



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 8, 2001

THE DIRECTOR

BULLETIN NO. 01- 07

TO THE HEADS AND ACTING HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: Workforce Planning & Restructuring

Purpose. This Bulletin:

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

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

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

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

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

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

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

Workforce Analysis

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

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

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

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

- What skills are currently vital to the accomplishment of the agency's goals and objectives?
- What changes are expected in the work of the agency (e.g. due to changes in mission/goals, technology, new/terminated programs or functions, and shifts to contracting out)? How will this affect the agency's human resources? What skills will no longer be required, and what new skills will the agency need in the next five years?
- What recruitment, training, and retention strategies are being implemented to help ensure that the agency has, and will continue to have, a high-quality, diverse workforce?
- How is the agency addressing expected skill imbalances due to attrition, including retirements over the next five years?
- What challenges impede the agency's ability to recruit and retain a high-quality, diverse workforce?
- Where has the agency successfully delegated authority or restructured to reduce the number of layers that a programmatic action passes through before it reaches an authoritative decision point (e.g. procuring new computers, allocating operating budgets, completely satisfying a customer's complaint, processing a benefits claim, and clearing controlled correspondence)? Where can the agency improve its processes to reduce the number of

layers that a programmatic action passes through before it reaches an authoritative decision point? Please provide at least two examples of each.

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

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

Agency-Specific Restructuring Plans

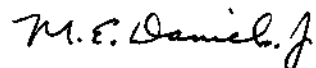
Based on the workforce analysis, agencies should, as a part of the FY 2003 budget submission and annual performance plan, develop a five-year plan to identify the specific organizational changes the agency is proposing to: reduce the number of managers, reduce organizational layers, reduce the time it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

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

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

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

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



Mitchell E. Daniels, Jr.
Director

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

Department of Agriculture
Department of Commerce
Department of Defense--Military
Department of Education
Department of Energy
Department of Health and Human Services
Department of Housing and Urban Development
Department of the Interior
Department of Justice
Department of Labor
Department of State
Department of Transportation
Department of the Treasury
Department of Veterans Affairs

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

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