

Step 3: --Giving Federal Workers the Tools They Need to do Their--Jobs

Americans today demand a more responsive, more humane government that costs less. Their expectations are neither irrational nor whimsical. Over the past 20 years, the entire way we do things, make things, even contact one another, has changed around us. Businesses have no guarantees, no captive markets. To compete, they must make things and deliver service better and faster, and get their message out sooner. No one benefits more than customers. It's no wonder these same people now turn to government and ask, "Why can't you do things better too?"

Transforming our federal government to do better will mean recasting what people do as they work. They will turn from bosses into coaches, from directors into negotiators, from employees into thinkers and doers. Government has access to the same tools that have helped business make this transformation; it's just been slower to acquire and use them. We must change that. We must give workers the tools they need to get results-- then make sure they use them.

Employee Training

After two decades of organizing for quality, business knows one thing for sure: Empowered people need new skills--to work as teams, use new computer software, interpret financial and statistical information, cooperate with and manage other people, and adapt. Indeed, business talks about a new breed of "knowledge worker"--people who understand that, throughout their careers, their most important task is to continue learning and applying new knowledge to the challenge at hand. Knowledgeable workers are our most important source of progress. They are, quite simply, the currency of 21st century commerce.

Business teaches us that ongoing training for every worker is essential for organizations to work well. Not surprisingly, the federal government under-spends on training and education, just as it does on most other productivity-enhancing investments. In 1989, the National Commission on the Public Service, headed by Paul Volcker, estimated that while leading private firms spend 3 to 5 percent of their budgets on training, retraining, and upgrading employee skills, the federal government spends less than one percent. **See Note 27**

And the little we do spend is not always allocated wisely. A well-promoted 4-day training seminar packaged to appeal to federal agency managers may seem like a good deal. It is not, however, always what the agency needs. The Volcker Commission concluded: Federal training is suffering from an identity crisis. Agencies are not sure what they should train for (short term or long term), who should get the lion's share of resources (entry level or senior level)...and whether mid-career education is of value...Career paths are poorly designed, executive succession is accidental and unplanned, and real-time training for pressured managers is virtually non-existent. At both the career and presidential level, training is all-too-often ad hoc and self-initiated. **See Note 28**

Perhaps most striking is the paucity of career training for people on the lowest rungs of the civil service ladder, or for people without the leg-up of university degrees. These valued employees may have the most tenure in an office. They may see and know everything. Frequently, they are indispensable, because only they know how the system works--and how to work the system. Unfortunately, their abilities are rarely rewarded, despite their desire to advance.

One staffer in the Justice Department's Civil Division alerted Vice President Gore to her quandary:

I'm watching the role of our legal secretaries change. Less and less of the typical secretarial duties are being performed, simply because the attorneys do a lot of their own drafting of documents... However, for a secretary to start to move into a legal assistant position... or into a paralegal role, is frowned upon... As far as training goes it's impossible... That prevents a lot of people from...moving into new jobs that are going to be of more benefit to the department...We've lost a good number of secretaries who have moved elsewhere, because they cannot go any further here. **See Note 29**

Employees at the top rung, too, must keep learning. Managers and executives face the same hurdles in keeping up with technology as do front-line workers. Technicians must stay up to date with system advances and new techniques. The growing band of federal export and trade personnel must learn more than foreign languages--they need to master the language of negotiation as well. Indeed, employees in the Office of the U.S. Trade Representative currently receive no systematic training in negotiation skills or the cross-cultural styles and patterns they are likely to encounter in their work--a situation the office is now planning to correct. **See Note 30** Perhaps most important, training is the key that unlocks the power of bottom-up decisionmaking. At the Reinventing Government Summit, General Electric Executive Vice President Frank Doyle detailed the GE experience: "We had to educate our entire workforce to give them the tools to become meaningfully involved in all aspects of work. Empowerment...is a disorderly and almost meaningless gesture unless people doing the actual work are given the tools and knowledge that self-direction demands." **See Note 31**

During the National Performance Review process, almost every one of the agency teams identified a specific learning need critical to their agency's quality improvement and mission. In addition, several common training concerns demand governmentwide action.

Action: The administration will grant agencies the flexibility to finance training needs.

See Note 32

Leading corporations view training as a strategic resource, an investment. Federal managers tend to view it as a cost. So in government, worker training isn't even included in most budget estimates for new systems or programs. This is puzzling and quite short-sighted, since new workplace innovations, like advanced software, won't transform employee productivity unless those employees know how to use them. Although training may be the best and least costly way to improve worker performance, government executives view it as a "quick fix," unworthy of any planning effort.

Perceptions are changing, however. Today's management literature is full of talk about the value of on-the-job-training, computer-based instruction, expert systems, work exchange, mentors and other tools for learning. Since 1992, OPM has been steering agencies toward more comprehensive training initiatives.

We will grant agencies a substantial portion of the savings they realize from decentralizing staff and reducing operating costs (see chapter 1) to invest in worker training, performance measurement, and benchmarking.

Budget directives further complicate an agency's ability to train workers effectively, particularly when its own budget office, OMB, or Congress cut line items for employee training. Such over-specified reductions deny employees the access to skills they need to be productive, to advance in their careers, and to adapt to new technology.

Action: The federal government will upgrade information technology training for all employees.

See Note 33

Every year, more and more federal workers must use computer-based information technology in their jobs. If business is any guide, our government reinvention efforts will only quicken the trend. Pen and paper exercises keep moving to the screen. Lateral files now form database records. Video- and computer-based courses make learning possible anytime, anywhere. Money no longer changes hands; it's transmitted digitally. People not only talk, they "message." A meeting of the minds can take place without the bodies present.

Other chapters discuss how we will speed the procurement process for technology and how we will deploy technology to alter what we do and how well we do it. Here, we want to stress that much of the federal workforce lacks the training and background to use advanced information technologies.

Compared to the private sector, the federal government invests few dollars and scant time in technology training. **See Note 34** Federal agencies provide insufficient incentives to motivate their workforce to seek technology training, scarce opportunities to obtain training--even when it's desired and necessary--and rarely incorporate technology training in the strategic planning process. The longer we wait, the farther behind we fall.

This foot-dragging costs the taxpayer dearly. We do things the old way, not the cheaper, more efficient way. Or we start doing things the new way, but we don't go far enough: We buy computers for our workers, but not the training to use them properly, so the software and hardware investments are wasted. We invest in new systems, and our people can't make them work.

Training should begin with top nontechnical managers, to help them focus on uses, management, planning, and acquisition of state-of-the-art information technology. By May 1994, OPM and GSA will jointly develop and administer information technology training for non-technical managers and presidential appointees. The New York City Department of Personnel, already in the technology training business, offers a useful model of monthly half-day sessions for executives covering ten topics: strategic planning, reengineering, implementing systems, electronic mail, video conferencing, voice-enhanced technologies, geographic information systems, database management, imaging, and multi-agency complaints and inspection systems. Our effort will help every senior manager earn a certificate that signifies his or her level of technology competency. Parallel training and certification efforts will target Senior Executive Service members and information resource managers. Anyone who has grappled with computers--from the basics of word processing to the complexity of expert systems--knows that we often learn best how to use software by finding a technology "pal": someone who knows the ins and outs of a particular software application and is willing to share that knowledge. To spread information technology training and use in the entire federal workforce, the existing Federal Information Resources Management Policy Council will help motivated agencies set up a program of collegial assistance for a wide range of technology applications. We will tap the cadre of techno-proficient individuals spread across the federal government to provide occasional on-line help or personal assistance on demand to their struggling colleagues. Finally, starting late in 1993, new contracts for technology acquisition--or those in early stages--must include a provision for training. If agencies work together, they can cut such training costs dramatically. When Texas contracted with four statewide technology training firms to train state employees, it cut the price to \$60 to \$110 a day per worker for a wide range of skills. An even larger customer, the federal government should be able to land an even better bargain.

Action: Eliminate narrow restrictions on employee training to help develop a multiskilled workforce.

See Note 35

The Government Employees Training Act (GETA), which authorizes agencies to manage and determine their training needs, defines training as a tool for "increasing economy and efficiency in government." The rules written behind this 1958 wording severely limit how agencies can use training today. Training too often is ad hoc and seldom linked to strategic or human resource planning. Managers generally are not able to get the information to determine the return on their training investment. Even worse, existing restrictions dictate that any training be related to an employee's official duties--thus ensuring that our Justice Department secretary does not become a paralegal. These rules keep federal employees single-skilled in a multi-skilled world.

By early 1994, OPM will draft legislation to amend GETA on three fronts. OPM will redefine the objective of federal training as the "improvement of individual and organizational performance." It will relate the use of training to achieving an agency's mission and performance goals, not to a worker's official duties. And OPM will seek to end the distinction between government and nongovernment training, giving public employees access to the best training services available, no matter who provides them.

Clarifying the purpose of training in GETA will reinforce the need to use training to improve performance and produce results. Removing the distinction between government and non-government training will deregulate the in-government training monopoly, introducing competition that will improve the quality of learning opportunities for federal employees. And linking training to an agency's mission will ease employees' efforts to become adept at all the skills they need as empowered workers. We urge Congress to join in the quality effort by passing these important amendments early in 1994.

Management Information Systems

Management isn't about guessing, it's about knowing. Those in positions of responsibility must have the information they need to make good decisions. Good managers have the right information at their fingertips. Poor managers don't.

Good information comes from good information systems. Management information systems have improved in lockstep with every advance in the telecommunications revolution. New management information systems are transforming government, just as they have business, in two ways. They can make government more productive--the benefit we discuss in this chapter--and let us deliver services to customers in new ways, which we take on in chapter 4. Indeed, today's systems have enabled businesses to slim down data processing staffs, while giving more employees access to more accurate data. This shows up on the bottom line. If federal decisionmakers are given the same type of financial and performance information that private managers use, it too will show up on the bottom line--and cut the cost of government.

Sheer size alone would make the federal government difficult to manage, even under the best of conditions. Unfortunately, federal employees don't work under the best of conditions. Indeed, when it comes to financial information, many are flying blind. It's not for lack of staffing: Some 120,000 workers--almost 6 percent of non-postal service civilian employees--perform budget, accounting, auditing, and financial management tasks. **See Note 36** But when OMB surveyed agency financial

reporting systems last year, it found that one-third were more than a decade old, and only 6 percent were less than 2 years old. One-third failed to meet Treasury and OMB reporting standards. Two-fifths did not meet their own in-house reporting standards--meaning they did not provide the information managers wanted. And more than half simply lacked the computer power to process the data being entered. **See Note 37**

We all know the potential costs of lagging systems: They contributed to the \$300 billion savings and loan bailout, **See Note 38** \$47 billion in nontax delinquent debt, \$3.6 billion in student loan defaults, and so on.

Fortunately, the process of updating our management information systems has begun. In 1990, Congress passed the Chief Financial Officers (CFO) Act. **See Note 39** It designated an OMB deputy director as the federal government's chief financial management officer. The Office of Federal Financial Management was charged with establishing financial management policies across the government and monitoring agency audits. The act also created chief financial officers in 23 agencies. The OMB deputy chairs a CFO Council to deal with improving financial management across government.

But we need to do more--and quickly.

Action: The executive branch will create a coherent financial management system, clarify responsibilities, and raise the standards for financial officers.

See Note 40

Vastly improved financial management is critical to the overall effort to reform government. First, it will save taxpayers money. Trillions of dollars flow through the federal government in any year; even a small improvement in managing those funds could recover billions. Second, we need accurate and timely financial information if managers are to have greater authority to run federal agencies, and decisionmaking moves to the front lines. Greater responsibility requires greater accountability, or the best-intentioned reforms will only create new problems. Finally, better financial management will present a more accurate picture of the federal budget, enabling the President, Congress, and agency leaders to make better policy decisions.

By the end of 1993, OMB and Treasury will sign a formal agreement to clarify their respective policymaking and implementation roles, to eliminate regulatory confusion and overlap for their governmental customers. OMB, working with Treasury and the CFO Council, will charter a governmentwide Budget and Financial Information Steering Group to oversee the stewardship of financial planning and management data for the federal government. In addition, by Spring, 1994, OMB will work with the existing Joint Financial Management Improvement Program, which currently develops and publishes financial system requirements, and consult with Treasury and the agencies to define exactly what constitutes an integrated budget and financial system. At the same time, working with Treasury and the CFO Council, OMB will develop a long-range strategic plan for linking broad budget and financial information needs to the work of agency managers and achieving performance goals.

Finally, we will insist on higher qualifications for chief financial officers. After all, many federal agencies are larger than Fortune 500 companies. Americans deserve financial officers with

qualifications that match those in our best companies. By March 1994, working with accounting and banking groups, the CFO Council will create a continuing education program for federal financial managers. At the same time, OMB guidelines will clarify the precise financial functions the CFO should oversee, trimming responsibilities like personnel or facilities management that lie outside the CFO's main mission.

Action: Within 18 months the Federal Accounting Standards Advisory Board will issue a comprehensive set of credible accounting standards for the federal government.

See Note 41

A recent GAO audit of the Internal Revenue Service unearthed \$500,000 of overpayments to vendors in just 280 transactions and a video display terminal that cost only \$752 listed at \$5.6 million on the IRS books. Other GAO efforts found the Army and Air Force guilty of \$200 billion in accounting mistakes, NASA of \$500 million, and widespread recordkeeping problems across government. **See Note 42** In 1990, Congress concluded that "current financial reporting standards of the federal government do not accurately disclose the current and probable future cost of operating and investment decisions including the future needs for cash and other resources." In other words, if a publicly-traded corporation kept its books the way the federal government does, the Securities and Exchange Commission would close it down immediately.

It's not that we have no accounting procedures and standards. It's that we have too many, and too many of them conflict. Even worse, some budget and accounting practices obscure the amount and type of resources managers might leverage to produce savings and increase productivity.

We must agree on stricter accounting standards for the federal books. We require corporations to meet strict standards of financial management before their stocks can be publicly traded. They must fully disclose their financial condition, operating results, cash flows, long-term obligations, and contingent liabilities. Independent certified public accountants audit their accounts. But we exempt the \$1.5 trillion federal government from comparable standards.

Currently, the Federal Accounting Standards Advisory Board (FASAB), established in October 1990, develops and recommends federal accounting standards for OMB, Treasury, and GAO--which together must approve them. Although we need almost a dozen sets of standards, only one has been approved using this process in more than two and a half years. We need to quicken the pace.

The administration will give the Federal Accounting Standards Advisory Board an 18-month deadline to release and get approval of all 11 sets of standards. If it fails, the administration will replace it with a new, independent board with greater powers.

Action: The Administration should issue an Annual Accountability Report to the Citizens.

See Note 43

The ultimate consumer of information about the performance of federal organizations should be the American public. As agencies develop output and outcome measures, they should publish them. The

customer service standards required by the President's directive on improving customer service, outlined in chapter 2, will be a first step.

A second step will be a new report card on the financial condition of the federal government. For the last 20 years, our government has issued "prototype" financial statements, but no one can assure their accuracy. Put simply, they would never pass an audit. We believe Americans deserve numbers they can trust. By 1997, we will require the Department of the Treasury to provide an audited consolidated annual report on federal finances--including tax expenditures, hidden subsidies, and hidden contingent liabilities such as trust funds and government-sponsored enterprises. **See Note 44**

The Treasury and OMB will develop a simplified version of the government's financial condition, to be published for public consumption in 1995. Rather than a detailed, unreadable financial account, it will be a straightforward description of the money spent and its effects on achieving goals. We will call this the Annual Accountability Report to the Citizens.

Information Technology

A few years ago in Massachusetts, a disabled veterans caseworker who worked to match veterans with available jobs took some initiative. He decided to abandon his sole reliance on the state's central office mainframe computer and take his personal laptop, loaded with readily available software, on the road. Suddenly, he was able to check a database, make a match, and print a resume all during his first contact with an employer. Quickly, he started beating the mainframe. His state administrator took notice, and managed to squeak through a request to the Department of Labor's Veterans Employment and Training Service for grant funding and permission to reprogram dollars in the fall of 1990. Soon after, 40 Massachusetts caseworkers were working with laptops. In just one year, Massachusetts jumped from 47th in the nation for its veterans job placement rate to 23rd.

Although this story screams success, it is unfortunately the exception, not the rule. Normally, the Labor Department has to approve the purchase of something as small as a \$30 modem in the field. Massachusetts got the funding only because it was the end of the fiscal year and money had to be spent. **See Note 45**

The point stands: When workers have current and flexible technology to do their jobs, they improve performance. We need to get more computers off the shelf and into the hands of federal employees.

Action: The administration will develop a strategic plan for using information technology throughout the federal government.

See Note 46

Transforming the federal government is an enormous, complex undertaking that begins with leadership, not technology. Yet, in helping to break down organizational boundaries and speed service delivery, information technology can be a powerful tool for reinvention. To use that tool, government employees must have a clear vision of its benefits and a commitment to its use.

In short, it's time our government adjusted to the real world, tightened its belt, managed its affairs in the context of an economy that is information-based, rapidly changing, and puts a premium on speed and function and service, not rules and regulations. President Bill Clinton Remarks announcing the National Performance Review March 3, 1993

Washington's attempts to integrate information technology into the business of government have produced some successes but many costly failures. Many federal executives continue to overlook information technology's strategic role in reengineering agency practices. Agency information resource management plans aren't integrated, and their managers often aren't brought into the top realm of agency decisionmaking. Modernization programs tend to degenerate into loose collections of independent systems solving unique problems. Or they simply automate, instead of improve, how we do business.

The President should expand the work of the existing Information Infrastructure Task Force to include a Government Information Technology Services Working Group. This working group will develop a strategic vision for using government information services and propose strategies to improve information resource management. Also beginning in October 1993, OMB will convene interagency teams to share information and solve common information technology problems. In addition, OMB will work with each agency to develop strategic plans and performance measures that tie technology use to the agency's mission and budget.