Memorandum

U.S. Department of Transportation
Office of the Secretary of Transportation

Subject: **ACTION:** Address Presidential Management Agenda in Human Capital Planning

Date: APR - 5 2002

From: Melissa J. Allen
Assistant Secretary for Administration

Reply to Attn. of:

To: Administrative Management Council

The President's Management Agenda designates Strategic Human Capital Management as one of five crucial initiatives for improving the management and performance of the Federal Government. As we have discussed in our recent Administrative Management Council meetings, all Federal agencies must implement human capital strategies that are aligned with agency mission, goals, and organizational objectives. Furthermore, these strategies must be integrated into budget and strategic plans, be consistent with the U.S. Office of Personnel Management's (OPM) human capital scorecard, and comply with standards for internal accountability systems to ensure effective merit-based human resource management.

Over the past two years, your organizations have piloted and completed various levels of workforce planning, also referred to as human capital planning. While these efforts have fundamentally prepared us to implement human capital management strategies within our operating administrations, the Office of Management and Budget (OMB) and OPM have directed us to develop a "complete and comprehensive" human capital plan for the whole Department, and they have specified criteria that must be met by our plans. From this point forward, integrated human capital planning will be an ongoing, continual process. Therefore, ensure that any planning you do, either with internal staff or through contracts, addresses the objectives of the Presidential Management Agenda as defined by the OMB Standards for Success and OPM Human Capital Scorecard (attached). To assist you further in your human capital planning, we have developed the attached guidance, based on advice from OMB, which serves as a supplement to the DOT Workforce Planning Guide.

We will be working closely with you to get to "green" on OMB's management scorecard, use the tools developed by OPM, and improve our program performance through the strategic management of our human capital. Randy Bergquist, 202-366-6016 or Liz Hoefer, 202-366-6610, of my staff, can provide assistance if you have questions about this approach.

Attachments

cc: Human Resources Council
OA/OST Performance Planners

HUMAN CAPITAL PLANNING GUIDANCE

The following guidance, based on advice from OMB, is intended to supplement DOT's Workforce Planning Guide, i.e., the eight step process. It provides specific analytical processes to ensure comprehensive, integrated planning and progress toward a "green" score. Links to the eight step process are noted.

1. **Identify current and projected skills gaps (three to five years out) and understand their relationship to your ability to meet program performance goals in that time frame as well as for any long –term initiatives that you have identified.**

   This is a critical step because it includes both workforce skills analysis and a program performance analysis. It determines how well you are doing with the workforce skills that you have, and what additional/different skills you need to better meet your goals and performance objectives. *This is covered in the Department's Workforce Planning Guide under Steps 4 and 5.*

2. **Develop and begin to implement a strategy to address gaps in critical occupations, using existing human resource management flexibilities wherever possible.**

   Developing a Workforce Strategy is addressed by Step 7 in the Workforce Planning Guide. Strategies should be both short and long-term, include a mix of approaches such as: business process improvement, innovative recruitment plans, retention incentives, learning and development programs, and support the President's Management Agenda, including competitive sourcing and new technology (E-Gov) initiatives.

   Identify the pros and cons relative to the approaches (e.g., timeliness, costs, statutory constraints, quality and fit, long-term capacity, availability of training resources, and recruitment issues).

3. **Target excess organizational layers (vertical) or redundant operations (horizontal) to eliminate unwarranted duplication and layers that do not provide value added results.**

   Reducing organizational and supervisory layers is addressed in the OMB Scorecard criterion for achieving "green." Conduct functional analyses (*Step 3 in the Workforce Planning Guide*) with an emphasis on ensuring that your organization (headquarters and field) is structured to support its mission and that you have the appropriate workforce mix in the right places to get the job done. Then quantify the benefits of proposed restructuring and relate it to GPRA targets and budget submissions.

   Look for duplications in areas such as communications, legislative affairs, budget, personnel, call centers, and even service delivery. (Streamline and consolidate programs where possible.)

4. **Redirect supervisory positions to line functions to better meet customer needs.**

   Create a citizen-centered organizational structure that is delayered and oriented toward performing the mission. Analyze workforce skills, and the costs and benefits of supervision, to determine if supervision is actually needed at particular levels.

5. **Show how resources are associated with human capital strategies, and how these strategies are linked to specific program outcomes or improvements.**

   Quantify the relationship between human capital costs to GPRA targets in your strategic and performance planning processes. Remember that human capital costs include costs for contracts, and, in some instances, technology used to augment competencies. This provides a way of evaluating the effectiveness of human capital strategies for achieving organizational goals and adjusting them as needed.

6. **Address the human capital needs of competitive sourcing, e-Government, and financial management initiatives.**

   Recruiting and development are still viable ways of acquiring needed competencies. However, competitive sourcing and e-Government are alternatives. Both approaches are Presidential Management Agenda initiatives and tied to criteria for achieving "green" for Strategic Human Capital Management. Plan for opportunities to apply them as tools for achieving efficiency, flexibility, and improved customer service.

   Human capital (people) will do the heavy lifting for the other Presidential Agenda items. Ask yourself if your organization has the skills to use those tools effectively and efficiently or will contracting out be more advantageous?

7. **Identify any accountability strategies that are in place or planned to reward high performers and to address poor performance, recognizing the costs for doing both.** Accountability for individual performance is also addressed in the criteria for achieving green. Budget up front for these strategies in your human capital and budget plans.