

## DOCUMENT RESUME

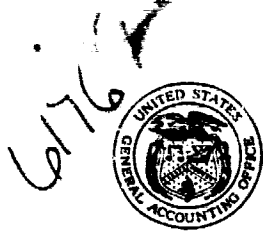
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Report to Alan K. Campbell, Chairman, Civil Service Commission; by H. L. Krieger, Director, Federal Personnel and Compensation Div.

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The quality of Government-wide classification and position management practices was surveyed. Position management refers to interrelated management actions in organizing work to accomplish an agency's mission. It is a systematic approach to determining the number of positions needed, skill and knowledge requirements, and the grouping and assignment of duties and responsibilities among positions. Confusion exists over the definition, scope, and implementation of position management in the Government. Position management systems have not contributed significantly to cost effectiveness in Government personnel management because: guidance and training in position management are inadequate; Federal managers are not motivated to adopt good management practices because of certain disincentives and because they are not held fully accountable; and controls, such as personnel ceilings and average grade limitations, inhibit or contradict effective position management decisionmaking. The Chairman of the Civil Service Commission (CSC) should: continue and, if necessary, expand CSC's efforts for a feasible position management system to determine the necessary components, how it should function, and how it relates to other personnel management systems; increase CSC's efforts to encourage and assist agencies in establishing and operating position management systems; and collaborate with the Office of Management and Budget to develop position management guidelines which clearly state managers' duties, responsibilities, and authorities for establishing and reviewing these systems. (RBS)



UNITED STATES GENERAL ACCOUNTING OFFICE  
WASHINGTON, D.C. 20548

FEDERAL PERSONNEL AND  
COMPENSATION DIVISION

April 26, 1978

B-167266

The Honorable Alan K. Campbell  
Chairman, U.S. Civil  
Service Commission

Dear Mr. Campbell:

We have completed our survey on the quality of Government-wide classification and position management practices initiated by our July 7, 1977, letter to you. During this survey and in other GAO studies we have observed many problems with position management which you may want to consider. Our views have been informally discussed with representatives of the Federal Personnel Management Project, the Civil Service Commission (CSC), the Office of Management and Budget (OMB), and the Interagency Advisory Group.

Both chapter 312 of the Federal Personnel Manual and OMB Circular A-64 describe position management in general terms, and both assign responsibility for installing position management systems to agencies. Yet, as your staff and other organizations have pointed out, confusion exists over the definition, scope, and implementation of position management. Although position management systems should promote cost effectiveness in Government personnel management, we believe it has not contributed significantly because:

- Guidance and training in position management are inadequate.
- Federal managers are not motivated to adopt good position management practices because of certain disincentives and because they are not held fully accountable.
- Controls, such as personnel ceilings and average grade limitations, inhibit or contradict effective position management decisionmaking.

WHAT IS POSITION MANAGEMENT?

In discussing position management, we are referring to interrelated management actions in organizing work to accomplish an agency's mission. Moreover, it is a systematic approach

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for determining the number of positions needed, with what skill and knowledge requirements, and the grouping and assignment of duties and responsibilities among positions. The process is dependent upon management's translating mission goals into measurable objectives and systematically converting these objectives into major tasks and organizational elements, subtasks and sub-elements, and, ultimately, duties of individual positions. The components of position management should usually include organizational design, position design, position classification, and a system constraint (which now exists in the form of personnel ceilings).

According to CSC guidelines, a position management system should provide an optimal balance among

- mission needs,
- economy and efficiency,
- sound skill and knowledge use,
- factors to attract and retain competent staff,
- maximum productivity consistent with high quality,
- employee motivation and incentives, and
- career development and upward mobility.

An effective position management system, according to the Interagency Advisory Group, should eliminate

- unnecessary organizational fragmentation,
- excessive supervisory layering,
- excessive use of deputies and assistants,
- improper position design,
- outmoded work methods,
- improper staff resource distribution, and
- inappropriate spans of controls.

It should be the responsibility of each manager at all levels of an organization to practice position management.

SIGNIFICANCE OF POSITION MANAGEMENT

CSC considers position management and classification to be the very core of Federal personnel management. Two major objectives of position management are personnel cost control and higher productivity. But as former President Ford noted in his May 1976 memorandum:

"When either position classification or position management is deficient the result may be an unnecessary increase in the cost of Government."

He asked heads of departments and agencies to reexamine their internal position management and classification systems to ensure that they are operating effectively and are in compliance with laws and regulations.

CSC estimates that approximately 10 percent of all General Schedule positions are overgraded. As a result, attention has been focused on the need to improve classification and to reclassify overgraded positions which cost taxpayers about \$400 million each year. Although effective position management should be essential to maximizing cost savings and other benefits of proper classification, it has been obscured by the attention to classification.

The overall quality of position management Government-wide may be reflected in a variety of adverse effects. For example, agencies report they use inordinate amounts of overtime, create thousands of temporary positions, and contract out jobs at a higher cost to taxpayers. In addition, agency personnel evaluations consistently show evidence of supervisory layering, compound management tiers, fragmented jobs, duplicative organizational frameworks, and overgrading of positions. Available evidence indicates many agencies have not adequately developed position management systems or review procedures to deal with these problems. However, neither CSC nor OMB has assumed initiative for clarifying position management responsibilities or for encouraging agencies' implementation of position management systems and review procedures.

The need for better position management was discussed in our December 1975 report on position classification (FPCD-75-173) and highlighted in the May 1976 Presidential memorandum. Nonetheless, staff in CSC and other organizations agree that position management is a poorly understood and implemented concept.

CAUSES OF POOR POSITION MANAGEMENT

We believe the causes of poor position management are (1) inadequate guidance and training, (2) disincentives and weak accountability, and (3) inhibiting or contradictory controls.

Inadequate guidance and training

Both OMB Circular A-64 and chapter 312 of the Federal Personnel Manual, the only policy guides on position management, are imprecise and outdated. Neither defines precisely what a position management system is, what it consists of, or how it should work.

Not unexpectedly, many managers at all Government levels have little knowledge of position management, and others hold differing views on the purpose or development of these systems in their organizations. Few managers have had much, if any, formal instruction in position management. In addition, agency personnel specialists often lack the expertise to offer informed advice to managers on decisions about position structuring and reorganizations and to adequately evaluate the quality of position management.

Even CSC guidance on position classification permits position management abuse. Guidelines for position management state that, whenever possible, a majority of work effort should be devoted to those duties which determine the grade of the position. However, CSC officials told us that classifiers routinely allow as little as 20 to 25 percent of grade-controlling duty content in positions for classification purposes. This guidance permits poor position management by allowing managers to split up higher graded duties among positions, yet still be in legal compliance with the classification act.

Management disincentives  
and weak accountability

In addition to inadequate guidance and training, managers are not motivated to adopt good position management practices because of certain disincentives, and because they are not held fully accountable for position management decisions. Disincentives can occur through deficiencies in systems interrelated to position management. For example, because of insufficient flexibility within the pay system, managers may find it easier to reward superior performance through promotion rather than a quality step increase or other monetary award, even though the promotion may not be fully justified by increased responsibility and complexity. The inflexibility of the pay system can also, on occasion, make it

difficult to recruit at the proper grade levels; thus positions may be restructured at higher grades in order to pay the desired salary. Also, the probability of a downgraded employee filing an appeal action could disincline managers from restructuring positions at lower grade levels.

Managers may also become susceptible to the "empire building" syndrome when their stature, prestige, and promotion potential are enhanced by managing larger numbers of or higher graded employees. In addition, managers are often reluctant to adjust personnel levels in accordance with workloads because they fear not being able to restaff after a temporary reduction. As a result, there is an incentive to expend the full personnel budget allocation rather than an attempt to create a more efficient operation.

Managers may not be motivated to practice good position management because of insufficient authority and accountability for position management decisions. Their prerogatives are often circumscribed by arbitrary controls and lack of delegated authority. Staffing levels and position structures imposed by headquarters, for example, may prevent managers of field installations from making organizational changes.

Measurement criteria for assessing organizational effectiveness, efficiency, economy, and productivity have not been developed adequately. Further, performance appraisals through which managers may be held accountable do not focus on position management results. Consequently, evaluation of position management performance is limited. In a March 1978 report (FPCD-77-80), we pointed out that the use of a single performance rating does not provide management with sufficient information on which to base personnel decisions necessary to improve the effectiveness of a Federal department or agency or other unit.

#### Inhibiting or contradictory controls

Controls, such as personnel ceilings and average grade controls, can inhibit or contradict position management decisions. These controls divert attention from the important issue of how to best use human resources to accomplish an agency's mission. Referring to such controls, CSC's Vice Chairman Sugarman said that the Government is spending money which it otherwise would not have to spend if the focus of position management were shifted to how much and what types of staff are needed and how they might best be used instead of misguided efforts to manage through the wrong tools.

Many managers and staff perceive ceilings and average grade controls to be arbitrary and burdensome, and have found ways to circumvent their application. Other efforts to control personnel costs, such as hiring and promotion freezes, grade deescalation campaigns, and across-the-board budget cuts, have also achieved only limited success. Referring to such controls, the Subcommittee on Investigations, House Committee on Post Office and Civil Service, noted in a June 1977 report that:

"These actions result in savings that are minimal and temporary, do not fully address themselves to the total problem, seldom, if ever, accomplish the necessary ultimate goal, and create additional problems as a result of being arbitrary."

As pointed out in our June 1977 report (FPCD-76-88), which discussed ceilings as a control mechanism:

"The President and the Congress are concerned about effective, efficient, and economical use of manpower, but they lack assurance that the agencies would effectively control employment levels if they were not constrained by numerical ceilings."

We suggested that control could be achieved through the budgetary process, and advocated that OMB attempt this approach on a limited experimental basis.

In a February 1978 report (FPCD-77-85), we pointed out that while mechanisms for controlling resources are needed, any approach which involves controlling only one element of the total resources, such as personnel, runs the risk of distorting overall management decisions. We have issued many reports illustrating the problems caused by insufficient staff, such as work backlogs, ineffective implementation of legislative mandates, and excessive use of overtime and consultants.

OMB is unlikely to replace ceilings with budgetary controls. However, OMB has integrated a form of average grade control into the budgetary process which could be an improvement over previous limitations. OMB Bulletin 77-11, issued in July 1977, requires agencies to identify occupational groups within their organizations which have experienced the greatest amount of relative grade escalation and to justify the cause of this during OMB's budget review.

NEED TO IMPROVE POSITION MANAGEMENT

The President's intent to bring about Government-wide reorganizations underlines the timeliness of clarifying position management concepts and improving their implementation. Agency reorganizations should be the time for proper application of position management concepts.

Legislative proposals resulting from the Federal Personnel Management Project could cause major changes to the Federal personnel management system. The proposals for reforming the Federal personnel management system appear to correct some causes of poor position management. Among these, for example, are measures to increase employee incentives--merit pay for a Senior Executive Service and General Schedule grades 13 through 15--and measures to ensure greater management flexibility--expansion of managers' role in hiring employees and decentralization of personnel management decisionmaking.

The June 1977 Subcommittee on Investigations report noted that cost-effective personnel management is the responsibility of Federal managers at all levels, and that efficient and economical position and grade structure are the key elements in achieving cost effectiveness. The Subcommittee recognized the significance of position management, emphasizing that it becomes extremely important in structuring individual positions and meshing them together into organizational structures to better carry out the mission of an agency.

CSC's selective moratorium on downgrading and possible save pay/grade legislation also provides a timely opportunity for position management. Application of good position management should be made when agencies are given time to correct classification errors and affected employees' pay/grade are being protected. We believe full advantage should be taken to correct past mistakes and, by improving position management, to mitigate future problems.

We believe position management controls will have only limited success until Federal managers at all levels perceive it to be within their own best interest to adopt good position management practices. We also believe that significantly improving position management will require a systematic approach which addresses the problems previously discussed--guidance and training, disincentives and accountability, and inhibiting or contradictory controls. A systematic approach should recognize the interdependence between position management and other areas of Federal personnel management, such as work force planning, budgeting, classification, and performance appraisals.



RECOMMENDATIONS

We recognize that making substantial change will be a complex and long-term process. However, we believe it is important to continue the momentum in this area begun by the President's Federal Personnel Management Project.

Therefore, we recommend that you:

- Continue and, if necessary, expand CSC's developmental efforts for a feasible position management system to determine the necessary components, how it should function, and how it relates to other personnel management systems.
- Increase CSC's efforts to encourage and assist agencies in establishing and operating position management systems.
- Collaborate with OMB, once sufficient research and development has been accomplished, to develop position management guidelines which clearly state managers' duties, responsibilities, and authorities for establishing and reviewing these systems.

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As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs no later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Chairman, House Committee on Post Office and Civil Service.

Sincerely yours,



H. L. Krieger  
Director