

The Complexity of Federal Productivity Measurement and Management of Labor Costs

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**Please ask questions or
provide comments at any
point during the presentation.**

PROFILE OF TIM WINCHELL

Experience	Academics
<p>Current</p> <ul style="list-style-type: none"> • President, Job Analytics, LLC • Board of Editors, <i>Good Governance Worldwide</i> <p>Former</p> <ul style="list-style-type: none"> • Board of Editors: The Public Manager • Retired from federal civilian service in 2007 	<p>66 Terms of College Level teaching including:</p> <ul style="list-style-type: none"> • Leadership • Public Administration • Human Resources Management • Organizational Change • Organizational Behavior <p>50 Publications in Professional Publications</p>
<p>Agencies Serviced as a Federal Employee</p> <ul style="list-style-type: none"> • U.S. Navy (24 years – 16 overseas) • Department of Defense • U.S. Agency for International Development • U.S. Office of Personnel Management 	<p>Agencies Serviced as a Consultant</p> <ul style="list-style-type: none"> • U.S. Marine Corps • Department of the Treasury • Federal Deposit Insurance Corporation • National Credit Union Administration • Consumer Financial Protection Agency • Department of Homeland Security (DHS) (Including OCHCO, OI&A, S&T Directorate, ICE and TSA) • Department of Health & Human Services (Including HHS HQ, NIH, and ARPA-H)

Discussion Topics

- 75 Years of Reform
- Defining Productivity in Federal Operations
- Federal Managers Play the Hand that they are Dealt
- Federal Operational Realities
- Can Models Using Artificial Intelligence (AI) Be Developed to Measure Federal Productivity?

75 Years of Reform

1948 Joint Financial Management Improvement Program (JFMIP) Established

- JFMIP was given a statutory basis in the *Budget and Accounting Procedures Act of 1950*. JFMIP goal 10 is to “Strengthen agency capability and improve techniques for measuring and enhancing productivity.”
- VISION: Strengthen trust in government by promoting fraud prevention and payment integrity in federally funded programs.
- Cooperative venture between the Government Accountability Office (GAO), the Office of Management and Budget (OMB), the Office of Personnel Management (OPM), and the Department of the Treasury (TREAS).

1950s -1970s: Era of New Legislation and Regulatory Oversight

- Civil Rights Act (1964)
- Voting Rights Act (1965)
- Traffic Safety Act (1966)
- Truth in Lending Act (1968)
- Clean Air Act (1970)
- Occupational Safety & Health Act (1970)

- Water Pollution Control Act (1972)
- Consumer Product Safety Act (1972)
- Endangered Species Act (1973)
- Federal Election Campaign Act (1974)
- Toxic Substances Control Act (1976)

Carter Administration: 1978 Civil Service Reform Act

“President Carter believed that the permanent civil service required greater flexibility, incentives, and encouragement, as he felt there was a significant amount of inefficiency. However, he also acknowledged the importance of collective bargaining units.”

- Stuart Eizenstat: President Carter's chief domestic policy advisor to the Federal News Network in 2018

1980s: Reagan Administration

- Initiatives to downsize government and increase efficiency
- Grace Commission: The President's Private Sector Survey on Cost Control in the Federal Government (under CEO J. Peter Grace).
 - Many recommendations were not implemented because they required legislation.

1990s: Clinton Administration

National Partnership for Reinventing Government (NPR)

Primary goals:

- Increased government cost-effectiveness of operations.
- Customer responsiveness.
- Lowering overhead costs using innovative technology.
- Active involvement of long-time federal employees.
- Emphasized administrative change not requiring legislation using performance measures and customer satisfaction surveys (e.g., abolished the Federal Personnel Manual).
- 100 programs and 250,000 jobs eliminated.

1990s: Clinton Administration (cont.)

The Heyday of “Total Quality”

1993 Government Performance and Results Act (GPRA)

Required agencies to:

- Submit a 5-year strategic plan, updated every three years to OMB.
- Must include performance plans contained in the President's budget.
- Improve program management/efficiency.
- Increase confidence in the federal government.

2001-2008: Bush Administration

- New oversight systems to grade agency “success”.
- Increased White House regulatory oversight for new regulations.
- New pay-for-performance system gives managers more control.
- "Competitive sourcing" (e.g., federal staff compete with contractors).
- Restrictions on the public release of government information.

2009-2016: Obama Administration

- Campaign to reduce waste [e.g., tracks federal Information Technology (IT) investments].
- Implements/revises government regulations.
 - Affordable Care Act
 - Dodd-Frank
 - Consumer Protection Act
 - Don't Ask, Don't Tell Repeal Act
- In his last two State of the Union addresses, Obama decried the inefficiency of Federal operations.

2017-2020: Trump Administration

Major Overhaul of OPM

2021-2024: Biden Administration

“The President’s Management Agenda Vision is the Administration’s roadmap for ensuring an equitable, effective, and accountable Federal Government that delivers results for all.”

OMB Statement

Defining Productivity in Federal Operations



**Bureau of Labor Statistics Defines
“Productivity” as:**

Output/Inputs

Any Problem with this Definition?

Where's the Measure of Quality?

- *Public Sector Productivity Measurement* was an area of great academic interest in the 1970s.
- One leader was Dr. Walter L. Balk, University of Albany, New York.
- He defined productivity within the public sector as:

Outputs/Standards + Outputs/Inputs

The Thorny Issue of Outcomes

Measurement of federal productivity requires identifying:

- Cost-effectiveness in terms of the quantity and quality of outputs.
- Program execution of the overall “outcomes” of total federal operations that must measure the relative productivity of multiple individuals/organizations.

Three specific areas requiring extensive integration of interagency impacts include:

- National Security (e.g., DOS, DOD, DHS, DIA, USAID, others)
- Health (e.g., HHS, DOD, VA, USDA, others)
- Financial Affairs (e.g., TREAS, NFCU, FDIC, CFPB, others)

Federal Managers Play the Hand That They are Dealt



Major Differences Between Private Sector and Federal Manager Top Priorities

Private Sector Managers	Federal Managers
<p>Short-term profits.</p> <p>Long-term profitability.</p> <ul style="list-style-type: none">○Increased market share through satisfied customers.○Product innovation.○Adjusting to regional, national, and global trends.○Ongoing focus on input costs. <p>Private tracks labor costs and holds individual managers accountable.</p> <p>Profit ultimately ensures cost-effectiveness.</p>	<p>Short-term mission accomplishment within assigned resources (including customer satisfaction).</p> <p>Long-term focus on strategic priorities.</p> <ul style="list-style-type: none">○Prepare for unforeseen adjustments to resource allocations. <p>Ensure programs are successfully aligned with higher authority priorities/inspection criteria.</p> <p>Understand that federal comptrollers retain some control of FTE and labor (OC 11) funds allocations to respond to their leadership.</p>

Anything to add?

Review of Past Federal Productivity Measurement Efforts

1973	<p>GAO studies productivity measurement in the U.S. Postal Service, Social Security Administration, and U.S. Bureau of Engraving and Printing as most measurable.</p> <ul style="list-style-type: none">• Concluded that the results indicated ‘trends’, but “are not conclusive as to overall management or program performance” (requiring interpretation) “especially those concerned with program results, effectiveness, and quality.”
1974	<p>GAO provided a detailed history of efforts to ensure financial accountability noting the establishment of JFMIP.</p>
1975	<p>GAO issued “Can Federal Productivity be Measured?”</p> <ul style="list-style-type: none">• This report noted that the JFMIP found that the productivity of federal workers could be measured for 61% of federal operations and that “Since not all employee output is susceptible to counting or readily measurable for productivity purposes, 100 percent of employee efforts probably never can be measured.”

A Review of Past Federal Productivity Measurement Efforts (cont.)

1979	GAO report on Federal Productivity and Performance Appraisal systems summarized issues
	<ul style="list-style-type: none">• No continuing focal point to lead federal productivity efforts. Responsibility for leading federal productivity initiatives had shifted between OMB, JFMIP, National Center for Productivity and Quality of Working Life, and OPM.• The time for discussion was past, and more energy should be devoted to actively improving productivity.• Barriers to improving productivity include: the absence of profit motive, diverse missions, lack of high-level interest, the budget process, absence of specific goals, and unnecessary regulations that erode managers ability to manage.• Little effort aimed at developing, using, and refining performance measures noting management resistance; concluding that active measurement of specific, definable goals and outputs is possible in many cases.
1985	U.S. Bureau of Labor Statistics (BLS) report on federal productivity noted distinct similarities and some fluctuations between federal and private sector productivity from 1967-1983 limiting measurement to outputs/inputs.

Measuring Federal Productivity

Least

Complex:



Manufacturing operations from raw stock with well-defined quantity and quality standards.

Repetitive administrative operations completing and/or moving paperwork following set procedures with defined metrics for acceptable error rates.

More

Complex



Ongoing operations requiring diagnostics of problem.

Overhaul, upgrade, and repair operations requiring removal, assessment of needed repairs & replacement, cost-analysis and decisions on options, with defined quality standards.

Case specific administrative operations impacted by individual factors involving decisions on client entitlements, regulatory compliance, and quality standards.

Most Complex



Intellectual capital.

Professional and managerial positions heavily impacted by “It Depends.”

Research positions advancing the state-of-the-art where “failure” is likely in most cases.

Federal Operational Realities

Charles Levine: The Efficiency Paradox

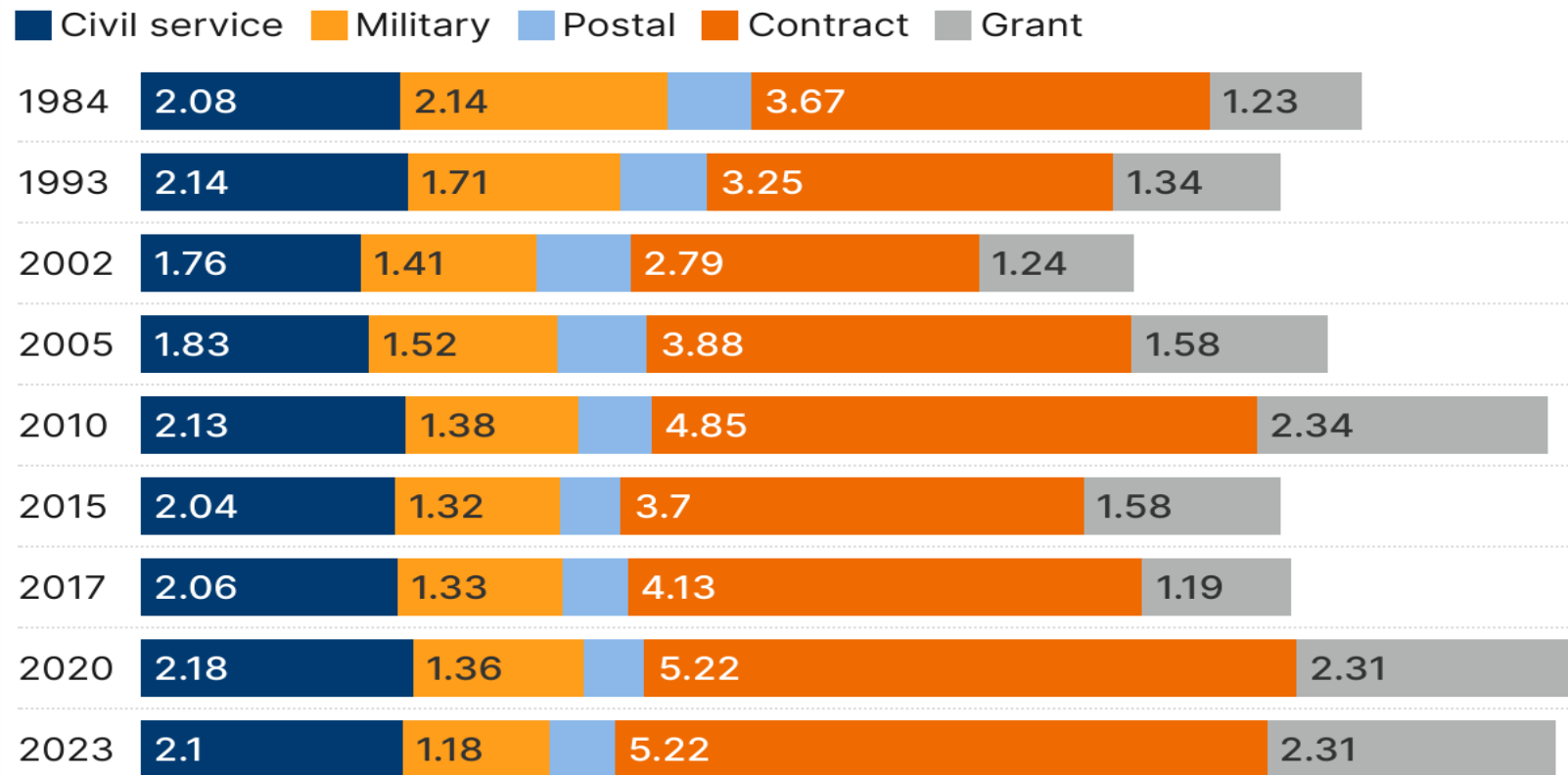
The theme of this article was that the organizations most able to absorb 'fair share' downsizing cuts are those that have the most excess capacity available.

Herbert Simon: Stored Capacity

- Working continuously at 100% leads to burnout.
- Working at 80% permits development of a positive team dynamic, time for training, and to share best practices.
- Working at 50%, over long periods of time, establishes low performance expectations and adversely impacts organizational productivity.

And How Should Contractors and Grants Staff Be Included in Productivity Analyses?

Estimated full-time equivalent federal employees in millions
FY 1984 to 2023



Source: Paul Light OpCit.

Decision-making Realities

- The productivity of your organization might not always be quantifiable, particularly for work involving “intellectual capital.”
- Changes in political landscapes and priorities from higher authorities could greatly affect your resources.
- In times of resource constraints, your agency may propose "fair share" reductions.

Your strategy must always consider how your workload is measured and how best to differentiate between optimal, sufficient, and clearly not enough resources to accomplish the mission .

Best done within the context of the broader interagency primary mission.

Can Models Using Artificial Intelligence (AI) Be Developed to Measure Federal Productivity?

AI Is A Useful Tool When Able to:

- Assess true productivity including agreed upon quantity, quality, costs and customer satisfaction metrics.
- Measure both individual agency performance and interagency efforts to maximize cost-effective “outcomes.”
- Present data in a transparent manner to overcome arguments over “true” priorities for budget purposes where optimal interagency outcomes are considered.
- Ensure stability in the budget allocation process that provide federal managers:
 - Incentives to optimize resource utilization.
 - Real incentives to emphasize cost-containment (particularly labor) as a priority.
 - Performance criteria that rewards a mission, agency, and interagency outcomes basis consistent with managerial level.
- ‘Drill down’ into operational decision-making.
- Recognize successful productivity efforts to use “best practices” for adoption within and among agencies.

THOUGHTS WELCOME



Questions, Comments, or Feedback?