



MARCH 2021

Transforming Human Resources

A Guide to Delivering the HR Services that Government Needs



PARTNERSHIP FOR PUBLIC SERVICE

Deloitte.

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About the Partnership

The Partnership for Public Service is a nonpartisan, nonprofit organization that works to revitalize the federal government by inspiring a new generation to serve and by transforming the way government works. The Partnership teams up with federal agencies and other stakeholders to make our government more effective and efficient. We pursue this goal by:

- Providing assistance to federal agencies to improve their management and operations, and to strengthen their leadership capacity.
- Conducting outreach to college campuses and job seekers to promote public service.
- Identifying and celebrating government's successes so they can be replicated across government.
- Advocating for needed legislative and regulatory reforms to strengthen the civil service.
- Generating research on, and effective responses to, the workforce challenges facing our federal government.
- Enhancing public understanding of the valuable work civil servants perform.

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Effective Delivery of HR Services Is Essential to Government's Success

The Biden administration has an opportunity to rebuild the federal government's capacity to meet our nation's biggest challenges. But for this to happen, federal leaders need to help their agencies operate more effectively and align their internal business operations with the overall mission. This includes strengthening their human resources functions, which play a critical, yet often underestimated, role in helping agencies achieve their goals.

In this issue brief, the Partnership for Public Service and Deloitte Consulting examine how effective human resources services contribute to government's success—from helping agencies hire essential talent to supporting them in managing their workforce more effectively. We identify opportunities for human resources leaders to build on HR transformations—through designing more customer-focused services, better leveraging data and technology, and revamping service delivery models—and offer tips that will help leaders successfully drive these changes.

Why Now? Federal HR Services Are Ripe for Transformation

To investigate the current state of federal HR service delivery, we interviewed nearly 20 federal leaders working in HR and related fields across seven agencies. Our conversations revealed that several efforts to improve federal HR are already underway but require sustained leadership focus. Federal leaders should continue to build on these efforts to address long-standing challenges in HR management and capitalize on new opportunities to strengthen the capacity of the federal workforce—especially as government adapts to the enduring workplace changes brought on and accelerated by the coronavirus pandemic.

Definitions

HR service delivery: This issue brief defines the full life cycle of HR service delivery as the people, processes and systems that agencies use to recruit, hire, onboard, develop, manage, compensate and offboard their workforce.

HR transformation: This issue brief defines HR transformation as fundamental changes to HR organizational structures, service delivery models or support technologies. Examples include moving to shared services, outsourcing specific HR tasks or transactions, adopting self-service technologies, improving customer engagement and reformulating the organization's overall HR strategy.

Several long-term trends point to an urgent need to strengthen federal HR.

In many cases, HR functions and staff have suffered from decades of financial underinvestment and a lack of attention from senior agency leaders. As a result, agencies may lack the talent, budget, systems, policies and technology to meet the HR needs of their workforce. Strategic human capital management has been on the Government Accountability Office's high-risk list for two decades and the GAO notes that agencies across government are struggling to address mission-critical skills gaps.

This lack of investment and consistent attention to HR often leads to fragmented, duplicative and inconsistent human resources services. Some agencies have developed unofficial or "shadow HR" organizations—HR teams across offices or subcomponents to augment the primary HR function. This approach can result in overlapping responsibilities and inconsistent policies in areas such as hiring or classifying pay grades. Duplication can also be expensive. According to a [study](#) by the GAO, the government saved more than \$1 billion between 2002 and 2015 by reducing the number of federal payroll centers from 22 to four.

Federal HR offices also have struggled to innovate and meet customer needs while dealing with outdated and complex workplace laws and policies. The government's pay and job classification system is more than 70 years old and its hiring laws predate the use of personal computers and the internet. The experts we interviewed said that HR culture needs to move beyond narrowly focusing on compliance with these regulations and instead work within them to innovate and deliver positive outcomes for customers. Using direct hiring authorities to recruit and onboard mission-critical employees faster was one example mentioned.

The challenges noted above—underinvestment, fragmented service delivery approaches, and complex laws and policies—have contributed to low levels of employee satisfaction with their HR services. Employees working across 24 agencies gave their HR services an average rating of 4.63 out of 7 in the General Services Administration's [2020 Customer Satisfaction Survey](#). Tellingly, HR averaged the lowest score among the four mission-support services evaluated.

As these longstanding challenges continue to mount, the current moment brings a new sense of urgency and new opportunities for strengthening the capacity of federal HR. HR services can guide government through long-term changes brought on by the coronavirus pandemic—for example by formulating new telework policies—and help agencies suffering from talent loss and declining employee engagement rebuild their workforce. And there is new funding available to make improvements to the technology that supports HR. Agencies can submit proposals to the [Technology Modernization Fund](#) for IT modernization initiatives, including projects that will improve the IT infrastructure used by HR. Congress approved \$1 billion for this fund in March 2021 through the American Rescue Plan Act.

Snapshot of the federal HR workforce

As of December 2020, there were more than 40,000 full-time HR professionals in the federal government.¹ Only 6% of federal HR professionals (like government employees at large) are under 30 years old. However, more than 19% of the total U.S. workforce is under 30, highlighting the need for government to cultivate the next generation of HR leaders.²

People of color and women comprise 50% and 67% of federal HR, respectively. They make up smaller percentages—38% and 43%, respectively—of the overall federal workforce.

Why Change? The Potential Benefits of Transforming HR in Government

Diagnosing the problem: Signs that your agency should consider an HR transformation



Customer feedback or the results of [customer satisfaction surveys](#) indicate low employee satisfaction with HR services.



Spending on HR is high compared to peer agencies and reasonable [benchmarks](#).



The ratio of HR staff to overall employees is high compared to peer agencies and reasonable [benchmarks](#).



There are many HR teams across different offices or subcomponents to augment the primary HR function—often called “shadow HR.”



HR relies on manual, paper-based processes or antiquated IT systems, rather than automated and integrated technology solutions.



There is no clear human capital strategy.



There are a high number of vacant positions, especially in mission-critical areas.



HR frequently processes routine transactions, such as payroll and benefits information, slowly or incorrectly.



The Federal Employee Viewpoint Survey indicates low or declining employee engagement scores for HR staff.

By investing in more effective HR services, agencies can:

Build a mission-ready workforce

To accomplish their goals, federal agencies must be able to hire the talent they need when they need it and manage their workforce effectively. Agencies with strong HR capabilities anticipate talent needs, quickly hire mission-critical staff, build a diverse and inclusive workforce, and provide strong professional development opportunities.

Become employers of choice

The government must aggressively compete for talent in a highly competitive marketplace. It needs to attract and retain professionals from dozens of traditional and emerging fields—such as cybersecurity, economics, engineering and health care—to fill jobs that are equally in demand in the private sector. Robust HR teams create a positive experience for potential and current employees, help promote public service and brand agencies as desirable places to work, recruit top talent, drive employee engagement efforts, and streamline hiring processes.

“HR is the business function that has the greatest impact on the mission, and it also carries the biggest emotional impact, because it involves your people,” said Tom Muir, interim director of administration and management at the Department of Defense. “If you want to be known as an employer of choice you need to recruit and manage people the way they want you to, not the way you want to.”

Mitigate risks

Effective HR services mitigate legal and financial risks by helping leaders manage the federal workforce in a fair and equitable manner. Federal agencies may face embarrassing and costly lawsuits if they run afoul of complex laws related to federal hiring, managing relationships with unions and other personnel policies. Mistakes or delays in processing even basic transactions, such as lump-sum payments or beneficiary changes, can lead to serious financial and legal liabilities.

Build resiliency

Strong HR functions can help agencies stay resilient and maintain operations during times of crisis. Recent examples include quickly moving to remote work during the coronavirus pandemic, maintaining operations and conducting surge hiring during natural disasters, and guiding federal workers through prolonged government shutdowns. For example, Ray Limon, the Department of the Interior’s chief human capital officer, noted that previous efforts to streamline and coordinate across agency subcomponents when hiring firefighters helped the department quickly staff up as it dealt with unprecedented fires across the West Coast in the summer of 2020.

Save money that can be reinvested in the mission

Agencies can reduce operating costs by delivering HR services more efficiently and potentially reinvest those funds in the mission. For example, agencies that hire the right candidates and create a good employee experience will reduce turnover and limit the cost of frequently filling new positions.

The experts we interviewed detailed how transforming an agency’s HR services to better support the mission is hard work, fraught with challenges that inevitably come with organizational change. But they also emphasized that progress is possible and outlined a set of strategies to increase the odds of success. By maintaining a customer focus, clearly communicating a vision for change, building trust, and empowering and developing HR staff, leaders can improve how their agencies deliver critical HR services.

Tips for Transforming HR Service Delivery

Establish a customer experience focus

The experts we interviewed stressed the importance of learning from and collaborating with customers—federal employees who interact with HR—during every step of a transformation. Several agencies have embedded a customer experience team within their HR offices. These teams conduct research to understand customer needs and perspectives, help reengineer services through human-centered design, and develop performance dashboards to measure and track results that customers value the most.

“The key to any transformational change is engagement with the customers and employees who are going to be affected.”

Janine Velasco, assistant director, Management and Administration, U.S. Fish and Wildlife Services

Build trust through frequent and direct communication

HR transformations often start from a place of distrust—human resources staff may not be meeting customer expectations or may have previously failed to implement ambitious changes. Even if bureau and HR leadership have a clear transformation strategy, staff at all levels need to understand the envisioned transformation, and recognize why it is occurring, what will happen when it does and why it will succeed.

The experts we interviewed highlighted effective communication as the key to building trust. When centralizing HR services at headquarters, for example, leaders at the Department of Labor addressed the “elephant in the room” head-on, stating that their goal was to improve services, not to reduce or relocate staff. To address the employees’ fear that they would lose control of their HR services or not know whom to contact for help, department leaders also created a detailed directory of the HR personnel who are responsible for resolving specific issues.

“Most people will take poor services that they own over better services that they don’t. So the idea is you are going to have to establish trust and prove to them you can deliver and meet their expectations.”

Tom Muir, interim director of administration and management, Department of Defense

Account for culture and history when designing a transformation

Effective HR services mitigate legal and financial risks by helping leaders manage the federal workforce in a fair and equitable manner. Federal agencies may face embarrassing and costly lawsuits if they run afoul of complex laws related to federal hiring, managing relationships with unions and other personnel policies. Mistakes or delays in processing even basic transactions, such as lump-sum payments or beneficiary changes, can lead to serious financial and legal liabilities.

Navigating culture during an HR transformation

Twenty years ago, the State Department had dozens of separate HR offices located across its various bureaus and mission areas, reflecting a culture of autonomy across overseas mission areas and a recognition that staff working around the world had very different HR needs. According to Jeffrey Miller, director of the Office of Organization and Talent Analytics within the department's Bureau of Global Talent Management, this individualization made for great service, but became very expensive and yielded inconsistent interpretations of HR policies and procedures.

As the Department began to rein in costs and centralize most HR services in one office, it had to account for State's culture of autonomy across bureaus. The team's initial efforts were bumpy because bureaus felt that insufficient attention was given to their individual needs in developing the shared services provider concept. But things improved once the newly centralized staff began working on organizational portfolios that permitted a stronger connection to the bureaus they served. This approach of creating a strong customer focus has been essential to the transformation's success. Even though members of the central office no longer worked side by side with staff in the field, they eventually came to understand each bureau's unique circumstances and needs, and were held accountable for providing appropriate service through performance reviews.

Purposefully challenge the status quo

Some federal agencies have been delivering HR services the same way for decades. Rather than sticking with the status quo, leaders should acknowledge where services might currently be falling short and consider new approaches to address agencies' pressing challenges more effectively. HR leaders, as well as senior agency officials overseeing HR, should consider a variety of strategies, recognizing that there is not a one-size-fits-all solution to transforming HR.

For example, some large agencies struggle to deliver consistent, timely and accurate services across subcomponents. Centralizing some HR services within one entity that is prepared and resourced to meet customer needs might help address this issue. Smaller agencies may face different challenges, such as a lack of HR expertise on complicated or niche issues like executive resources, which may make it difficult for staff to get the answers they need. For these agencies, raising the technical expertise of HR staff may be a top priority.

Establish an effective governance model

HR transformations require a sound governance strategy. Who will help guide the work? Who needs to approve changes and decisions? Who needs to be consulted or informed along the way? Leaving these questions unanswered, or failing to openly communicate the answers, could engender pushback or a lack of commitment across the organization to implement change.

Some agencies have established HR governance boards that convene leaders from across the organization to strengthen services. Members of these boards may include staff outside of HR who will play a key role in HR transformations—such as organizational executives, business line and program leaders, customers, and IT and security staff.

“To ensure customer buy-in on agencywide human capital efforts, we can move these through the Human Capital Governance Board and, if approved, know that we have the support of a cross-functional executive team.”

Karen Filipponi, chief component human capital officer, Federal Emergency Management Agency

Empower and grow HR staff

Transforming service delivery often requires agency leaders to substantially invest in the skills and expertise of HR staff. And if agencies want to increase efficiency or leverage automation to move staff from basic processing tasks toward high-value work like strategic planning, they need to reskill HR staff in areas such as data analysis, strategic communications and workforce planning. To strengthen the HR workforce, agencies such as the Transportation Security Administration have established HR communities of practice that help staff across the organization learn from one another. TSA also established HR business partner roles that dedicate HR staff to work on larger strategic issues and more directly connect HR professionals to customer needs.

Beware of mission creep

Agency leaders should have a clear sense of which services HR offices can provide and where they can add unique value. When the Department of Labor moved to centralize its HR services, some agency subcomponents wanted the newly organized HR office to take on responsibilities previously held by HR, such as creating and updating organizational charts or managing participation in the annual federal workplace charity campaign. These activities constituted HR mission creep as they did not align with the new office’s core strategy and threatened to divert resources from other priorities like improving hiring. Leaders of the new HR office had to tell the agency subcomponents what they were willing to take on and ensure staff were still available in those subcomponents to deal with any leftover responsibilities. These conversations ultimately helped the office focus on top priorities.

Conclusion: Strengthening HR Across the Federal Enterprise

To complement individual agencies' efforts to improve, the new Biden administration should launch an ambitious, government-wide initiative to help strengthen HR across government. The administration could scale up several promising pilots on this front, such as efforts to involve [subject matter experts](#) earlier in the hiring process. The administration might also collaborate with agencies to outline new telework policies as part of a larger effort to help government adapt to long-term work changes caused by the coronavirus pandemic. Finally, the administration can encourage agencies to apply to the Technology Modernization Fund, which can support initiatives to improve the technology behind HR services.

In order to strengthen the federal workforce and help agencies accomplish their missions, the new administration should make strengthening HR operations a key element of its management agenda and budget priorities, and drive government-wide improvements for recruiting, hiring and managing the federal workforce.

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Acknowledgements

The individuals listed below generously offered their input on this report. We greatly appreciate their time and counsel. However, the contents of this report do not necessarily reflect the views of those we interviewed. Additionally, the views of participating federal officials do not necessarily reflect positions or policies of the federal government or its agencies.

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Endnotes

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2 Bureau of Labor Statistics, “Labor Force Statistics from the Current Population Survey 2020.” Retrieved from <https://bit.ly/2OdQTyM>.



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Cover Photo: shutterstock.com