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RESTRUCTURING ARMY CIVILIAN MANPOWER TO MEET THE CHALLENGES OF THE 21ST CENTURY

AN INDIVIDUAL STUDY PROJECT

by

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ABSTRACT

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By 1995 the Army will be reduced in size by over 25 percent from the 1990 levels. While a reduction in civilian manpower is eminent, the end-state will be determined not by a ratio of military to civilians, but rather, by how many the Army can afford. Reduced funding levels in the coming years require that we create new and innovative ways to run the Army in a more cost-efficient manner. While significant steps have been taken in order to give managers greater flexibility in civilian manpower management, managers continue to be overburdened with staffing, classification, pay, and professional development obstacles that hinder their ability to effectively and efficiently restructure the civilian workforce that is required to support a smaller but more versatile Army. Now is the time to make evolutionary ventures in the civilian manpower management process to prepare the workforce for the challenges of the 21st century.

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INTRODUCTION

In the next five years the Army will face a drastic decline in budget authority; this will lead to the biggest restructuring of forces since the end of the Vietnam War in 1974. This significant downsizing requires a hard look at how we manage our civilian workforce, a critical combat multiplier, which often in times of peace is taken for granted. In the Army, civilian manpower management is often regarded by the leadership as an oxymoron, because several agencies within the Department of Army provide oversight and guidance, yet no one is in charge of integrating the program, often resulting in contradictory guidance to the field where the business of the Army is done. Now is the time to change that perception and look for new ideas that can help commanders perform their mission expeditiously, efficiently and at the lowest possible cost.

Many commanders, resource managers and personnelists believe that the civilian manpower management process and other personnel systems are burdensome, inflexible, unfair, labor intensive, expensive to maintain, not properly integrated, and not responsive to decision makers. Manpower staffing standards, manpower surveys, and documentation procedures are outdated and create excessive maintenance requirements, which in turn prevent them from being kept up-to-date without substantial increases in personnel and other resources. Even though manpower management has become more decentralized, managers continue to be overburdened with reports and other documentation requirements that further

complicate the process at the operating level. Civilian personnel management is weakened by the inefficiency and ineffectiveness of the classification system which is the steppingstone for other personnel management systems. It does not adequately support Department of Army initiatives that seek to transfer resource management responsibilities to the lowest practical level of management. Managers are frustrated by the slowness of the staffing process, due in part to time consuming classification procedures. Despite legislation and top level emphasis, the current system for managing civilian manpower resources is not meeting the Army's needs as well as it could be.

New ways of determining staffing requirements, position classification, pay and compensation, and professional development that facilitate the management of Army civilian manpower resources during this time of transition need to be adopted. Business as usual during a time of diminishing resources carries a genuine risk of failure. This study includes a review of policy and guidance issued by Congress, Department of Defense (DOD), and Department of Army (DA) and personal interviews of selected resource management experts who shared their experiences. It reflects a literature search for government initiatives to streamline the process and determine private industry manpower management experiences in downsizing corporations.

REQUIREMENTS DETERMINATION

Prior to 1985, Congress provided oversight of civilian manpower within DOD activities by instituting an end-strength ceiling on the number of civilians allowed on the last day of the fiscal year. Managers were not held accountable for salary costs; their only mandate was to meet the 30 September end strength levels. As a result, many employees were hired throughout the year and terminated on 29 September, then rehired on 1 October, the beginning of the new fiscal year. This system was laborious and expensive; it also created animosity among the civilian work force. Beginning with the FY 86 budget, Congress removed the civilian end-strength ceiling thus giving DOD the flexibility required to effectively manage its allocated resources. Congressional fear of escalating civilian hiring throughout DOD has never materialized. The Congressional language in the Defense Authorization Act for Fiscal Year 1991 prohibits any further management of civilians by end strengths:

Department of Defense may not be managed during fiscal year 1991 on the basis of any constraint or limitation (known as an end-strength) on the number of such personnel who may be employed on the last day of such fiscal year or any constraint or limitation carried out through the measurement of full-time equivalent employees or other related methodology.¹

The Army uses two separate systems to document and manage the force (MTOEs and TDAs). MTOEs document the warfighting force and are comprised of military personnel only. The requirements base is derived from TOEs which are

developed and maintained by the TRADOC schools. Commanders may request changes to the requirements base at any time; however, modifications are tightly controlled to ensure that they are supported by doctrine or needed to fix deficiencies. This ensures a standardized system throughout the Army. TDAs document the sustaining base and are comprised of both military and civilians. Their requirements are approved by MACOM or Headquarters DA, and even though there are similarities in the functions performed, there is significant disparity in the requirements validated among the different installations. There is no standardized system within the Army to validate TDA requirements.

The requirements determination procedure, which is a tool used to determine the number of people needed to perform a specific function within TDA units, is perhaps the most labor intensive and most misunderstood system in the Army. Often, when a manager needs to restructure, or when higher headquarters perceive a need to review manpower levels for a specific organization, a team of manpower experts from the next higher level of command performs a zero base manpower survey to determine the number of managers, supervisors, and workers required to perform the mission. The problem with this process is that no matter how scientific the Army is in establishing the requirements base, requirements always exceed available authorizations. Therefore, some activities could be resourced as low as 55 percent while others as high as 100 percent. Such disparity in resourcing causes most managers to question the validity of the process. This is particularly frustrating

when managers dedicate vast amounts of time preparing for this validation exercise only to be told that authorizations are not available for allocation against the newly validated requirements.

For a number of years the Army controlled civilian manpower levels by validating an activity's needs via the requirements determination process. Then authorizations were based on these requirements. Once the authorization base was established, one work year was allocated for each authorization. Funding for civilian salaries was then determined by multiplying the activity's work year allocation times the yearly average salary. The sum then set the civilian funding level for the next fiscal year.

As the level of funding eroded during the late Eighties, the Army cut the percentage of work years from 100 percent of authorizations to 97, then to 95, and in some areas to as low as 90 percent. Finally, the method of resourcing civilian manpower by the work year process was abandoned and managers were given authority to use allocated funding as they saw fit to meet mission requirements. While managers now have more flexibility during the execution year, they are still required to maintain the antiquated system of requirements determination, manpower documentation, and reporting so that Headquarters Department of Army can use this information for planning and programming purposes. Thus, the manager's newly gained discretionary powers are still hampered by older, discredited accountability and reporting procedures.

It is evident that the Army manpower systems imposed on units in the field are of little use to the commanders who are ultimately responsible for ensuring that allocated resources are effectively distributed and managed to accomplish the mission. In fact, the workload associated with manpower management and reporting requirements is a drain on scarce resources. Further, managers and workers believe that the requirements validated by the "manpower experts" are absolutely essential and should be filled. The manager is left with the problem of reprogramming operating dollars in order to hire the new positions, or explaining to a disappointed workforce that the potential opportunity for improvements can not be met because of funding shortfalls.

The Army method of determining and documenting manpower requirements needs to be relooked. Commanders in the field must be given the authority and flexibility to manage and account for personnel costs in the same way they manage and account for supplies, maintenance, contracts and other services. This view is in line with Assistant Secretary of Defense Christopher Jehn's vision on flexibility, "I think that the base Commander at Fort Bragg is in a much better position than anyone in the Pentagon to decide whether he needs two fewer GS15's or whether he needs to change the mix of civil servants as a result of management efficiencies, what we have to do is provide him the tools and flexibility to do that."²

While Army managers continue to be hindered with bureaucratic administrative procedures, their counterparts in private industry enjoy greater

flexibility, resulting in innovative ideas that maximize productivity. In private industry, the use of end-strengths and other manpower controls have become less and less of a tool for management of resources. Rather, personnel costs are the only rationale in the planning and budgeting decision process as well as in determining restructuring and downsizing actions. Personnel estimates and budgets are determined by line managers who rely on several instruments: (1) full-time equivalent standards that apply algorithms to the estimated workload in production operations; (2) historical workyears used for administrative operations; (3) job descriptions to determine capabilities of employees; (4) efficiency posture of the organization--automation, layout, and the state of the art of equipment and facilities. Personnel estimates are often not zero based, thus only the deltas to previous year submissions require review and approval by higher levels of management.³

While standardization within the sustaining base may not be possible because of the diversity of functions performed, Headquarters Department of Army needs to develop manpower requirements models that commanders can use as guides in determining their own civilian manpower levels. Although there is a recognized need for the Army to maintain a centralized system for planning, programming, and substantiating civilian manpower resources within the PPBES process, this system must be developed ensuring that the Army's needs are met and at the same time minimize operations in the field. This system can be developed through analytical models that utilize data from current personnel and resource management systems

that are fully integrated and that can be extracted from databases maintained and managed by DA. This would reduce the reporting requirements being placed on the field and allow the Army staff to generate the data needed to defend their programs in Congress.

CLASSIFICATION PAY AND COMPENSATION

In response to requests by commanders for greater management flexibility, in 1987 the Army instituted the Managing Civilians to Budget (MCB) process. MCB represents a significant first step in the Army's transition to a modernized system. MCB is a comprehensive, business-oriented concept; it seeks to integrate civilian personnel modernization with Army productivity and resources management objectives. In its most basic form, MCB involves delegation of authority, responsibility and accountability for position classification and execution of the approved budget for civilian personnel resources to the lowest practical level of management.⁴ MCB was implemented in CONUS in 1991; it should be fully implemented OCONUS by the end of 1992.

On the surface MCB appears to be just the right tool for managers as they prepare to restructure the Army. However, the civilian classification system has not changed to meet the needs of today's managers under MCB. It does not effectively support other personnel functions such as pay, performance appraisal, staffing and development. The basic architecture of the classification system designates

approximately 45⁹ occupations organized into 22 groupings. Each occupational series is arranged hierarchically into grades and steps within grades.

In the current system "equal pay for substantially equal work" actually equates to "equal grade for equal work".⁵ While like positions may be graded the same, the pay is determined by a combination of an individual's length of time in a grade and previous performance, resulting in different pay scales for the same job. The classification standards for most occupations are set forth in two formats, a narrative format and a Factor Evaluation System. Confusing and arbitrary distinctions in grading positions permit little differentiation between supervisor and subordinates; they create rigid job hierarchies that cannot adapt to emergent organizational structure. This classification system is jointly managed and operated by the Office of Personnel Management and local Civilian Personnel Offices, without much consideration for the manager's needs. As a result the classification system is not as well understood as it should be--especially for a system that is basic to effective human resources management.⁶

Further, inequity in promotion and pay for comparable positions and non-recognition of job differences result in pay inequities. Employees who are minimally meeting standards continue to be paid at their current level, while more productive employees cannot be advanced in pay because of time in grade and step increase restrictions. So the current system neglects the critical principle of merit.

In an effort to find alternatives to the current personnel classification system, the National Academy of Public Administration (NAPA), with funding from and support of eighteen federal agencies, conducted a comprehensive study of the general schedule classification system prescribed by the Classification Act of 1949.⁷ A search for alternative systems led to visits and interviews at 39 organizations, including 13 private sector and 26 federal, foreign, state, county, and city governments. Every organization consulted employed a different classification system. What worked for one organization might not have worked for another, and what once worked for an organization did not always continue to work.⁸ The system that best supported the needs of the organization was the one tailored to the organization's mission, structure, culture, and human resources management objectives.

In all federal agencies consulted, those agencies covered by Title 5 classification requirements lacked flexibility, the ability to match people to work or to focus on the activity's mission.⁹ This caused leaders to search for possible ways to circumvent the system, often pressuring classifiers to overgrade in order to retain outstanding performers who otherwise would have left in order to get a higher grade. Conversely, those agencies exempted from Title 5 classification requirements operated under locally developed systems that focused on supporting organizational needs. The most compelling success of decentralized and locally managed systems resided largely in the freedom to pay salaries more in keeping with the marketplace,

an option unavailable for agencies covered by Title 5.¹⁰

According to surveys by the Wyatt company, a personnel management consulting firm, private industry compensation programs are based on widely used concepts and practices.¹¹ In general, corporate pay programs have little in common with public sector programs. Managers have considerable latitude in responding to labor market trends and changing program components found to be overly costly or ineffective. Salary management policies and practices revealed that firms that are essentially regional in nature tend to have different policies than those that are national or international in scope. The survey revealed that 92 percent of the firms base salaries for executives and managers on national survey data, while 89 percent use local data for office and clerical positions; 61 percent have more than one salary structure for exempt employees, with geographic or local market differentials cited as the most important reason; over 95 percent rely on merit pay for white collar employees; only two percent use national salary structure for office and clerical positions--in those cases the structures are governed by collective tariff agreements.¹²

Many private sector organizations use decentralized classification systems to reduce overall time and costs. Job classifications are also being broadened to encourage workers to master a wider variety of tasks. Increasing use of the team approach enables production workers to communicate with engineers so that everyone understands the process, something that was not previously done. Entire

layers of management and supervision are being erased from the organizational chart and traditional ideas about span of control are being discarded. Instead, companies are now beginning to look at a much broader span of communications or span of information as the basis for establishing the numbers and level of management. No longer is the ratio of employees to manager constrained by how many the manager can control. Rather, the constraining factor is how many he or she can communicate with effectively.¹³

In addition to innovations in manpower management, private organizations are also moving away from managerial control to employee self-control. Traditional supervisors are being replaced by facilitators who help employee teams manage interpersonal relationships, and technical support managers who help teams implement new technology and solve unusual technical problems. Additionally, middle managers are no longer needed to relay and interpret information which is available on computer terminals. Technology is also eliminating the need for routine decision makers thanks to wider applications of artificial intelligence. Routine decisions are being programmed in software so that employees no longer have to go to managers or specialists when a question arises.¹⁴

Leaders now realize that the relationship between American managers and workers must also change. In 1974, Peter Drucker observed that:

The basic fact-unpalatable but inexplicable-is that the traditional...approach to managing, that is, the carrot-and-stick way, no longer works. In developing countries, it does not work for manual workers, and nowhere can it work for knowledgeable workers. The stick is no longer available to the manager, and the carrot is today becoming less and less of an incentive.¹⁵

It took American management over fifteen years to accept Drucker's words. But now authoritative and directive management is dead or dying. Instead of performance through forced obedience, managers seek to empower employees to achieve maximum performance. No longer does the traditional supervisor tell the line operations people what to do. Rather the line operations people work with their supervisors to make sure that all obstacles are removed, which means they are provided with the right tools and the ability to work with them. Managers and supervisors no longer try to control employee behavior; instead they focus on removing obstacles to employee performance.¹⁶

Without OPM support and legislative changes, a complete restructuring of the Army classification system to provide managers the same flexibility allowed in private industry is not feasible at this time. However, the NAPA classification model does meet the needs of the Army and could be implemented without major revision to the current system. In essence this model categorizes all 459 series into occupational families. It defines each occupational family on a government wide basis, including three logical career paths and classification levels: developmental,

full performance, and senior/expert. These three levels reflect the basic progression of an individual in any occupation:

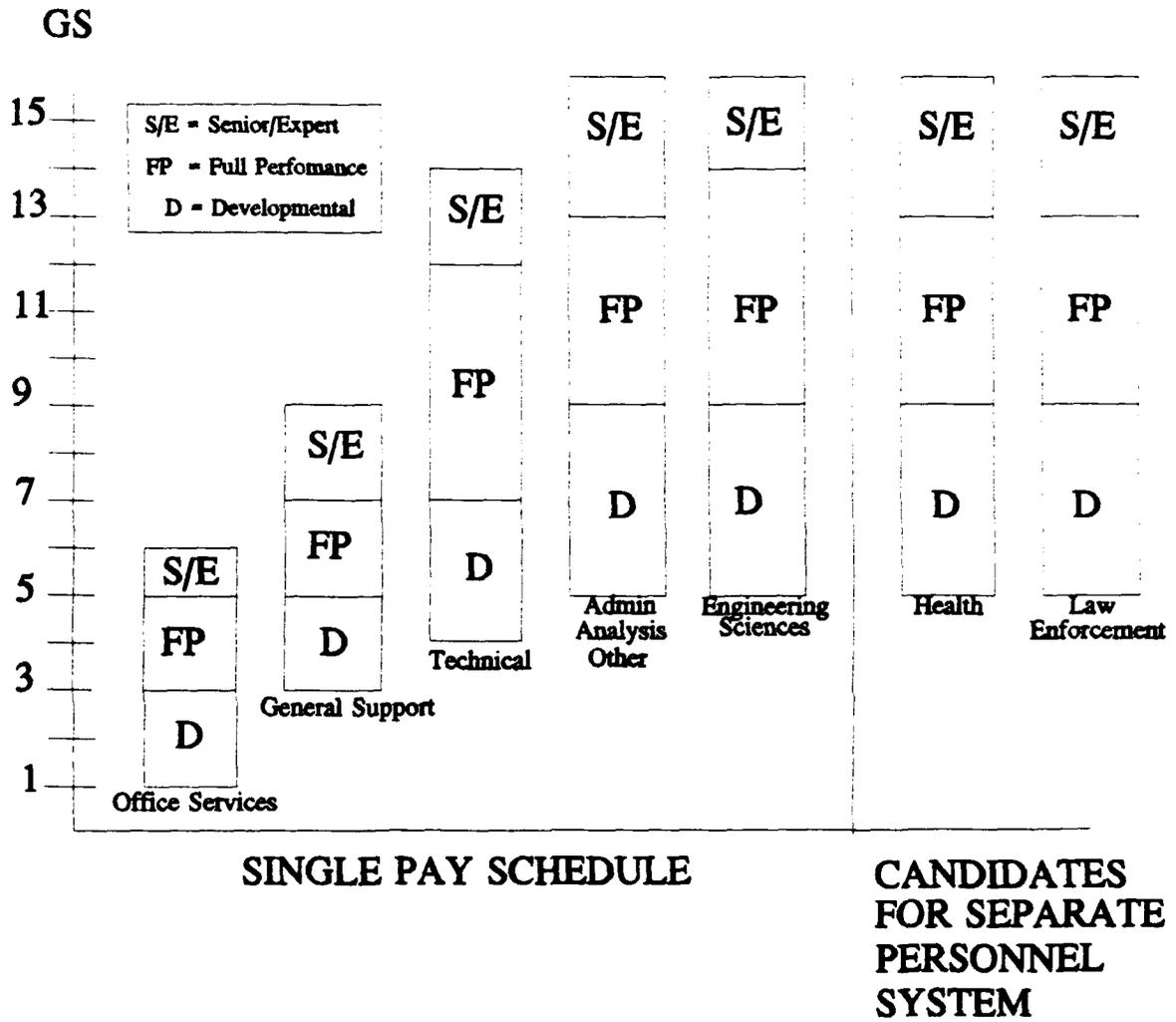
(1) Developmental. Individuals at this level perform less than the full range of tasks, elements or components generally encountered for the occupation within the assigned organization and they receive specific technical supervision.¹⁷

(2) Full performance. Individuals perform the full range of tasks, elements and components generally encountered for the occupation within the assigned organization. The individual defines the basic approach for accomplishing assigned work, adapts as required to meet requirements of typical assignments, and receives general technical supervision.¹⁸

(3) Senior/expert. Individuals at this level provide program direction and expert technical advice for issues in the occupation. They also initiate, plan, and direct complex efforts, carry out functions with widespread impact, and receive very little, if any, technical supervision.¹⁹

The graphical model shown below depicts how the 459 series are grouped into five occupational families. Occupational families are a collection of occupations for which the work is similar in terms of basic skills, recruitment strategies, career progression, training strategies, and performance management. Two additional families can be added to accommodate Health and Law Enforcement peculiar needs.²⁰ This approach also facilitates the implementation of pay reform (figure 1).

CLASSIFICATION MODEL

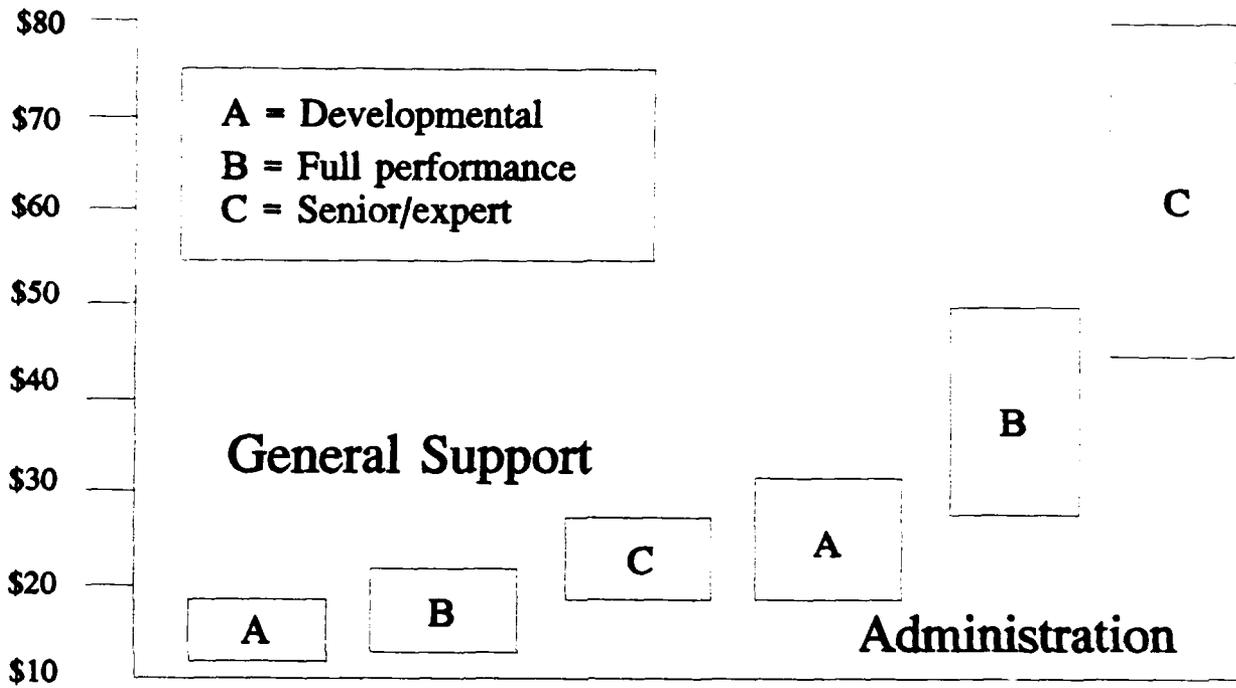


Source: NAPA Model

Figure 1

An area of significant concern to Army managers is how to restructure the civilian workforce to meet reduced budget levels yet meet the needs of the Army in the 21st century. The challenge is not how many civilians the Army employs, but rather how much they cost. To determine the impact a pay banding approach could have on payroll costs, NAPA evaluated four Federal agencies that have used or are currently testing this approach: General Accounting Office, Central Intelligence Agency, National Institute of Standards and Technology, and the Navy demonstration (China Lake) project.²¹ While none of the four exactly fit the pay banding approach proposed in this paper (figure 2), each contain similarities. Each of the agencies implemented a new pay banding approach for most of the same reasons--simplify the classification system and improve the ability to attract and retain employees. They were able to do so while maintaining controls on payroll costs. Data analysis does not suggest that any of the agencies abused the broader flexibility and authorities provided. Even those who adopted higher pay scales for some professions are managing to stay within overall budget levels through self generated hiring limitations.²² This is exactly what MCB is all about.

PAY RANGES FOR TWO OCCUPATIONAL FAMILIES



Source: NAPA Pay Model

Figure 2

Pay banding gives commanders greater flexibility in determining salaries to meet local needs; however, the greatest benefit is derived from the shift of responsibility and authority for resources management to the lowest operational level possible. Commanders are no longer restricted by grade levels that determine salaries without considering the worth of employees or the needs of the organization. For example the salary of a developmental general support employee can be established at an annual salary between \$11,000 to \$18,000. This approach has already been applied to Non-Appropriated Fund personnel and the results have been very positive both in reducing costs and improving employee morale and productivity.

PROFESSIONAL DEVELOPMENT

The 1986 Army Chief of Staff Civilian Personnel Modernization Project concluded that, "The Army Should take a total "Corporate" approach to systematically identify, train, develop, and advance all employees to meet future needs for organizational leadership and technical expertise, consistent with the individual employee's aspirations and potential".²³ Although, significant gains have been achieved in the area of civilian training and development, some managerial employees do not fully understand how the Army functions, thereby hindering their abilities to fully support the needs of a more versatile Army.

This void can be offset by implementing a mobility policy within the civilian workforce. Except for senior executive service, quality assurance ammunition

specialists, and interns, who as a condition of employment must sign mobility agreements, civilian employees can remain in their positions until they retire, or if they desire, request reassignment to another position. While this provides continuity, it hinders management's ability in the development of key personnel for strategic level positions, because the majority of the employees are not exposed to the entire Army spectrum. Further, the lack of developmental assignments for senior civilians is negatively viewed by the military counterpart, thereby, inhibiting the integration of civilians into the Total Army concept.

While a mobility policy for the entire civilian workforce is neither feasible nor cost effective, a policy change concurrent with improvements in civilian training should be implemented for selective personnel in formal career programs, (GM 13 - 15). These civilians represent the managerial workforce and are generally categorized with the field grade officer corps. The remaining workforce consisting of first line supervisors, technical experts, administrative, and blue collar perform duties that are best suited for a stationary workforce. To facilitate the transition and to ensure smooth operations, the mobility policy can be implemented on a voluntary basis for current personnel, and as a condition of employment for future employees. This policy can serve to attract the brightest and the most skilled employees and thereby establish a base for filling senior executive service positions, while simultaneously facilitating the integration of civilians into the Total Army.

CONCLUSION

In the 21st Century the effort to attract a share of the most talented Americans to the Army will grow more challenging. Without reforms, the Army may find that the quality of service from its civilian work force will slowly erode, which could undermine public faith and support. Accordingly, Army leaders must seek ways to restructure their organizations to fulfill the basic responsibility of providing quality services and support to the warfighter of the next century.

There is no question the task of restructuring the civilian workforce will not be easy; however, it is necessary to make the entire process more responsive to the needs of commanders in the field. These commanders must be given the authority and flexibility to manage and account for civilian personnel costs in the same way they manage and account for supplies, maintenance, contracts and other services. Civilian manpower can not be managed by the number of employees on the payroll, but rather by how much they cost. Further, the civilian workforce must be fully integrated into the Total Army culture. To facilitate this process the Army should:

- Streamline the staffing process for TDA units by allowing more flexibility in the requirements determination process and by reducing the reporting requirements.
- Restructure the classification system to facilitate recruitment, career progression, training and performance management.

- Streamline the pay process by implementing pay banding initiatives that gives the manager the latitude to set pay within a predetermined pay range.

- Implement mobility agreements for managerial personnel in grades GM 13 - 15.

If properly restructured, the civilian workforce will play an integral role in the sustainment of a smaller but more versatile Army, and at a cost that is affordable in an era of diminishing resources.

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