions, and other support organizations that currently report to the DAM. The current state of technology in FSA needs substantial improvement, which will require high level executive oversight and close coordination between ITSD, MIDAS, and the major business units.

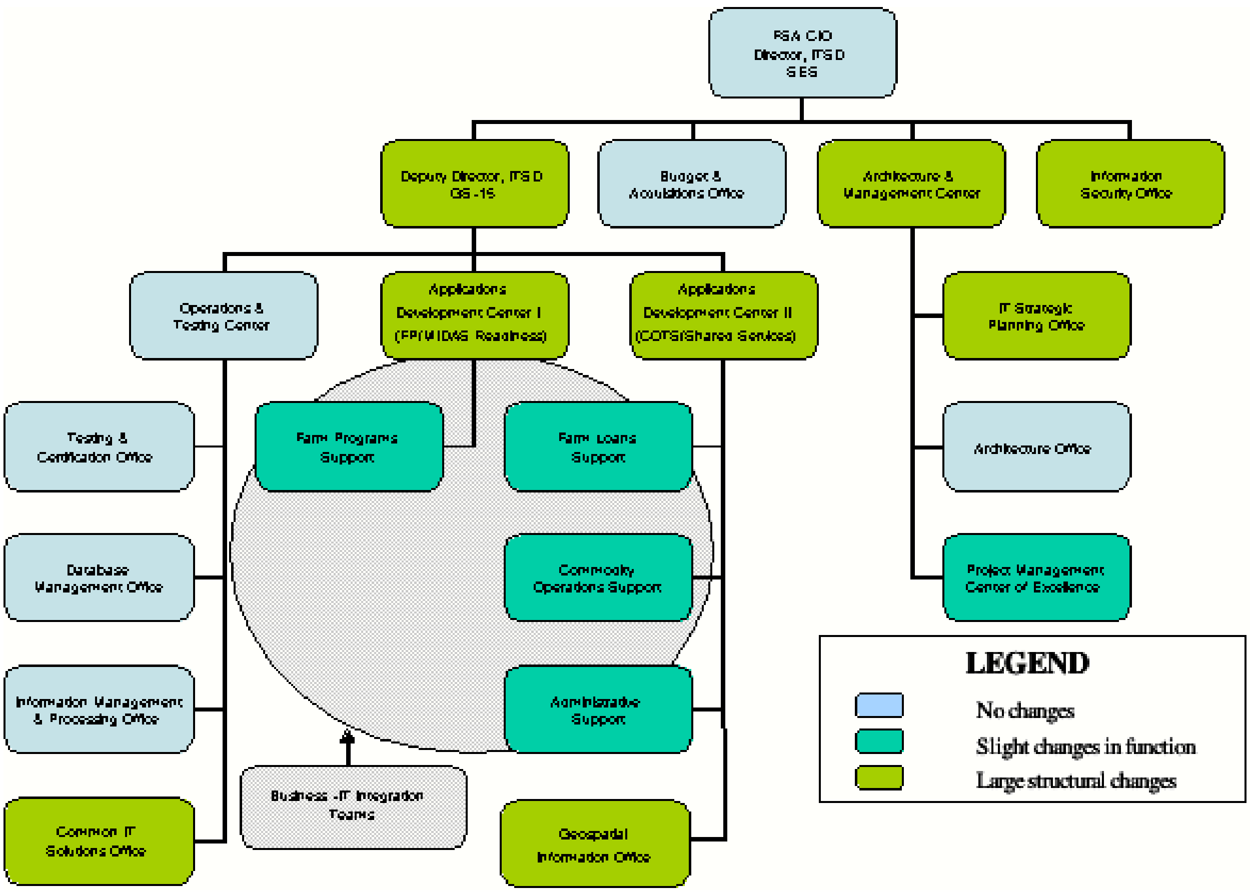
To ensure FSA's success as an agency, we recommend that the FSA CIO have a presence at any FSA senior level meeting, including the Administrator's senior staff meeting, when the subject of the meeting includes a discussion of major policy or strategic initiatives. The purpose of the CIO's "seat at the table" during these meetings is to inform senior executives of the information technology implications of initiatives, including networking, hardware, systems development, resources and impacts on other projects.

Finally, although not directly under the purview of ITSD's control, the team found that Helpdesk support provided to FSA employees by USDA ITS is unsatisfactory. In a customer service survey conducted by the KB/FMP team, managers within the study scope were asked if help desk services are responsive to their needs. Out of 109 managers surveyed, only 44% (less than half) responded "agree or strongly agree". A similar sentiment was expressed by State Office personnel. Although we recognize that this is a performance issue on the part of ITS, ITSD must play a greater role in ensuring that ITS service providers perform satisfactorily by renegotiating its Service Level Agreements and monitoring performance. Stakeholders believe that the metrics currently in place have not supported satisfactory results for customers and that improvements are needed to ensure current agreements drive results.

Associated with this, we determined that oversight responsibility for this function within FSA could be enhanced. Currently, the head of the Desktop Applications Support Office (DASO) has performed this role as an ancillary duty. To assist and structure this effectively, ITSD should consider formalizing the role to ensure ITSD is in-front of any performance issues and can coordinate proactively with the department on resolutions strategies.

Based on these findings and recommendations, the KB/FMP team has proposed the following ITSD organizational structure.

Recommended ITSD Organizational Structure



9.6. Modernize and Innovate the Delivery of Agricultural Systems Initiative (MIDAS)

Organizational Assessment Methodology

The Organizational Assessment of the Modernize and Innovate Delivery of Agricultural Systems (MIDAS) Program included:

- One-on-one interviews with the MIDAS Program Manager (PM) and 20 Information Technology Services Division (ITSD) management personnel using a standard interview protocol.
- Interviews with key managers (via customer interviews) in program and support organizations who use ITSD support and/or who provide business requirements to ITSD, some of whom were involved in the first effort to implement MIDAS
- Collection and review of FSA, program office, MIDAS and ITSD documentation
- Documentation and confirmation of the MIDAS draft organizational charts
- Collection of data related to FSA technology programs including MIDAS-specific documentation around:
  - Core functions
  - FSA technology budgets, including salaries and expenses for ITSD and the FSA technology funds
  - MIDAS funding documents including the OMB-300 business case and supporting documentation
  - MIDAS Concept of Operations
  - Documentation of functions for ITSD units
  - Documentation of key functional processes including the systems inventory, Service Development Life Cycle and IT Project Matrix
  - Customer population
  - Literature search of GAO reviews of major federal agency IT projects
  - MIDAS PM responses to questions about the MIDAS project in relation to GAO-identified 18 best practices for software and COTS products acquisition
- Follow-up interviews to clarify data collected, as needed

Working sessions conducted during the Organizational Assessment focused on the consolidation and comparison of data collected across FSA organizations. Particular attention was given to MIDAS' interrelationships with Farm Programs, Farm Loan Programs, Commodity Operations, Information Technology Services Division (ITSD), Office of Budget and Finance (OBF), Human Resources Division (HRD), State Offices, County Offices, and the USDA Office of the Chief Information Officer (OCIO).

Summary of Findings and Recommendations

FINDING #	FINDING	RECOMMENDED ACTION	BUSINESS CASE HIGHLIGHTS
1	MIDAS PM does not currently have adequate project management support.	Increase number of detailed staff to MIDAS to accelerate planning. – HR staff define staffing strategy and develop Position Descriptions (PD) – Detail Administrative Officer to MIDAS as soon as possible – Recruit a Contract Officer with ERP experience – Once MIDAS is funded, hire a Deputy PM responsible for daily MIDAS operations	Short Term Implementation (6-12 months) This gives FSA the ability to focus on MIDAS organizational design, staffing strategy, and acquisition planning in anticipation of full funding.
2	MIDAS' current reporting does not facilitate close coordination between the MIDAS team and other FSA organizations.	Align MIDAS to report to the Deputy Administrator for Management (DAM).	Short Term Implementation (6-12 months) The DAM will provide oversight to the execution of the MIDAS program and can resolve collaboration issues with other FSA organizations, including ITSD.
3	MIDAS does not have a human capital plan.	Develop a MIDAS human capital plan that identifies the skills needed and the number of key staff required to assure adequate oversight of contractors.	Short Term Implementation (6-12 months) MIDAS is approved for 24 FTE. Having a human capital plan will increase the speed to staff up MIDAS team.
4	Roles and responsibilities between other FSA organizations and MIDAS have not been defined.	Integrate MIDAS with other FSA organizations and processes by following the recommendations for the FSA Service-Oriented IT Structures in the Organizational Assessment of ITSD.	Short Term Implementation (6-12 months) MIDAS will be able to proactively establish a collaborative working relationship with ITSD and Farm Programs
5	FSA currently lacks a robust change management strategy for MIDAS.	Develop a robust change management plan for MIDAS. MIDAS should continue to use Lean Six Sigma to modernize FSA business processes.	Short Term Implementation (6-12 months) This will allow for early identification of organizational impacts of MIDAS and decrease the time to integrate change into operations.

The goal of the Organizational Assessment was to identify how FSA can effectively position itself to integrate and implement MIDAS within the agency once funding is approved. FSA has recognized for some time that it needs to modernize its IT infrastructure to improve service delivery to producers. Although MIDAS is a single FSA IT initiative, it is easily the most complicated and far reaching, due to its:

- Projected life cycle cost (almost $500 million)
- Need for FSA to manage the project without interagency support
- Complexity of business processes, (60 to 70 unique business rule sets)
- Scale of its operations (about 20 million transactions per year)
- Number of potential non-government users (1.5 million to 2 million benefit recipients).

The vision is to create a program delivery system that allows farmers and ranchers to interface with FSA and access their accounts from anywhere, utilizing an internet-based, self-service delivery channel, 24x7, 365 days per year. This vision also seeks to provide a service delivery environment that encompasses the simplicity of web-based retail business, while being able to manage an enormously complicated, high volume back office business. The objectives of MIDAS are consistent with President's Management Agenda initiatives of expanding electronic government and improving financial performance.[4]

The Deputy Administrator for Farm Programs (DAFP) is the business owner for MIDAS and in that role, completed the overarching vision for the initiative in 2004. The DAFP organization has worked continuously over the last four (4) years to implement MIDAS and eliminate inefficient business processes and obsolete technology that are identified. MIDAS targets the replacement of 217 computer applications including six (6) different disbursement applications for over 100 Commodity Credit Corporation (CCC) program benefit payments.

FSA began the implementation of MIDAS using its traditional IT systems development approach of deploying web-enabled applications using JAVA programming language. This initial effort was not completely successful and rather than press ahead in the face of the difficulties it encountered, FSA and USDA retained Booz Allen Hamilton, Inc. to conduct an Independent Verification and Validation (IV&V) study of MIDAS. FSA completed an alternatives analysis of various options for implementation, leading to the conclusion that instead of using a JAVA-based, custom code application for MIDAS, it would be more cost effective for FSA to acquire a commercial-off-the-shelf (COTS) software product. In addition, FSA completely reorganized the management of MIDAS by creating a separate Project Management Office (PMO) outside ITSD and DAFP, reporting to the Administrator of FSA. To assure that the PMO would take fresh look at the implementation, FSA reached outside the agency to hire a project executive who has extensive private sector experience in managing large scale, technically complex projects for federal agency clients.

The KF/FMP team concludes that FSA is now on the right track with MIDAS, but has identified findings and recommendations to help ensure the program stays on the right track. The decision to use COTS software instead of custom code will produce a better, more reliable system in less time. In addition, the COTS software vendor can be expected to improve the product over time at much

[4] Office of Management and Budget. *The President's Management Agenda*, FY2002.

lower cost to the government, as it can spread the cost of enhancements over a multiple customer base. The government will receive the value of embedded commercial best practices in the solution it selects. The KB/FMP team also believes the acquisition strategy, which calls for a lean staff of employees leveraging a contractor staff to configure the COTS product makes great sense. As our study of the Information Technology Services Division shows, FSA's IT organization has resource constraints which would have made it extremely difficult to proceed with MIDAS as a custom code application.

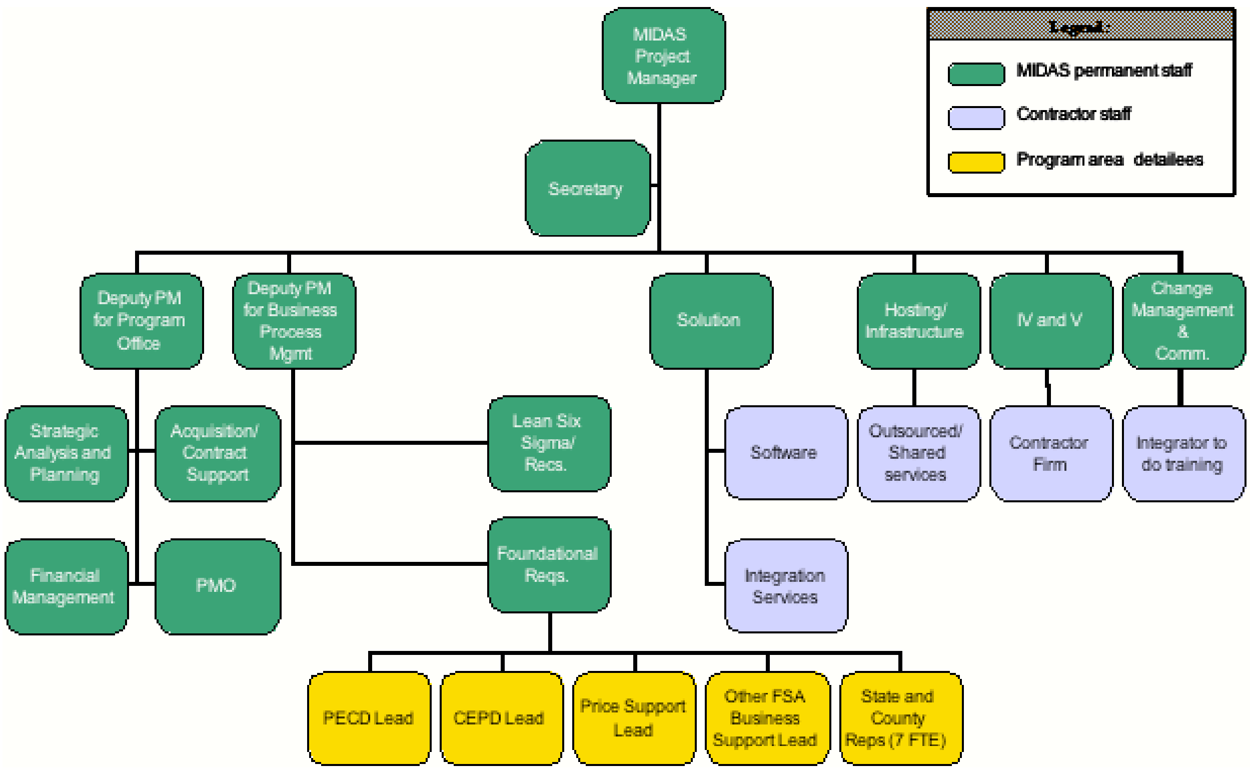
It is our contention that FSA made the right decision to create an independent PMO to pull together the various parts of FSA, but concluded that the MIDAS Project Manager does not currently have adequate project management support, nor does it have a human capital management plan that identifies key staffing and skills needed to ensure adequate staffing. The MIDAS organization currently consists of the Program Manager and five (5) FTEs. MIDAS management projects needing 19 additional positions to be fully staffed. As a critical step, we recommend developing a plan that specifically identifies short and long term staffing needs, skills and competencies (a key competency is contract administration). The human capital plan should also address how FSA executive leadership and MIDAS program leadership will detail staff from the various FSA organizations (e.g. Farm Programs, STOs, ITSD) to augment this effort.

The Assessment team also found that roles, responsibilities and interrelationships between MIDAS and other FSA organizations (e.g. Farm Programs, ITSD), which will be critical to success, have not been defined. To remedy this, the team recommends that MIDAS integrate with other FSA organizations and processes by following the recommendations for the FSA Service-Oriented IT Structure in the Organizational Assessment of ITSD. Additionally, the KB/FMP team recommends that the MIDAS Project Manager attend the Administrator's senior staff meeting to better conduct an exchange between various FSA components when applicable issues and discussion points are raised.

Finally, FSA currently lacks a robust change management strategy for MIDAS. Having attempted multiple initiatives of this nature before, FSA requires a robust change management plan in order for MIDAS to successfully complete this initiative. MIDAS should continue to use Lean Six Sigma to modernize FSA business processes.

Based on these findings and recommendations, the KB/FMP team has proposed the following MIDAS organizational structure.

Figure 1.1 – Recommended MIDAS Organizational Structure



9.7. Human Resources Division (HRD)

Organizational Assessment Methodology

The Organizational Assessment of the Human Resources Division (HRD) included:

- One-on-one interviews with HRD management, using a standard interview protocol:
  - Director HRD
  - 6 HRD branch managers and 2 section chiefs in Washington, DC (WDC)
  - HR Office Chief in Kansas City (KC)
  - 3 section chiefs, the Diversity Manager, the HR specialist overseeing special project initiatives in Kansas City, and the HR Assistant responsible for retirement counseling and briefings
- Group interviews with 29 HRD employees in WDC and KC
- Interviews with 24 customers, including State Administrative Officers
- Interview with Deputy Administrator for Management
- Interviews with two Department Managers - Director of Office of Human Capital Management, and Special Assistant for PMA
- Visit to State Office in West Virginia to interview Administrative Officer (AO) and his staff
- Collection and review of HRD documentation, including HRD's internal Organization Review, dated February 2007
- Collection of data related to HRD:
  - Core functions
  - Personnel time spent performing core functions by grade and by division
  - Customer populations
  - Contracts with external entities
  - Workforce profiles
- Customer satisfaction survey issued to HR customers
- Follow-up discussions to clarify data collected, as needed

Summary of Findings and Recommendations

Finding #	Finding	Recommended Action	Business Case Highlights
1	HRD needs an increased and more robust focus on human capital management and strategic planning.	Establish a human capital governance structure to develop principal elements and priorities of the Human Capital Strategic Plan *(also noted in Strategic Human Capital Report).* Establish new Strategic HC Initiatives & HR Policy Branch to own development, execution, and progress reporting of HC Strategic Plan.	Short Term Implementation (6-12 months) Ensures agency has long-term vision and map with key challenges to be addressed and how the agency will address those challenges through targeted goals. Separates operational activities from HCM and policy functions and ensures coordination between two.
2	HRD needs improved oversight of day-to-day operations and needs to emphasize building a cohesive team between KC and DC locations.	Establish a Deputy Director position located in DC which is <u>fully empowered</u> as a HRD COO. *Note: Lead position in KC (Chief for KC) would no longer serve in KC Chief role. Deputy assumes day-to-day management role of 3 branches.*	Short Term Implementation (6-12 months) Ensures director can focus on vision and strategy to move HRD forward. Ensures continuity of leadership. Allows for quick turnaround on decision-making since it will not rest only on one person.
3	The current HRD structure is confusing to customers (HQ/field) because it lacks clear line of sight and functional alignment.	Restructure HRD to "one stop shop" with clear line of sight for functions. Create 4 major branches *(from 7)* • Employee & Management Services • Operations and Payroll • Information Systems • Strategic Human Capital Initiatives & HR Policy Conduct detailed workload and staffing analysis to further determine efficiencies. Create web-based position description (PD) library and merge KC/DC HRD websites into one national office site.	Short Term Implementation (6-12 months) Improved functional alignment will provide customers with clearer understanding of where to go for help; enhanced clarity for staff responsibilities. Significant improvement in clarity of functions will eliminate potential duplication across functions.

FINDING #	FINDING	RECOMMENDED ACTION	BENEFITS HIGHLIGHTS
4	Customer relationships are not effectively managed and no formalized customer service feedback mechanism is in place.	Create a Customer Relationship Management culture by: • Identifying a point of contact (POC) in each function that can serve as a "Customer Relationship Manager" for business units and external agencies • Establishing base service level agreements (SLA) and key performance measures for all employees with HRD • Seek formal customer feedback on a quarterly basis Establish HRD Dashboard to track and communicate progress against goals.	Short Term Implementation (6-12 months) Improved customer satisfaction and improved understanding of where relationship issues lie. Focus on metrics and performance against them will lead improvement strategies, prioritization for resources and budget allocations. Operational excellence can lead to new customers.
5	HRD focuses more on operational tasks rather than acting as a strategic business partner; yet heavy transactional activities are not effectively streamlined.	Transition HRD in NHQ to focus on HC vision, strategy, policy, development, HR consultant / advisor role and special initiatives. Begin full study and planning to transition operational and transactional services to shared services environment.	Long Term Implementation (1-3 years) Savings of 30 % (minimal) are considered industry standard for cost savings when moving operations to a shared services environment. Increase in accuracy, consistency and efficiency. Elevates HRD's role in FSA's success.

In the last several years, OMB, OPM and cabinet-level agencies have pushed HR organizations to shift towards an increased focus on the strategic management of human capital. In order to achieve this transition, HRD must transform itself into an organization that can add long-term value in planning, measurement, and human capital management.

Our findings validate the need for HRD to focus on strategic issues facing the agency. The current operations of HRD are mostly transactional in nature with staff focused on short-term outputs with traditional HR approaches and processes. A common theme from FSA managers interviewed across the board was that HRD adds little value in strategy and long-term human capital planning. This is a phenomenon that is not unusual in government or unique to FSA. In heavily transactional organizations, it is a significant challenge to change the culture to become a more strategic and forward thinking environment.

In order to achieve this transition, HRD must transform itself into an organization that can add long-term value in planning, measurement, and human capital management. FSA and HRD leaders must clarify and align the strategic direction and inspire action to ensure HRD evolves into an organization that contributes to the agency's business objectives.

Several key action items are recommended to aid in the transformation process:

- Establish a human capital governance structure to develop principal elements and priorities of the Human Capital Strategic Plan (HCSP). KB/FMP is proposing the establishment of a Human Capital Council comprised of top leadership across the organization. The Council, in partnership with HRD, will set priorities that guide attainment of mission critical goals.

- Because no formal and adequately staffed organization for overall HC strategic planning currently exists, KB/FMP proposes establishing a new Strategic Human Capital Initiatives and HR Policy Branch in HQ responsible for the development, execution, progress reporting, on the FSA Human Capital Strategic Plan and measurement associated with the President's Management Agenda and HCSP

The HRD Director leads a large, diverse, and geographically dispersed workforce providing services to two sub-Cabinet level Department agencies, in addition to the FSA federal workforce population. The scope and tempo of the job, as well as the current structure does not allow the incumbent to focus on vision and strategy. Therefore, the KB/FMP team recommends establishing a Deputy Director Position in DC that is fully empowered to function as the Chief Operating Officer (COO). This position would provide oversight of the day-to-day operations and needs to emphasize building a cohesive team between HR KC and DC locations. This approach is consistent with the current structure of other administrative organizations within FSA (e.g. OBF and ITSD) that have deputy positions established to perform the COO-type role for their respective organizations.

The current HRD structure is confusing to customers (e.g. HQ, field) because it lacks "clear line of sight" and functional alignment. In interviews with customers across FSA, a consistent theme emerged that customers didn't know who to go to for help and they had to deal with several different specialists to resolve an issue (e.g. when filling a position). There was also significant confusion created by the merger of HRD's KC and Washington, DC locations into one HR organization. Managers and staff conveyed their confusion of each location's roles and responsibilities.

In the proposed new structure, the KB/FMP team is recommending a "one stop shop" approach to establish a clear line of sight for functional alignment that will help lessen confusion for customers and staff. At the macro level, the new structure establishes customer entry points for HR assistance organized around four major branches (reduced from the current seven branches). This realignment consolidates delivery of functions by HR specialists (generalists) trained in multiple functions and will streamline processes by allowing a single person to perform functions that previously required distinct steps in different locations.

Development of a planning and implementation roadmap on the realignment is critical and should include a detailed, phased approach to implementing changes. To further streamline processes, the KB/FMP team recommends creating a web-based position description library, and merging the KC and HQ websites into a singular HRD website.

The KB/FMP team was unable to clearly determine the workload allocation and functional breakdown across both HRD locations. Since there is a lack of workload or metrics data, and an in-depth workload analysis was not included in the scope, the team was unable to determine the full story on duplication. Therefore, the KB/FMP team recommends that HRD conduct a detailed workload and staffing analysis to identify areas for further efficiency.

Placing a temporary hiring freeze on all current and future vacant funded positions can lessen the impact of potential FTE shifts required as a result of the workload analysis and aid with placement for affected employees. (Hiring of deputy would be exception.) Commitment to the communication of this new structure and the clarification of roles and responsibilities for customers and stakeholders will help to alleviate the short term disruption and anxiety.

The Assessment determined that HRD's customer relationships are not effectively managed and no formalized customer service feedback mechanism is in place. Customers and HRD have a different understanding and expectation of service delivery levels. In interviews, customers complained of a lack of responsiveness from HRD (e.g. basic return of calls and e-mails). In addition, customers said that feedback is not sought in a continuous, formal manner.

To address these basic customer service delivery issues, HRD should establish base service level agreements (SLA) with customers to ensure mutually understood measures of success and increase the focus on accountability. Associated with this, the organization should seek customer feedback on a quarterly basis and establish a dashboard to track and publish progress.

- For the short-term, to ensure this critical area receives the focus and attention necessary for correction, the KB/FMP team recommends that HRD identify a point of contact (POC) in each function to serve as a "customer relationship manager" for major customer business units

As noted, operational excellence is the gateway to a strategic relationship between HR and its business customers. Before HRD can be viewed as a strategic partner, it must first address the significant gaps in its ability to provide excellence to its customers.

Finally, interviews with customers consistently expressed a clear need for a more consultative service from HRD and the desire for HRD staff to learn its customers' business in order to better support the execution human capital management strategies. In the customer survey conducted by the KB/FMP team in February 2008, only 47% of managers surveyed indicated that HR was a valuable strategic asset that helped them achieve business goals. The HRD organization would need to transition more fully to an organization that concentrates as counsel to its customers and executor of the HCSP strategy. To achieve this, HRD needs to transition applicable operational activities to a shared services environment.

Recent studies suggest that transitioning to a shared services environment can yield at least 30 percent savings long term.[5] The KB/FMP team validated this further when in benchmarked against the Forest Service and NASA – two agencies that recently implemented an administrative centralization effort (see Benchmarking Report, *Appendix 3*). It is also important to note that both

[5] SAP, 2007 Shared Services Conference, *The 20th Anniversary of Shared Services: The Paths Not Taken and the Road Ahead.*

agencies invested a significant amount of dollars and resources up front prior to realizing cost savings and conveys several lessons learned for FSA consideration prior to any implementation.

Three centralization or shared services options are provided below for consideration and future study:

POTENTIAL OPTION	BENEFITS
1. Regional Centers • Move all transactional and operational functions performed by NHQ DC and KC to one of the 5 State Regional Centers • Service NHQ staff out of one of the 5 established Regional Centers, for transactional and operational functions only • *Note: recommend HRD and STOs conduct a joint study to further flesh out this option*	• Operations functions will be performed to support the States by regionalized HR functions • HQ retains small staff of HR representatives to serve in advisory/consultant roles on operational functions • Ensures HRD DC can focus on mission and future work with HC Governance Committee enabling HRD to operate more strategically
2. Government Shared "Center of Excellence" • Identify specific transactional and operational functions in DC and KC, and move to a government shared "center of excellence" • Handle in phased approach through attrition	• Support OMB and OPM shared services strategy • Transactional functions performed by a GS-11 in DC or KC can be performed more efficiently and at a salary savings in West Virginia
3. Kansas City HRD Operations Center • Move transactional and operational functions in DC to KC • Focus KC on operations and DC on strategy and policy • Maintain lean staff in NHQ DC location; most HRD staff would be located in KC	• Ensures HRD DC can focus on mission and future work on HC Governance Committee, enabling HRD to operate more strategically

9.8. Office of Budget and Finance (OBF)

Organizational Assessment Methodology

The methodology used during the Assessment of FSA's Office of Budget and Finance (OBF) organization included:

- Visits to the Budget and Financial Management Divisions' Headquarters (in Washington, DC and Alexandria, VA, respectively) and to the Financial Management Division (FMD) locations in Kansas City, MO and St. Louis, MO.
- One-on-one interviews with 43 staff members as follows:
  - Director – 1
  - Division Directors – 2
  - Branch Chiefs (Bud) – 2
  - Section Chiefs (Bud) – 3
  - Center Chiefs (FMD) – 4
  - Office Chiefs (FMD) – 13
  - Group Chiefs (FMD) – 16
  - Other - 2 (Dana Sullivan and Don Stonecypher)
- Group interviews with:
  - 2 FMD focus groups in Kansas City (14 personnel)
  - 2 FMD focus groups in the DC area (19 personnel)
  - 1 Bud focus group in the DC area (8 personnel)
  - 2 FMD focus groups in St. Louis (17 personnel)
- Interview with United States Department of Agriculture (USDA) Chief Financial Officer / Chief Information Officer, Chuck Christopherson
- Collection and review of documentation
- Documentation and confirmation of organizational charts
- Interviews with 18 OBF customers
- Online survey of OBF customers to gain quantitative data
- Follow-up interviews to clarify data collected, as needed.

Summary of Findings and Recommendations

Finding #	Finding	Recommended Action	Business Case Highlights
1	Actions can be taken to enhance coordination of current Internal Controls (IC) governance structure.	Formalize the IC governance structure. Establish new IC Division reporting to FSA CFO. Establish Oversight Board. Establish IC working group to implement IC policies and procedures.	Short-Term Implementation (6-12 months) Enhanced focus and coordination Decrease time to eliminate deficiencies
2	Process linkages to BPMS are "owned" by Strategic Planning and Evaluation Staff (OBPI-SPES).	Move SPES (PPM) Branch to a newly created OBF Division reporting to the CFO called "Strategic Planning and Performance Integration." Unite BPMS PMO under this structure as well.	Short-Term Implementation (6-12 months) More efficient coordination, measurement and reporting expertise, further drive down of strategic goals into business and personnel plans
3	Financial Management policy guidance is not issued in a timely fashion.	Establish a policy issuance project plan to identify policies and Standard Operating Procedures to be issued by priority, and assign responsibility and milestones for completion. Assign owner to track and report on progress. Contract for support until FSPDC is fully operational (but set target date to transition off contractor support).	Short-Term Implementation (6-12 months) Faster issuance times, timely payments to producers, enhanced accountability
4	FMMI strategy has not been clearly communicated to or understood by all stakeholders.	Establish a strong FMMI Governance structure. Establish review team and involve stakeholders in Assessment of progress.	Short-Term Implementation (6-12 months) Cost avoidance, improved processes, mutually understood vision

The KB/FMP team found that generally, the current organizational structure for delivering budget and financial management services is effective. Therefore, findings and recommendations for OBF focus on critical areas that require enhanced coordination and focus. The Organizational Assessment found that while currently the Internal Controls (IC) management structure is generally effective in identifying weaknesses, actions can be taken to enhance coordination and strengthen critical functions. Such actions could include formalizing the Internal Controls Governance Structure; establishing a new IC Division reporting to FSA CFO by consolidating FMD and the portions of OBPI responsible for internal controls activities; establishing an Oversight Board to provide executive leadership, commitment, and oversight for FSA's internal controls program; and finally, establishing an IC working group to implement IC policies and procedures, and monitor corrective action plans. The team also found that the Budget and Performance Management System (BPMS) implementation is set to provide FSA with a robust tool for linking cost and performance data, but significant process linkages are owned by the Planning and Performance Management Branch, an operating unit with the Office of Business and Program Integration. To connect the resources that are fully responsible for linking budget and performance, the KB/FMP team recommends that FSA move SPES PPM Branch into the OBF organization; specifically to a newly created OBF Division reporting to the CFO, to be called Strategic Planning and Performance Integration, which will also unite the BPMS Project Management Office staff under this structure.

The Assessment team also found that Financial Management policy guidance is not issued in a timely fashion mostly due to resource shortages and current resource allocations. OBF has recently taken steps to help resolve this in the accounting policy arena by reassigning two personnel to this function. To ensure proper focus on financial policy issuance, which has a direct correlation to how quickly producers receive payments, the team proposes that OBF contract for support until the office that is primarily responsible for this function – the Financial Systems and Program Delivery Center – is fully staffed and operational. We also recommend developing a project plan for documenting policy and standard operating procedures for all policy functions. The plan would list action items by priority, assign responsibility, schedule milestones for issuance, and track progress in issuances.

Finally the team found that the Financial Management Modernization Initiative (FMMI) strategy has not been clearly communicated to or understood by all stakeholders. To appropriately prepare all stakeholders for this significant initiative, FSA should establish a strong FMMI Governance structure and a review team to involve stakeholders in the Assessment of progress, and establish Independent Verification and Validation (IV&V) to validate readiness and system functionality.

9.9. Office of Business and Program Integration (OBPI)

Organizational Assessment Methodology

The Organizational Assessment of the Office of Business and Program Integration (OBPI) consisted of the following activities:

- One or more interviews with all nine (9) OBPI management personnel and one (1) former manager.
- Four focus group interview sessions with 27 employees representing a cross-section of all four (4) divisions within OBPI, using a standard interview protocol
- Collection and review of organizational charts, laws, regulations, documentation and internal notices and procedures related to the OPBI mission and functions
- Collection, review, and analysis of other documents related to core business functions, time spent performing the essential elements of core functions; customers, and stakeholder populations
- One or more interviews with OBPI management to clarify data or add information as needed

Summary of Findings and Recommendations

FINDING #	FINDING	RECOMMENDED ACTION	BUSINESS CASE HIGHLIGHTS
1	Current OBPI components are not strategically placed or organizationally aligned within FSA to optimally deliver services.	Realign components strategically within the agency.	Short-Term Implementation (6-12 months) Estimated savings, improved functional alignment
1.1	Current location of SPES function inhibits efficient coordination of strategic development and external reporting.	Move SPES branches staff to two newly created OBF Divisions, reporting to the CFO.	Short-Term Implementation (6-12 months) Enhanced coordination, focus, and subject matter expertise; aligns with intention and guidance of Government mandates
1.2	Current system for monitoring and enforcing post review action plans is ineffective.	Reconstitute ORAS as new Office of Program Accountability (OPA), reporting directly to the Associate Administrator for Management. Conduct workload and staffing analysis of County Operations Reviewers (COR) activities to determine appropriate reporting structure and identify opportunities for improvement.	Short-Term Implementation (6-12 months) Creates ownership for enforcement; reduces conflict of interest potential; provides a proactive “early warning” notice to Administrator on financial compromises or failures

FINDING #	FINDING	RECOMMENDED ACTION	BUSINESS CASE HIGHLIGHTS
1.3	Appeals and Litigation current organizational placement adds unnecessary levels of management and inhibits ability to maintain tight deadlines.	Realign Appeals and Litigation as a direct report to the Administrator	Short-Term Implementation (6-12 months) Formalizes the appropriate process for conducting these activities Reduce turnaround time and decision making on items of critical importance to avoid unnecessary penalties to the agency
1.4	Current placement of National Outreach function indicates lack of clear mission and engagement with field, which has resulted in ineffective program results.	Realign National Outreach function under Office of External Affairs. (interim basis) Conduct in-depth study to determine final permanent placement, including but not limited to: • Detailed analysis of values, vision, mission, staffing • Relationship with field staff • Linkage with OCR mission	Short-Term Implementation (6-12 months) Increased visibility, coordination, and collaboration with other FSA organizations working with socially disadvantaged farmers Consolidation of organizations with similar missions (Outreach shares similar communications mission as External Affairs) Allows agency leadership to engage the organization in measuring resources and commitments to serving "underserved" populations

The review of OBPI found that current components are not strategically placed or organizationally aligned within FSA to optimally deliver services. This finding is not associated with performance; with few exceptions, agency stakeholders expressed their satisfaction around the services provided by OBPI. Rather, the rationale associated with these changes is meant to increase focus, access and coordination.

The realignment initiated in 2002 by the former Administrator in an effort to decrease the span of control to that office and to create a central hub for collecting and reporting on the agency's performance has resulted in an ad hoc placement of these functions under a singular (parent) organizational. This structure has contributed to decreased morale. Several OBPI staff expressed concern that the placement lessens the significance of their respective missions. Interviewees, both within and outside of OBPI, noted the perception that data calls were uncoordinated and that different organizations within FSA responsible for managing reporting requirements were asking for "different cuts" of the same data.

The proposal includes moving the Strategic Planning and Evaluation Staff to two newly proposed divisions within the Office of Budget and Finance: the Internal Controls Division and the Strategic Planning and Performance Integration Division. The goals of this consolidation are to enhance coordination to ensure corrective action plans are effectively implemented to eliminate material weaknesses and deficiencies, and to create a deeper linkage between strategy, budget and performance

The team also found that while recent changes had occurred to better coordinate outreach activities at NHQ and in the field, stakeholders felt the current strategy could be improved to connect with underserved farming and ranching populations. As such, KB/FMP team recommends realigning the National Outreach and related NHQ functions to External Affairs/Public Affairs on an interim basis, and simultaneously conducting an in-depth study to define a comprehensive National Outreach strategy, determine roles and responsibilities, and identify the final permanent placement for the function.

As a result of the Assessment, the KB/FMP team recommends redirecting the reporting relationship of the Appeals and Litigation division to the Office of the Administrator. This realignment will formalize the direct access this function needs to the Administrator to ensure that appeals and litigations are filed timely.

Finally, we believe that reconstituting the Operations Review and Analysis Staff as the new Office of Program Accountability (OPA), reporting directly to the Associate Administrator for Operations and Management will improve the current system for monitoring and enforcing state and county office compliance with plans to improve operations and implement internal controls procedures. To augment this, the team recommends FSA grant OPA enforcement authority over these activities and conduct a workload and staffing analysis of County Operations Reviewers (COR) activities to determine appropriate reporting structure and identify opportunities for improvement. As addressed similarly with the DAFP PORO office recommendation, the team believes that a critical success factor for implementing this proposed change is to carefully establish OPA's review activity focus to ensure it has a precise role and responsibility relative to the charters of other organizations and staff responsible for monitoring and oversight of post-review correction action plans.

10. Strategic Human Capital Findings

The Strategic Human Capital Report contains a profile of the FSA workforce that serves as a starting point for identifying skill gaps and recommending solutions for identified workforce planning challenges. This data shows that expected attrition will create significant gaps in FSA's workforce, especially in the loss of leadership and mission critical skills occupations. An analysis of trend data and future projections show that FSA is expected to lose over 2000 employees over the next five years. Almost half of the project loss will be due to projected retirements alone. Over 40% of current employees in mission critical occupations will become eligible to retire. Examples of FSA's mission critical occupations include Agricultural Program Specialist, Program Technician, Farm Loan Specialist, and IT Specialist. Other workforce gaps will be created by the loss of leadership personnel and the emergence of new skill requirements, such as analytical skills and Information Technology skills.

The workforce data, along with the research and interviews conducted in the course of the FSA Organizational Assessment, point to the immediate need for planning and development and implementation of strategies to prepare for this expected workforce transition.

The Human Capital Report (Appendix 1) contains detailed recommendations on strategies to meet these workforce challenges, including an increased focus on the strategic management of FSA's human capital. The following recommendations speak to the structural changes recommended to ensure necessary precision focus on recruiting and retaining the right talent quickly:

1. Increase role for the Deputy Administrator for Management (DAM) to serve in a dual role as the agency Human Capital Officer (DAM/HCO).

2. Establish formal Human Capital Governance:
   - Establishment of an FSA Human Capital Council chaired by the DAM/HCO with the membership of top SES leaders, or designees, in the organization. The goals of this governance council will be to set the agency priorities, and ensure leadership plan, implement and measure the accomplishment of those priorities. The Human Resources Director would act as a key advisor to the Council.

3. Transform HRD to be a more strategic partner with customers vs. a transactional organization. The transformation includes the establishment of a new branch called the "Strategic Human Capital Initiatives and HR Policy". This branch would act as key support to the Council and own the development, execution and progress reporting of the Human Capital Strategic Plan.

   The KB/FMP team recommends that the Council focus on the following strategies as its first set of priorities for the next year.

   - Review and update current FSA HR Strategic Plan, FY2005-2009
   - Agency-wide training focus with an emphasis on leadership development
   - Succession planning
   - Staffing for new requirements

The rationale and detailed recommendations surrounding each of these strategies is contained in the Strategic Human Capital Management Reports in Appendix 1 of this report.

11. Benchmarking Findings

In addition to the Organizational Assessment completed for those components of FSA within scope, the KB/FMP team also conducted a benchmarking study with federal agencies that have undergone recent transformation efforts and/or have similar structures and lines of business.

The agencies selected and a summary of the findings include:

- **United States Department of Agriculture Forest Service (FS).** Confronted with rising operating costs and declining buying power, the FS introduced a major restructuring initiative called the Washington Office/Regional Office/ Northeastern Area Transformation, later called the Business Operations Transformation Program (BOTP). The primary objective of this effort was to centralize, streamline, and reengineer the Information Technology, Budget and Financial, and Human Resources divisions into a centralized shared services center in Albuquerque, New Mexico. This centralization process occurred over a 4-5 year period and has yielded an estimated annual cost reduction of $99 million.

- **National Aeronautics and Space Administration (NASA).** Looking to reduce costs and maximize efficiencies in several administrative functions, the agency embarked on a comprehensive effort to transition these administrative services from many disparate locations to a centralized location. The National Shared Services Center (NSSC), housed centrally at the Stennis Space Center in Mississippi, officially opened for business in 2006 and offers support services to NASA in the areas of financial management, human resources, information technology, and procurement. NSSC is a public-private partnership between NASA, the States of Mississippi and Louisiana, and a private service provider, Computer Sciences Corporation (CSC). Substantial cost savings, originally estimated at $6.6 million per year (after completion of the 3-year transition period), is now expected to average in excess of $13.5 million per year.

- **Small Business Administration (SBA).** Upon confirmation in the summer of 2006, Administrator Steve Preston initiated a systematic agency reform to respond to areas affected by disaster. By the fall of 2006, Preston personally led a restructuring of SBA's disaster loan process designed to focus on fast response, customer service, and employee accountability and efficiency. As a result of these efforts, SBA successfully centralized 7(a) loan originations in Sacramento, CA and 504 servicing in Fresno, CA resulting in a loan approval average of less than three days at a cost savings of $18 million per year.

In reviewing these organizations, common themes, cross-cutting strategies, and best practices emerged that either contributed to the success of the organizations or revealed lessons learned that could be applied to FSA.

Detailed descriptions of benchmarking findings in relation to each agency studied appear in the Benchmarking report, located in Appendix 3 of this report. However, a high-level summary of shared findings include the following:

Common Themes
- Visible, hands-on, consistent leadership from the top all the way through the organization
- Organizational effectiveness / continuous improvement
- Employee engagement / commitment to employee communication

Cross-Cutting Strategies
- Process integration / technology-driven systems improvement
- Leadership / employee / customer development
- Performance measurement/ performance metrics / balanced scorecard approach

Best Practices
- Cross-functional work teams / subject matter experts
- Business Process Reengineering (BPR)
- Change Management planning, strategies and training
- Communication planning and execution
- Lean Six Sigma

12. Proposed Architecture

As indicated at the beginning of this Executive Summary, the KB/FMP team utilized a fundamentally holistic and integrated framework and approach during its FSA Organizational Assessment. Although the Assessment methodology incorporated in-depth study of individual FSA organizational units (as summarized above), all Assessment recommendations were formulated within the context of FSA as an entire organization. Consequently, although structural changes are recommended for various parts of FSA, these component recommendations are indeed designed to "fit" together to enhance FSA's overall organizational effectiveness and efficiency.

The proposed structure is specifically designed to address those structural deficits highlighted by our Assessment and to create new organizational synergies with respect to key functional dimensions, including FSA's strategic focus and execution, leadership and management capabilities, and human capital objectives.

Notable features of our proposed FSA Organizational Structure include:
- Overall streamlining of FSA structure to reduce administrative complexity
- Functional consolidation of FSA components to produce operational synergies
- Reconfiguration of management structures and reporting chains to optimize managerial spans of control
- Consolidation of administrative field resources to gain operating efficiencies
- Structural refinements to increase organizational accountability and integrity

Of particular note are those structural changes specifically designed to enhance leadership continuity at senior FSA levels through the creation of two key positions, both designated for career/SES incumbents. The role of the federal career executive leadership in part is to assure that the core functions of FSA continue without interruption during political leadership changes that occur during and between Administrations. In addition, continuity in the "core functions" of FSA leads to consistency in implementing long-term vision, collaboration of program areas to work together in mission accomplishment, and effective launch of long-term initiatives and projects that inevitably outlast individuals with short tenures. At the same time, the understanding is dually noted that political appointees play an important role in implementing and driving the agenda of an Administration.

Currently, FSA has two career incumbents on the administrative side of the organizational to provide leadership continuity within administrative operations. These two positions are the Chief Financial Officer (CFO) and the Deputy for Management (DAM). We are additionally proposing that the DAM jointly hold the title of DAM/Human Capital Officer for FSA. However, we do not currently see similar career continuity of leadership on the programs side of FSA's management structure where stability of program planning and operations is also critical. To remedy this deficit, we propose the establishment of a new SES Career Assistant to the Associate Administrator for Programs.

This new executive position could assume the following responsibilities:

- Serve as liaison between the Associate Administrator's office and deputy area leadership and management (e.g. communicating Associate Administrator for Programs strategic and policy directives and providing feedback from respective deputy areas)
- Serve as principal in all Programs strategic planning initiatives and policy planning efforts
- Monitor deputy area Program operations and performance on newly-established Programs metrics
- Monitor adherence to Programs policies and procedures and enforce corrective actions to restore compliance where necessary
- Foster collaboration and cooperation among Programs deputy areas
- Charter and lead Programs Continuous Improvement initiatives – spanning all Programs deputy areas

The team understands the realities of a looming political transition and recognizes that the proposed new executive position could likely be targeted for replacement as new political appointees assume their roles, potentially contradicting the objective behind this recommendation. FSA should carefully consider the implications of this prior to the establishment of the new position.

13. Next Steps

The goal of this study was to generate viable, practical, achievable solutions that FSA leadership could consider for implementation. The KB/FMP team sought to ensure a variety of options were provided to give FSA a "menu" of options, as well as expand thinking to consider new ways to structure the organization and enhance its delivery of programs and services. Some recommendations were focused on providing "low hanging" fruit and some were focused on long-term solutions.

As a critical next step, the KB/FMP team recommends that FSA leadership consider the "menu" of option and begin to formulate a plan for how they will proceed. It is important to note that some of the recommendations contained in this report will require further additional in depth analysis and study prior to implementation. The areas that require further study are specific to those issues identified outside of scope or long-term recommendations that require careful analysis and planning.

Another critical step for FSA leadership will be to communicate the outcome of this Assessment to FSA's workforce. A common sentiment expressed during our interviews was that managers and employees have a high-level of interest and investment in learning the outcomes of this Assessment and the plans for follow-on actions based upon the findings. We are confident that FSA top leadership understands the importance of such workforce communication and is taking the necessary steps to ensure that a communication plan and process is in place to educate employees regarding the Assessment process and outcomes.

Note that many of the recommendations if implemented will entail a financial investment on behalf of FSA. Although we appreciate the realities of current budget constraints, we also cannot escape that fact that without support from the Department in the form of funding allocations to support change efforts, FSA will face challenges in implementing many of the Assessment recommendations. Certainly some changes contained in this report can be made without significant financial investment; however, implementation of many of the recommendations herein will indeed require substantive financial and human capital investment.