

# Consolidating Personnel Administration Services: Suggestions from the Department of Defense Education Activity's Experience

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The Department of Defense (DoD) Education Activity is a large (17,000 member) federal organization with worldwide scope and the critical mission of educating dependents of DoD military service members and civilian employees. After a long and difficult struggle, a major consolidation of personnel administration services undertaken in 1991 has begun to achieve its intended purposes. Key events and features of the consolidation experience are described and analyzed to derive several practical suggestions from other large agencies and organizations considering consolidation as an approach to enhanced personnel administration service delivery.

**By**  
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Recently, public personnel administration has been subject to greater pressure for change than at any time since its last major overhaul, the Civil Service Reform Act of 1978. Reports issued by the National Academy of Public Administration, Merit Systems Protection Board, and National Performance Review, among others, have documented a widespread perception that the federal personnel administration system is overly prescriptive, inflexible, unresponsive, and a hindrance to effective administration. Among the various ameliorative actions proposed is redesigning the federal personnel office, the basic delivery system. This article describes one major redesign effort, the consolidation of personnel administration services in the Department of Defense Education Activity (DoDEA), in an attempt to identify suggestions for other organizations considering consolidating personnel administration services.

## Background

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DoDEA is a major Department of Defense (DoD) Field Activity. It is composed of the Department of Defense Dependents Schools (DoDDS), the Domestic Dependent Elementary and Secondary Schools (DDESS), and the Continuing Adult and Post-Secondary Education (CAPSE) program. DoDEA's mission is to provide a high quality education, from pre-school through grade 12, for eligible dependents of DoD military service members and civilian employees. DoDEA also operates a community college in Panama, offers a wide variety of extra-curricular activities, provides education services on a tuition-reimbursable basis to non-DoD dependents stationed overseas, and exercises policy responsibility for adult education offered to military service members. With approximately 17,000 primarily professional employees stationed in the United States, 14 foreign countries, and several U.S. territories and possessions (e.g., Guam, Puerto Rico, the Virgin Islands), DoDEA is comparable to many full-scale federal agencies in

size, scope, and mission importance. Equally important, the DoDEA Director exercises the full range of personnel management authorities typically delegated to the "head of an agency."

Currently, the DoDEA Personnel Center primarily serves the DoDDS and CAPSE components, and the DDESS headquarters staff, or approximately 13,000 employees. DoDDS, DoD's overseas dependents' school system, is the largest component and the principal servicing responsibility. It is composed of an Arlington, Virginia-based headquarters element known as the Office of Dependents' Education (ODE), and three overseas areas that are further organized into 12 districts and approximately 180 schools. Approximately 90 percent of DoDDS's employees are school-level professional educators covered by the DoDDS-unique "Teaching Position" (TP) personnel system (20 United States Code, Chapter 25), which differs substantially from civil service norms in such areas as classification, compensation, and benefits; recruitment and acquisition; training, development and career management; and many working conditions (e.g., leave, hours of work, requirement to maintain certification through continuous professional development).

Until 1990, personnel administration services were provided primarily through reimbursable Inter-Service Support Agreements with the Military Departments' Civilian Personnel Offices (CPOs), in overseas communities. DoDDS maintained a Northern Virginia-based personnel policy staff of approximately 31 personnelists, an overseas intermediate combined policy and operating staff of approximately 40 personnelists, and reimbursed the Military Departments for up to 205 work years of personnel administration services annually. It was then that the Deputy Secretary of Defense approved Defense Management report Decision 973, "DoD Department Schools (DoDDS) Management, October 26, 1990" which directed DoDDS to consolidate its personnel administration program, as well as other administrative services (e.g., payroll, accounting, procurement), into one central location. Savings from the consolidation of personnel administration were projected to amount to approximately \$5.1 million between 1992 and 1997, mainly through such efficiencies as reductions in personnelists and adoption of automated information technologies (Note: The consolidation of DoDDS, DDESS, and CAPSE into DoDEA occurred after the Personnel Center was established). Following a period of internal planning, consolidation became a reality in October 1992, although the Personnel Center assumed its servicing responsibilities incrementally over the next couple of years.

## Experience

DoDEA's consolidated Personnel Center has become a reasonably proficient provider of personnel administration services. Performance measurement systems in most areas remain rudimentary, focusing mainly on measuring the workload. However, it is known that over the past year the backlog of personnel actions of all types has been virtually eliminated and no new backlog has developed; the largest of the three unions existing at the time of consolidation (there are now five), once bitterly opposed to consolidation, has acknowledged that service "is no worse than under the Military Departments;" all unions have softened their adversarial stances; and this school-year key processes (e.g., educators' pay adjustments, staff schools for start-up) occurred in a timely and largely error-free manner. Continued

improvement is needed, but the DoDEA Personnel Center's evolution from horror story to basic adequacy over a three-and-a-half year period may present useful ideas for other organizations contemplating the consolidation of personnel administration services.

## Coping with Resistance

Although it is often expected that new or modified policies will be implemented immediately and without reservation once approved by the appropriate official, it seldom happens that way. In this case, tough resistance from several sources continued long after the Under Secretary of Defense approved the consolidation. For example, key Headquarters staff repeatedly questioned in writings to the DoDEA Director, the claimed cost savings and efficiency of the program (not without some justification, as explained below); attacked the numbers and grade levels of Personnel Center staff; and caused a "pilot project" to be conducted even after consolidation was an operating reality. This transparent attempt was to delay or overturn the consolidation effort. One overseas region (DoDDS formerly was organized into five overseas regions) argued strongly against the new policies and delayed for approximately two years before accepting the consolidated Personnel Center's services. At least two of the three unions existing at the time of consolidation vehemently attacked the new servicing arrangement; one sometimes resorted to harsh ad hominem tirades against the then Personnel Director and other staff members in their periodicals.

The Personnel Center was poorly positioned to advance its cause. First, many of the attacks, while one-sided and exaggerated, were partially accurate. Predictably, negatives disproportionately shaped consumers' perceptions of service. Substantial improvement in some personnel administration services, such as the timeliness of classification processing (down to approximately 1.5 days per action) and in the consistency of labor relations advice, were overlooked or dismissed while the undoubted problems in other areas were continually brought to the fore and dwelt upon. Second, baseline and comparative performance data, which might have countered some of the more extreme objections, was virtually nonexistent. Third, no systematic communications mechanisms with the customers in the field had been established; thus, it was natural that isolated negative anecdotes were accepted as norms. A supportive memorandum from the DoDEA Director, taking as its basis the policy direction of the incoming Under Secretary of Defense (Personnel and Readiness), helped reduce the overt refusal of some to cooperate. Overall, however, resistance waned slowly, mainly following unmistakable signs of improved performance.

## The Unexpected Steep Uphill Struggle

In consolidating personnel administration services, DoDEA encountered many unanticipated difficulties and challenges. Some were directly related to consolidation, and others were environmental; some seem in retrospect to have been amenable to prediction and control, while others do not. Ultimately most difficulties and challenges have been met, but doing so required hard work and, more critically, time.

The consolidation planners seriously underestimated the sheer volume of work. In fact, there is no evidence that actual work measurements were ever systematically taken or analyzed before the decision to consolidate was

made, or before the Personnel Center's staff size was determined. Literally tens of thousands of personnel actions of various types flooded the new Personnel Center staff. There is evidence that many of the former servicing CPOs, anticipating the upcoming relief from responsibility, simply stopped processing DoDEA personnel actions up to six months ahead of the consolidation. The Official Personnel Files retrieved from the Military Departments' CPOs were deplorably incomplete and inaccurate. Many personnel actions were unique to DoDEA (e.g., pay adjustments in DoDEA's unique academic salary system) or to the overseas environment (e.g., various overseas allowances and differentials such as living quarters allowance), yet the staff had been hired mainly from other organizations within the Washington, D.C. metropolitan area. Most new staff were totally unfamiliar with the many categories of personnel actions, and there was limited time and expertise available for training. Thus, the newly formed DoDEA Personnel Center started with a massive structural backlog, to which an unrelenting stream of new personnel actions was immediately added.

The difficulties resulting from poor anticipation of the workload were compounded by an equally faulty estimate of the operating efficiency to be achieved, at least initially. Despite the facile assumption that automation would streamline operations, few or no specific operating processes were either re-engineered or automated. Furthermore, no changes to the personnel system itself (i.e., the laws, rules, regulations, and practices) were effected, and no enhancements to the relationship or sharing of responsibility with the work force were attempted. The automation systems that did exist and were used were limited and produced far from favorable results. For example, the conversion to DoD's standard Personnel Data System (DPDS) was so problematic, and the automated personnel records transposed from the Military Departments' CPOs so complete and error-ridden, that a massive investment of staff time and resources was required simply to make the automated personnel records basically usable.

Despite these concerns, staff reductions, that were to produce the hoped-for cost savings, were taken immediately. Upon consolidation, the personnelist-to-employee servicing ratio was reduced from 1:62 (276 personnelists-to-17,000 employees) to 1:93 (182 personnelists-to-17,000 employees). In the as yet non-reinvented federal personnel system, the latter is extremely low; in contrast, the overall current DoD goal is 1:61, with some organizations being far richer. Even these figures understate the extent of under-staffing because the DoDEA Personnel Center, serving one of the few federal organizations with a genuinely unique personnel system, provides many services unnecessary in other federal personnel offices (e.g., a separate compensation staff, a teacher certification unit, and overseas allowances team, and overseas travel team). Paradoxically, however, the projected cost-savings did not immediately appear, as the reduction in staff was off-set by a variety of added costs caused by such factors as new equipment purchases (e.g., 16 new fax machines to communicate with overseas environment), movement to a new and larger office building to accommodate increased central staff, increased travel requirements, a new telephone system and higher charges, and so forth. Cost figures previous to and following fiscal year 1994 are difficult to compare reliably due to changes in the accounting system itself and in the categories to which personnel administration services are charged, but there is no question that the overall cost of personnel administration services in fiscal year 1995 was higher than in fiscal year 1991, the year before consolidation.

In government reinvention efforts, customers play a key role in increasing efficiency by providing or facilitating their own services under simplified systems or procedures. With the exception of the school secretaries, however, who have had a greater role in collecting and distributing personnel paperwork unintentionally thrust upon them, no discernible change has been made to the personnel administration systems or procedures, even in those areas where DoDEA may have made changes without or prior to change in government-wide law or regulation.

A very strongly held cultural value among educators is that their professional time should be spent exclusively on activities in or directly related to the classroom; most disdain administrative work to an extraordinary degree, even when essential to obtaining their own correct pay and allowances. While admirable from their perspective as educators, this value increases the frequency and severity of such administrative deficiencies as incomplete or incorrect allowance request and reconciliation forms; failure to notice errors in their own pay or allowances until after significant problems have developed; and incorrect, inconsistent, or confusing personnel action request forms. In turn, such problems increase significantly the Personnel Center's workload. For example, in one year an estimated 40 percent of living quarters allowances reconciliation forms were unusable as submitted, requiring an extensive number of calls and letters providing one-on-one instructions to complete the reconciliation. For the same fundamental reason, many educators experienced substantial discomfort with the loss of personnelists on-site; because they prefer avoiding entanglement in such work themselves, they are very dependent on personnelists and are therefore uneasy about their physical distance, experiencing a feeling of isolation.

Environmental factors also gave rise to several complications. The DoD drawdown and the corresponding reduction in DoDEA staff size after consolidation dramatically increased the workload in such areas as reduction-in-force planning; administration of voluntary early retirement and voluntary separation incentive programs; continual recruitment, placement, orientation, and termination of a large and constantly shifting contingent work force; and placement (transfer and reassignment) activity, as DoDDS drew down from over 17,000 to approximately 13,000 employees without the involuntary separation of any permanent staff member.

Not only were number of employees reduced, but other organizational changes took place. Five quasi-independent former overseas regions were first consolidated into three, then completely eliminated in favor of "area" offices, with significantly reduced responsibility, to facilitate school-based decision-making and empowerment. District Superintendents' Offices were reduced from 15 to 10, then partially restored to 12, and reconfigured with significant new responsibilities for curriculum development, administrative and educational computing, special education, and financial management. Approximately 90 overseas schools have been closed, realigned, or consolidated. New organizational units were established or capitalized from other agencies to provide services in education equity; accountability and evaluation for both educational outcomes and management services support; procurement; transportation; and supply. These and similar changes directly and dramatically increased the Personnel Center's workload, as well over two hundred positions were established or revised; many more placements

were planned and effected; and numerous corresponding personnel actions were completed, such as pay adjustments, travel and transportation determinations and processing, and adjudication of grievances.

Additional difficulties and challenges could be described. For example, the new telephone system provided voice mail services that overseas customers could not use due to system incompatibility; the time zone differences rendered communication with overseas customers problematic; and some personnelists found the new ways of performing some traditional personnel administration functions disconcerting, e.g., performing classifications des audits over the telephone rather than in person. The examples provided should clarify the point, however, that in the enthusiasm for "consolidation" and "streamlining," the positive assumptions about benefits of such changes were not automatically fulfilled due to the failure to realistically anticipate and prepare for the many challenges. The combination of the conditions described—massive workload on a reduced, new and relatively untrained staff; long term, mandatory overtime; continuous criticism and lack of understanding by dissatisfied customers, and so on—led to poor technical performance and serious morale problems in some areas of the DoDEA Personnel Center. Fortunately, circumstances soon changed and improvement began in earnest.

## Improvement Begins

As is so often the case, improvement in the Personnel Center's operations began with a change in leadership. In September 1994 a new DoDEA Director was named. One of the Director's first acts was to call a meeting of the entire organization and publicly commit to significant, immediate improvement in personnel administration services, such as clearing the existing backlog within three months. The Personnel Center was realigned under the Association Director for Management Services. At approximately the same time, the Director of Personnel retired and an interim Chief, Personnel Center, was named.

A variety of management initiatives was undertaken over the next several months. Although it is impossible to establish a direct connection between a specific initiative and a specific degree of improvement, the initiatives discussed below appear to have had the greatest positive effects.

First, temporary staff was added to help clear the backlog. Up to 45 temporary employees were selected, quickly training in basic processing procedures, and encouraged to work hard, as the best would be offered permanent positions for which they qualified and were eligible. Between this step, detailing employees from other areas, and continuing overtime, the backlog was largely cleared within three months, as projected, and employees' sense of being overwhelmed and constantly behind was relieved. Since then, the number of temporary employees has been reduced to under 20. Combined with the overall reduction from the drawdown, the personnelist-to-employee ratio is now closer to DoD norms.

Second, a basic performance measurement system was instituted in the majority of areas where none previously had been established. While limited to measuring current and cumulative workload rather than timeliness, quality, or substantive outcome, the measurements provided some degree of accountability for performance, and a sense of where the Personnel Center

stood and was going.

Third, communications among the Personnel Center staff and between the Personnel Center and the field were improved. For example, two periodic newsletters, one internal to the Personnel Center and one directed toward the field, were initiated; a monthly Personnel Center "Calendar of Events" was implemented; quarterly "all-hands" meetings were initiated; a phone bank for receiving after-hours calls was established; and a Personnel Task Force, with field involvement, was established. The most frequently used and positively received of the communications devices has been a personnel "Helpline," which allows customers to send inquiries about issues, problems, or concerns directly to the Chief, Personnel Center, through electronic mail, and guarantees a response within three workdays.

Fourth, some internal systems improvements have begun. A number of processes have been standardized and reduced to writing through a centrally managed Standard Operating Procedures system. A limited number of automation initiatives have been established in the past year, such as an internal tracing system for recruitment actions and a system for submitting travel orders electronically. Several others are planned or being tested, such as the standard Personnel Actions System already in use in some DoD organizations.

The DoDEA Director and other leaders have sought to build the staff's confidence by publicly recognizing the improvements being made. In a further attempt to support the staff's efforts, a contract was let to the National Academy of Public Administration (NAPA) in January of 1995 to study DoDEA's personnel administration program and recommend improvements. NAPA's July 1995 report verified many of the perceptions the Personnel Center believed existed throughout the field and rendered a number of recommendations.<sup>5</sup> The report currently is being analyzed for a Personnel Planning Group, consisting of volunteers from various functional areas of the personnel administration program. Although the outcome is uncertain as of this writing, it seems likely that some internal reorganization may occur, and that up to one-fourth of the staff may be reassigned to the field. The NAPA report largely validated the Personnel Center's own diagnosis of the difficulties and challenges facing the personnel administration program and the steps required to address them.

## Conclusions

Although improvement has been substantial, and the DoDEA Personnel Center appears to be on its way to becoming an exemplary personnel organization, these positive results occurred neither automatically nor quickly. This is true despite the prevalence within DoDEA of several conditions strongly favoring successful consolidation, such as a single organization-wide mission; a high degree of standardization in organizational structure, occupations, culture, and personnel administration services required; and a strong central leader over both DoDEA's mission and support organizations. This itself may be the most important lesson gained from DoDEA's experience: while organizational arrangements such as centralization tend to acquire periodic ascendancy as the "one best way" to organize, this tendency is simplistic and misleading. Each agency or organization should consider very carefully whether consolidated personnel administration services is the right approach for their mission, structure,

and culture. For those which decide that consolidation would be beneficial, the following suggestions may prove helpful in implementing it effectively.

- *Anticipate and Address Resistance:* Resistance may have been reduced in DoDEA's case if key stakeholders such as unions, customers and field personnel were involved in the decision to consolidate; if comparative performance data were made available; and if expectations concerning the almost inevitable short-term expectations concerning the almost inevitable short-term performance drop was acknowledged and managed more effectively. As has become almost axiomatic in organizational change experiences, top management support was critical to achieving the necessary cooperation.
- *Establishing Open, Continuous Communications:* In addition to helping minimize resistance, open communications may reduce anxiety and improve morale among both staff and customers. The DoDEA Personnel Center has received more positive feedback from customers concerning the Helpline than any other single initiative, even though it amounts to little more than a system for delivering high tech courtesy notes.
- *Analyze Systems and Relationships Concurrently with Structure:* Significant and enduring improvement in personnel administration seems most likely to occur when structural modifications are designed in collaboration with changes to personnel systems, and to the form of customer/service provider relationships. To the extent possible, cultural variables such as an educators' disinclination toward administrative work, should be identified and taken into consideration early in the planning process. At a minimum, processes should be examined and reengineered to match the new structure before, or at the same time it is implemented.
- *Be Realistic About Advantages:* Our fascination for the dramatic, overnight turnaround story notwithstanding, most lasting organizational improvements are incremental. Monetary savings projections provide the clearest example: following increased costs over the first couple of years (i.e., from an estimate of about \$8.2 million in fiscal year 1991 to approximately \$12.5 million in fiscal year 1994), DoDEA's consolidation of personnel administration services has begun to save money, with a large cost reduction (approximately \$1.5 million) coming between fiscal years 1994 and 1995. But similar savings would be required for the next four fiscal years simply to match the cost difference between 1991 and 1994 before beginning to count on the initially projected \$5 million in savings. If the currently-unavailable figures for fiscal years 1992 and 1993 were comparable to 1994, as believed, it will be even longer. Given the drawdown, per capita cost figures, which might be a better ultimate measure, will begin to improve only with continued internal efficiencies. The highly touted projections of massive savings did little to enhance the Personnel Center's credibility when no one believed them, and initial experience so clearly demonstrated otherwise. Improvements in service quality and timeliness are



more difficult to quantify, but the same concept applies. Unrealistic claims and expectations are harmful and should be eschewed.

- *Be Realistic About Supporting Changes:* The complementary principle to the above, sweeping generalizations about how changes will support the consolidation's objectives should be received with a degree of skepticism. For example, it was rather blithely assumed that automation would reduce dramatically the need for personnelists; it was never made clear precisely which automated applications, currently in existence, would reduce this need, or by precisely how many. As a result, the reductions were initially too draconian. Projections for the fielding and impact of technological applications are frequently undependable. A wiser approach may be to identify and make maximum use of proven technologies, rather than assuming the value of technologies projected to exist at some future point.
- *Balance Staff Selections/Establish Systematic Training Immediately:* Seek out a balance of staff members experienced in your particular organization's programs and activities and quality outside people with new ideas. Use contingency workers whenever feasible, at least until the workload is more confidently known; this will reduce the problem of under-staffing if your efficiency projections prove too optimistic. Assess training needs well before consolidation, and ensure that systematic on-the-job orientation and training is available immediately upon entrance-on-duty. Include everyone in training; consolidated servicing is also a new way of operating for the people already familiar with the agency or organization.
- *Establish and Implement Continual Planning and Feedback Systems:* During the after the consolidation of personnel administration services, relevant changes will occur and new facts will come to light. The dramatic changes to DoDEA's organizational structure described above illustrates this point. A system, such as a standing cross-functional planning team, may be useful to anticipate or identify such changes, assess their impact on consolidated personnel administration, and determine appropriate adjustments.
- *Once the Decision is Made, be Persistent:* In any major organizational change, at least some difficulties and challenges will arise. In DoDEA's case, over three years were required to overcome the initial performance drop and begin making real improvements. While it is important to remain open-minded about the possibility that consolidation may not produce the desired results, it is equally important not to give up too quickly.

## Notes

- <sup>1</sup> National Academy of Public Administration, *Revitalizing Federal Management: Managers and Their Overburdened Systems*, 1983, pp. 37-47.
- <sup>2</sup> Merit Systems Protection Board, *Federal Personnel Offices: Time for Change?*, 1993, pp. 22- 26.
- <sup>3</sup> National Performance Review, *Creating a Government that Works Better and Costs Less: Reinventing Human Resource Management* (Accompanying Report of the National Performance Review), 1993, pp. 2-3.
- <sup>4</sup> David Osborne and Ted Gaebler, *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector*, 1992, New York: Addison-Wesley.
- <sup>5</sup> National Academy of Public Administration, *Revitalizing Federal Management: Managers and Their Overburdened Systems*, 1983.