



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

MAR 15 2004

INSPECTION MEMORANDUM

To: Philip Maestri, Director
Management Improvement Team

From: Cathy H. Lewis
Assistant Inspector General
Evaluation, Inspections, and Management Services

Subject: **Completion of Blueprint for Management Excellence Numbers 153, 154 and 155 (ED/OIG 113E0013)**

This memorandum provides the results of our inspection of three Action Items from the Department of Education's (Department's) Blueprint for Management Excellence. The EIMS group is examining several Action Items related to Human Capital. Our objective is two-fold: 1) to determine if the item was completed as described; and, 2) as completed, does the action taken help the Department towards its stated Blueprint objective. In this report, we examined items 153, 154, and 155 completed June 18, 2002, concerning organizational layers, supervisory ratio and improved citizen access.

Background

All Executive agencies were required to submit to the Office of Management and Budget (OMB) a five-year restructuring plan as part of their FY 2003 budget submission and annual performance plan. The Department submitted the One-ED plan as its answer to this request, which was accepted by OMB. A Restructuring Team was established with three sub-teams: Cross-Cutting; Administrative Services and Program to answer the following questions: the current state; the future state; what gaps exist between the current state and the future state, and what would a Five-Year Plan for moving forward look like. Their incomplete draft report is dated March 26, 2002.

The action item required for item 153 was:

The Department restructuring plan will address appropriate numbers of organizational layers.

The action item required for item 154 was:

The Department will address its supervisory ratio.

The action item required for item 155 was:

The Department's restructuring plan will review positions to improve citizen access to services.

All three of these action items were listed as completed based upon the completion of the One-ED Report on June 18, 2002. Because these actions items are so closely related, we are combining them for the purpose of this inspection.

Objective 1: Were the action items completed as described for Numbers 153, 154, and 155?

The One-ED report does not contain a restructuring plan that addresses appropriate numbers of organizational layers, it does not address the Department's supervisory ratio and it does not review positions to determine how to improve citizen access to services.

The Assistant Secretary for the Office of Management (OM), responding to a request for documentation on these three action items, stated: "We decided not to develop a restructuring plan but rather focus on our work and the way we do it...the proper organizational structure will be what it ought to be to best support our work." Absent a five-year restructuring plan, we reviewed the business case analyses completed in Phase I of the One-ED process to determine the extent to which these three issues were addressed in those plans.

In One-ED, teams are guided through the Strategic Investment Process (SIP), which culminates in the issuance of a written business case analysis. The business case analysis format uses an all-inclusive template, touching on every aspect of a function. There is, however, no particular focus on appropriate numbers of organizational layers, supervisory ratio or a review to improve citizen access to services. According to team members, they were instructed to examine functions within their areas that needed improvement in order to propose reengineering solutions. They did not examine overall organizational issues and they were not instructed to address the issues contained in items 153, 154 and 155.

Even if a comprehensive analysis had been included in the business cases, however, because of the methodology of the One-ED process, the result would not have been a comprehensive analysis of organizational layers, supervisory ratio or improving citizen access. Each of the nine business cases focused on only one business function, rather than the total mission of each office. The One-ED strategic investment process, which will take some time to complete, will not result in a Department wide, strategic examination of any of these issues.

In response to the OMB request, other agencies undertook a comprehensive approach to workforce planning. The U.S. Department of Commerce, for example, requested from each bureau a detailed plan responding to each point in the President's Management Agenda. Included in each bureau's plan is a chart of the current organization and a chart showing the organization as it is projected to look at the end of fiscal year 2007. The Internal Revenue Service's response includes a multi-year staffing plan, which matches approved, funded

positions and captures attrition, migration and programmatic change to project five-year hiring plans.

Objective 2: As completed, do the actions taken help the Department towards its stated Blueprint objective (advancing the strategic management of human capital)?

The Department did not develop a restructuring plan and did not address numbers of organizational layers, supervisory ratio or how to improve citizen access to services. The individual One-ED business cases likewise did not develop plans to address these issues, and given their limited focus would not have a viable vehicle for such an analysis. The Department does not have an overarching human capital strategy nor does it have a comprehensive Human Capital Plan that addresses these issues.

Recommendations

1. The Department should reconsider listing these action steps as “completed.” If the EMT believes that these actions are unnecessary, the action items should be designated as “closed.”
2. The Department should re-examine its reliance on One-ED to address the Department’s need for a well-articulated human capital strategy and a comprehensive human capital plan.

MIT Comments

The MIT acknowledged that not all of the activities outlined in One-ED have been accomplished. As a result, the EMT is currently evaluating the issue of human capital and is identifying activities that need to be taken to address human capital issues throughout the Department. In addition, the EMT is currently evaluating lessons learned from the original implementation of the Strategic Investment Process and is considering alternative approaches to implementation. The MIT response is included as an attachment to this memorandum.

OIG Response

OIG has not modified its recommendations.



UNITED STATES DEPARTMENT OF EDUCATION

WASHINGTON, D.C., 20202- _____

February 19, 2004

To: Cathy H. Lewis
Assistant Inspector General
Evaluation, Inspection and Management Services

From: Phillip Maestri, Director
Management Improvement Team

Subject: Completion of Blueprint for Management Excellence Numbers 153, 154 and 155
(ED/OIG I13E0013)

Thank you for the opportunity to review and comment on a draft version of this inspection memorandum.

Comments on Background and Findings

The Management Improvement Team recorded blueprint action item #153 (organizational layers), #154 (supervisory ratios), and #155 (citizen access) as completed based on the completion of the One-ED report in June 2002. However, based on an inspection of these blueprint action items, the Office of the Inspector General (OIG) has indicated that neither the One-ED report nor the One-ED Strategic Investment Process address organizational layers, supervisory ratios, or citizen access.

Although the One-ED report published in June 2002 does not contain a "traditional" restructuring plan; the report does address organizational layers, supervisory ratios and citizen access. The One-ED report clearly indicates...

"The Department's current structure is relatively flat. Most offices consist of three layers from the Assistant Secretary to the front-line worker. The Department's average span of control or supervisory ratio is one to eight... To assist in determining an optimum number of supervisors and organizational layers, the Department plans to begin collecting data and identifying supervisory ratio trends by job series and/or organization, as appropriate." (See page 12 of the One-ED report.)

In addition, the One-ED report also describes the Strategic Investment Process as the mechanism the Department will use to "move service delivery as close to customers as possible..." (See page 16 of the One-ED report.) Finally, the Strategic Investment Process business case template included as Tab 11 of the One-ED report, was clearly designed to collect information on supervisory ratios and organizational layers. (See page 2 of Tab 11 in the One-ED report.)

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The Management Improvement Team recorded blueprint action items #153, #154, and #155 as completed based on the “non-traditional” restructuring plan outlined in the One-ED report. Although the restructuring plan outlined in One-ED did not contain the typical realignment of business functions and organizations usually included in a restructuring plan; the plan did articulate how the Department would begin to identify supervisory ratios and organizational layers and how the Department would determine the optimal ratio and layers needed based on an efficient streamlined business function that moved services as close to the customer as possible.

Response to recommendations

The inspection report recommends “the Department reconsider listing these action steps as completed” and re-examine the use of One-ED as its human capital plan.

The Management Improvement Team believes that the One-ED report, published in June 2002, forms the foundation for an “overarching human capital *plan*” and appropriately outlines a *plan* for addressing organizational layers, supervisory ratios, and citizen access. However, the Management Improvement Team acknowledges that all of the activities outlined in One-ED have not been accomplished as originally envisioned and have therefore not had the intended effect on the organization. As a result, the Executive Management Team is currently evaluating the issue of human capital and is identifying activities that need to be taken to address human capital issues throughout the Department. In addition, the Executive Management Team is currently evaluating lessons learned from the original implementation of the Strategic Investment Process and is considering alternative approaches to implementation.