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# FOREST SERVICE BUSINESS SERVICES

## Further Actions Needed to Re-examine Centralization Approach and to Better Document Associated Costs

U.S. Government Accountability Office

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ACCOUNTABILITY ★ INTEGRITY ★ RELIABILITY

## Why GAO Did This Study

In the early 2000s, the Forest Service, within the Department of Agriculture, centralized the operations of three major business services: (1) budget and finance, (2) human resources management, and (3) information technology. The agency's goals in centralizing these services, which were previously delivered by staff in field units throughout the country, were to streamline and improve operations and reduce costs. Congressional committees directed GAO to independently analyze whether centralization had achieved intended efficiencies and cost savings.

Accordingly, this report examines the (1) types of effects centralization has had on the Forest Service and its employees, particularly in field units; (2) actions the agency has taken to assess its delivery of its centralized business services and to address identified shortcomings; and (3) extent to which the agency can demonstrate that it achieved intended cost savings. GAO examined agency reports, performance studies, cost estimates, and other documentation and interviewed and conducted focus groups with employees across the agency.

## What GAO Recommends

GAO recommends that the Forest Service systematically examine business service tasks to determine which ones can best be carried out under a self-service approach, take related steps to improve service delivery, and adequately document and assess the costs of current initiatives and business service delivery. The Forest Service generally agreed with GAO's findings and recommendations.

View [GAO-11-769](#) or key components. For more information, contact Anu Mittal at (202) 512-3841 or [mittala@gao.gov](mailto:mittala@gao.gov).

# FOREST SERVICE BUSINESS SERVICES

## Further Actions Needed to Re-examine Centralization Approach and to Better Document Associated Costs

## What GAO Found

The Forest Service's centralization of business services contributed to several agencywide improvements, but it has also had widespread, largely negative effects on field-unit employees. For example, centralization consolidated and standardized agency financial systems and procedures, which helped alleviate some of the agency's long-standing problems with financial accountability, and helped it sustain clean financial statement audit opinions more easily, according to agency officials. Nevertheless, GAO found that centralization of human resources management and information technology services had many negative repercussions for field-unit employees. Under centralization, the agency relies on a self-service approach whereby employees are generally responsible for independently initiating or carrying out many related business service tasks. According to field-unit employees, these increased administrative responsibilities, coupled with problems with automated systems and customer support, have negatively affected their ability to carry out their mission work and have led to widespread employee frustration.

The Forest Service has undertaken a number of actions to assess its delivery of centralized business services, but it is unclear whether proposed remedies will fully address identified shortcomings. For example, the agency established a customer service board to continually monitor service delivery and recommend improvements. The agency has also undertaken initiatives to redesign and reorganize its human resources management and information technology services to improve service delivery in these areas. For example, human resources management hired additional staff and established regional service teams, and information technology developed a strategic framework and is in the early stages of a significant reorganization. Nevertheless, the agency has not yet systematically assessed which types of services are best suited to a self-service approach, and because many of the agency's other initiatives are in their early stages, it is unclear to what extent they will address identified shortcomings.

The Forest Service could not reliably demonstrate cost savings resulting from centralization, but the agency estimated that anticipated savings may have been achieved in budget and finance. Achieving significant cost savings was one of the key goals of the agency's centralization effort, and the agency estimated it would save about \$100 million annually across the three business services. (This estimate applied to budget and finance, human resources management, and a component within information technology known as the Information Solutions Organization, which was established to provide technology support services.) But because of limitations with the agency's documentation supporting the data, assumptions, and methods used in developing its cost information both before and after centralization, GAO was unable to fully ascertain the reliability of the cost estimates for (1) baseline costs of providing each of the business services before centralization, (2) projected costs for delivering those same business services after centralization was complete, or (3) actual costs of providing the business services after centralization. Nevertheless, the Forest Service estimated that anticipated annual savings through fiscal year 2010 may have been achieved in budget and finance but not in human resources management or the Information Solutions Organization, where the agency estimated that savings fell far short of its cost-savings goals.

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## Abbreviations

FTE	full-time equivalent
GS	general schedule
ISO	Information Solutions Organization

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G A O

Accountability \* Integrity \* Reliability

United States Government Accountability Office  
Washington, DC 20548

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August 25, 2011

The Honorable Jack Reed  
Chairman  
The Honorable Lisa Murkowski  
Ranking Member  
Subcommittee on Interior, Environment, and Related Agencies  
Committee on Appropriations  
United States Senate

The Honorable Michael K. Simpson  
Chairman  
The Honorable James P. Moran  
Ranking Member  
Subcommittee on Interior, Environment, and Related Agencies  
Committee on Appropriations  
House of Representatives

As steward of 193 million acres of public forests and grasslands, the Forest Service, within the Department of Agriculture, performs tasks as varied as fighting wildland fires, restoring forest landscapes and rivers, and patrolling and maintaining the national forests' remote recreational trails. This work is carried out at hundreds of national forests, grasslands, and research sites located across the country. With such geographically widespread units and such a diverse portfolio of work—much of it requiring specialized knowledge and skills—maintaining efficient business services, such as providing computer support or processing employee benefits, is especially critical to enable all agency employees to accomplish their work effectively and efficiently.

In the early 2000s, the Forest Service began a major effort to transform how it provided many of the business services needed to support its mission activities. Over several years, the agency centralized three major business services: (1) budget and finance, (2) human resources management, and (3) information technology. These business services, which were previously carried out by specialized staff located in Forest Service offices throughout the country, were largely consolidated into one location in Albuquerque, New Mexico, known as the Albuquerque Service Center. According to Forest Service documents, the goals of centralization were to improve service, streamline business processes and modernize procedures, and reduce costs by about \$100 million per year. Since centralization began, however, concerns have been raised by

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agency officials and others about its financial costs and its effects on the workload and morale of Forest Service staff in field units such as national forests and research sites. In this context, the Committee on Appropriations of the U.S. Senate and of the House of Representatives directed GAO to conduct an independent analysis of the Forest Service's centralization of its business services to determine whether centralization has achieved intended efficiencies and cost savings.<sup>1</sup> Accordingly, this report examines the (1) types of effects centralization has had on the Forest Service and its employees, particularly in field units; (2) actions the Forest Service has taken to assess its delivery of centralized business services and to address identified shortcomings; and (3) extent to which the Forest Service can demonstrate that it achieved centralization's intended cost savings.

To examine the effects of centralization on the Forest Service and its employees, particularly in field units, we reviewed reports on centralization completed by the Forest Service and others, including contractors hired by the Forest Service, as well as policy documents and guidance related to each of the three centralized business services: (1) budget and finance, (2) human resources management, and (3) information technology. We reviewed the results of various surveys and focus groups of Forest Service employees, conducted by Forest Service teams during 2010, as well as all customer comments provided through each of the business service help desks during 2010. We also interviewed—through site visits and by telephone—more than 200 agency officials from Forest Service headquarters, the three business services housed in the Albuquerque Service Center, all nine regional offices, 12 national forests, 11 ranger districts, four research stations, four science laboratories, and the State and Private Forestry program. In addition, to systematically gather information from a geographically diverse and broad cross-section of field-unit employees, we conducted 10 focus groups with a total of 68 randomly selected Forest Service employees. Ground rules were established so that participants limited their comments to their personal experiences with the business services over the previous 12 months (focus groups were held during February and March 2011). We used a set of consistent, probing questions designed to ensure that all participants had an opportunity to share their

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<sup>1</sup>H.R. Rep. No. 111-180, at 139 (2009); H.R. Rep. No. 111-316, at 140 (2009) (Conf. Rep.).

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views and to react to the views of the other participants. Although the results of the focus groups are not statistically generalizable, they reflect in-depth information from a cross-section of randomly selected employees, which was consistent with the information we obtained through our reviews of formal and informal assessments of centralization and our interviews and site visits with field-unit employees. To examine actions the Forest Service has taken to assess its delivery of centralized services and to address identified shortcomings, we reviewed Forest Service reports and other documentation describing ongoing and one-time business service delivery assessments. We also reviewed documentation describing actions the agency has undertaken or plans to undertake to remedy identified shortcomings and improve its delivery of business services. In addition, we interviewed agency officials at Forest Service headquarters and the three business services, and several members of the agency's Operations Customer Service Board, which monitors the performance of the three centralized business services. To examine the extent to which the Forest Service could demonstrate that it achieved centralization's intended cost savings, we reviewed available agency documentation summarizing original baseline costs, cost projections, actual costs, and financial analyses comparing pre- and postcentralization costs for budget and finance, human resources management, and the component within information technology established to provide technology support services. We took steps to determine the reliability of the data contained in these documents, including reviewing background documentation and interviewing knowledgeable agency officials. We found that agency officials could not always provide sufficient data supporting the information contained in the documentation they made available to us, or re-create the methods used to calculate cost savings or resolve inconsistencies in reported results. We were therefore unable to verify the reliability of all cost data the agency provided. Appendix I presents a more detailed description of our scope and methodology.

We conducted this performance audit from June 2010 through August 2011, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

The Forest Service's mission includes sustaining the nation's forests and grasslands; managing the productivity of those lands for the benefit of citizens; conserving open space; enhancing outdoor recreation opportunities; and conducting research and development in the biological, physical, and social sciences. The agency carries out its responsibilities in three main program areas: (1) managing public lands, known collectively as the National Forest System, through nine regional offices, 155 national forests, 20 national grasslands, and over 600 ranger districts; (2) conducting research through its network of seven research stations, multiple associated research laboratories, and 81 experimental forests and ranges; and (3) working with state and local governments, forest industries, and other private landowners and forest users in the management, protection, and development of forest land in nonfederal ownership, largely through its regional offices. The nine regional offices, each led by a regional forester, oversee the national forests and grasslands located in their respective regions, and each national forest or grassland is headed by a supervisor; the seven research stations are each led by a station director. These offices, which we collectively refer to as field units, are overseen by a Washington, D.C., headquarters office, led by the Chief of the Forest Service.

The Forest Service has a workforce of approximately 30,000 employees, although this number grows by thousands in the summer months, when the agency brings on seasonal employees to conduct fieldwork, respond to fires, and meet the visiting public's additional needs for services. Forest Service employees work in geographically dispersed and often remote locations throughout the continental United States, Alaska, Hawaii, and Puerto Rico. Agency employees carry out a variety of field-based activities—including fire prevention and management, monitoring and maintenance of recreational trails, biological research, and habitat restoration—and have diverse skills, backgrounds, and experiences. Forest Service employees include a wide range of specialists, such as foresters, biologists, firefighters, administrative staff, research scientists, recreation specialists, and many others, all of whom play an important role in carrying out the agency's mission.

In the early 2000s, the Forest Service began efforts to centralize many of the business services needed to support its mission activities, including (1) budget and finance, (2) human resources management, and (3) information technology. Before centralization, according to the agency, more than 3,500 employees located in field units throughout the nation carried out business service tasks in these three areas for their respective field units. These business service employees were part of the field-unit



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organizational structure and typically reported directly to the managers of those field units. Each region or forest often had unique processes or systems for completing business-related tasks, such as varied processes for financial accounting and budgeting, personnel actions, and computer support. Faced with a number of internal and external pressures to change the way these business services were delivered, and to address growing costs of service delivery as well as operational problems, the agency began efforts to centralize its business services. For budget and finance and human resources management, the agency began re-engineering efforts for its business processes, which included preparing business cases outlining the agency's intended approach to centralization, such as how the centralized structure would be organized and how it would provide services to its field-unit customers, as well as estimating the one-time investment costs and future costs of providing services each year once centralization was complete.<sup>2</sup> Centralization of information technology, on the other hand, consisted of several efforts to consolidate servers and data centers, among other things, and was driven largely by competitive sourcing, whereby the agency and its employees competed with private-sector organizations to deliver certain information technology services.<sup>3</sup> The Forest Service won this competition, and, beginning in 2004, the agency transferred some of its information technology employees to an "Information Solutions Organization" (ISO)—a separate information technology component established within the agency to provide technology support services, including computers, radios, and telecommunications to all employees.<sup>4</sup> During 2008, however, the Forest Service terminated its competitive-

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<sup>2</sup>Business process re-engineering refers to an approach for redesigning the way work is done to better support an organization's mission and reduce costs. See GAO, *Business Process Reengineering Assessment Guide*, [GAO/AIMD-10.1.15](#) (Washington, D.C.: May 1997).

<sup>3</sup>Competitive sourcing refers to a governmentwide initiative that intended to improve government efficiency and reduce the costs of programs by promoting competition between federal entities and the private sector to determine who should perform certain activities. For more information on the Forest Service's competitive sourcing activities, see GAO, *Forest Service: Better Planning, Guidance, and Data Are Needed to Improve Management of the Competitive Sourcing Program*, [GAO-08-195](#) (Washington, D.C.: Jan. 22, 2008).

<sup>4</sup>The ISO component did not include those activities the agency considered inherently governmental, such as overseeing and managing ISO and making decisions about information resources.

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sourcing arrangement with ISO, folding these services back into a single information technology organization.<sup>5</sup>

Centralization activities were carried out separately for each of the three business services over several years and—given the magnitude of its efforts and potential for significant cost savings—the agency undertook efforts to monitor and report on its results during this time. For example, centralization of budget and finance was implemented in 2005 and 2006 and involved the physical relocation of most finance-related positions to the Albuquerque Service Center, with these positions now reporting to the new centralized budget and finance organization. Some budget-related positions and tasks, however, such as budget formulation and execution, generally remained in the field units, and those positions continued to report to field-unit management.<sup>6</sup> Similarly, centralization of human resources management began in 2006 and proceeded through a staged implementation over a period of several years, in which most human resources management positions were relocated to the Albuquerque Service Center (although some human resources liaison positions were developed to provide advice and counsel to managers across multiple field units). Under the new centralized organization, all human resources employees reported to human resources management rather than field-unit management. In contrast, although aspects of information technology centralization began as early as 2001, those related to transferring services to the agency’s new ISO occurred in 2004 and 2005. Some information technology positions were relocated to the Albuquerque Service Center, but many employees remained at field-unit locations and became “virtually centralized” employees, reporting to centralized management in Albuquerque. For each of the three business services, the Forest Service predicted that the transition from its largely decentralized field-based structure to the new centralized organization

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<sup>5</sup>The Forest Service’s annual appropriations law for fiscal years 2008 and 2009 prohibited the use of any appropriated funds for competitive sourcing studies and any related activities involving Forest Service personnel. The Consolidated Appropriations Act for fiscal year 2010 prohibited the use of appropriated funds to begin or announce a study or public-private competition regarding the conversion to contractor performance of any function performed by federal employees throughout government. The Forest Service declined to ask for funding in fiscal year 2011 for competitive sourcing.

<sup>6</sup>The budget component of budget and finance is mainly responsible for formulating, reviewing, and executing the agency’s budget. The finance component of budget and finance, in contrast, is responsible for payments, claims processing, travel, accounting, and financial statement reporting, among other payment-related activities.

would take about 3 years, although full integration in some cases could take longer, given the significance of the changes. During this transition period, the agency took steps to assess and report on the status of, and results being achieved through, centralization and provided executive briefings to congressional stakeholders and agency leaders. These briefings provided an overview of implementation timelines, key milestones, and achievements, as well as agency estimates of projected and achieved cost savings resulting from centralization. For information technology, these estimates specifically focused on savings related to the agency's ISO.

The three centralized business services encompass a wide variety of activities to support field units' mission work, ranging from making payments to partners for trail maintenance, to repairing radios used for communication in the field, to processing the paperwork to bring new employees on board (see table 1).

**Table 1: Major Business Service Activities**

<b>Budget and finance</b>	<b>Human resources management</b>	<b>Information technology</b>
Payments	Hiring	Networks and servers
Claims processing	Pay and benefits	Computers
Real property accounting	Employee and labor relations	Radios
Financial statement reporting	Training	Telecommunications
Accounting adjustments	Workers' compensation	Printers and plotters
	Performance and awards	

Source: Forest Service.

Collectively, the budgets for the three business services were approximately \$440 million in fiscal year 2011, which represents about 7 percent of the agency's annual operating budget of more than \$6.1 billion. There were 2,150 budgeted full-time equivalents (FTE) for the three services, or about 6 percent of the agency total of more than 35,000 FTEs.<sup>7</sup> Table 2 shows the 2011 staffing and budget levels for each of the three business services.

<sup>7</sup>An FTE consists of one or more employed individuals who collectively complete 2,080 work hours in a given year. For example, both one full-time employee and two half-time employees equal one FTE.

**Table 2: Budgeted Full-Time Equivalents and Operating Budgets, by Business Service, Fiscal Year 2011**

Dollars in millions

<b>Business service</b>	<b>Total budgeted FTEs<sup>a</sup></b>	<b>Operating budget</b>
Budget and finance	400	\$50.0
Human resources management	970	83.6
Information technology	780	307.0
<b>Total</b>	<b>2,150</b>	<b>\$440.6</b>

Source: Forest Service.

<sup>a</sup>FTEs represent authorized levels within each of the respective business services, not all of which were filled at the time of our review.

## Centralization of Business Services Has Had Mixed Results, Including Mostly Negative Effects on Field-Unit Employees

Centralization of Forest Service business services contributed to several agencywide improvements, such as improved financial accountability, standardization of information technology and human resources processes, and consistent development and implementation of related policies. Nevertheless, we found that the shift in how business services were delivered resulted in significant negative repercussions for field-unit employees, including increased responsibility for business service tasks. Although the effects of centralization on employees varied, cumulatively they have negatively affected the ability of these employees to carry out their mission work.

## Centralization Has Improved Financial Accountability and Led to More-Informed Management Decisions and More-Consistent Policy Implementation

By consolidating and standardizing the Forest Service's financial systems and procedures, centralization helped alleviate some of the agency's long-standing problems with financial accountability. For example, before centralization, the agency had difficulty reconciling data produced by the numerous financial systems used in field units across the agency. Throughout the 1990s, the Forest Service was unable to achieve clean financial statement audit opinions, and in 1999, we added financial management at the agency to our list of federal programs and operations at "high risk" for waste, fraud, abuse, and mismanagement.<sup>8</sup> While the agency was able to achieve clean opinions during the early 2000s, doing so required substantial year-end financial adjustments involving

<sup>8</sup>GAO, *Major Management Challenges and Program Risks: Department of Agriculture*, GAO/OCG-99-2 (Washington, D.C.: January 1999).

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significant time and resources. By consolidating and standardizing its finance, accounting, and budget processes through the centralization of budget and finance, the agency was able to improve its financial management and sustain clean financial statement audit opinions more easily and at a lower cost than before centralization, according to agency officials. Accordingly, in 2005, we removed the Forest Service from our high-risk list, citing the agency's centralization efforts.<sup>9</sup>

Similarly, centralization made it easier to standardize and automate other business processes, which improved the agency's ability to collect and review more-reliable agencywide data and make more-informed management decisions. For example, according to information technology officials, centralization has allowed them to more easily track major technology equipment and infrastructure issues and address them holistically, as well as to provide a more even distribution of technology services, among other benefits. According to agency officials, centralizing the three business services has also made it easier to monitor and assess the performance of business service delivery to field-unit customers, such as the timeliness of processing requests for service. Officials told us that this type of information is closely tracked, analyzed, and used to hold managers accountable for ensuring successful program delivery. Further, data collected through automated systems are now generally more reliable, according to agency officials, in part because they collect more-standardized information, have more built-in controls, and require fewer people to enter data.

In addition, centralization of the three business services has allowed for more-consistent policy development and implementation, according to agency officials. Before centralization, for example, business services staff were located at hundreds of sites across the country and reported to individual field units, making it difficult to ensure consistent policy implementation. Now, with business service employees under a single management structure, agency officials told us, it is easier to develop and communicate policy procedures to help ensure their consistent

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<sup>9</sup>GAO, *High-Risk Series: An Update*, [GAO-05-207](#) (Washington, D.C.: January 2005). Although we removed the Forest Service from our high-risk list, we also reported that significant challenges for the agency remained, including internal control weaknesses related to its financial reporting, and stated that it would be critical for the agency to continue to place a high priority on addressing its remaining financial management problems.

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implementation, as well as to provide field-unit employees with consistent access to services across the agency. Similarly, information technology officials told us that centralization has also benefited the agency in the face of increasing complexity and sophistication regarding information management needs, allowing for more coordinated and timely responses to continually changing needs. For example, officials said that centralization facilitated the implementation of security requirements across the multiple field units and improved the agency's ability to ensure that all employees use compatible hardware and software. Further, under centralization, business service staff have been able to more easily specialize in certain areas, which has improved consistency and overall service quality, according to agency officials. For example, agency officials told us that before centralization, field-unit staff might process requests for specific services, such as retirements or transfers, only occasionally, and therefore might be unfamiliar with the correct procedures to follow or guidance to give to employees. Now there are dedicated groups of employees at the centralized business service centers who have specialized knowledge of each process, which has led to consistent implementation of policies and overall improvements, according to agency officials we spoke with.

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### Centralization Shifted How Business Services Were Delivered in Ways That Largely Increased Responsibilities for Field-Unit Staff

Even with these improvements, we found that centralization—particularly of human resources management and information technology—has had significant and widespread negative repercussions for field-unit employees. Centralization changed many processes for completing administrative tasks, placing greater responsibility on field-unit employees. From our interviews, site visits, and focus groups with a broad cross-section of Forest Service employees—as well as our reviews of multiple internal agency assessments—we found that centralization of budget and finance generally affected fewer employees and is viewed by employees as now working reasonably well, whereas changes in human resources management and information technology affected more employees and created more problems for them in carrying out daily tasks. This section describes the effects that centralization had on employees; the agency's actions to address employee concerns are discussed in detail later in this report.

Centralization changed the processes for completing most administrative tasks associated with the three business services, shifting a larger portion of the responsibility for these tasks to field-unit employees. This shift occurred because employees previously responsible for the task were eliminated, relocated, or reassigned, leaving the task itself behind, and

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because certain tasks became “self-service”—that is, field-unit staff were generally expected to initiate or carry out certain tasks that were previously handled by local business service specialists. Under the centralized self-service model, to complete many business service tasks, field-unit employees are generally responsible for accessing automated systems, locating and filling out automated forms, submitting information through these systems, and calling one of the three business services’ centralized help desks for assistance when they are not able to complete an action on their own.<sup>10</sup> For example, before centralization, to complete retirement, health benefits, pay-related, or other personnel paperwork, field-unit employees would receive assistance from field-unit-based human resources specialists, who would also be responsible for processing the actions. Now, under the centralized self-service model, field-unit employees are to initiate or implement these actions directly through automated systems, with a centralized help desk available to offer advice on how to complete the action when questions arise. Similarly, for information technology-related tasks, before centralization, a field-unit employee would rely on a local field-unit-based technician to troubleshoot a computer problem, whereas under the self-service model, the employee is expected to seek self-help tools, such as guidance on the agency’s Web site, or to call or e-mail a help-desk representative to troubleshoot the problem.

Among the three services that were centralized, we found generally fewer negative effects from centralizing budget and finance. Because many field-unit employees do not regularly perform tasks related to budget and finance, we found that difficulties associated with this centralization effort were not as widely felt as those associated with centralization of the other two business services. We consistently found that changes to budget and finance resulting from centralization were generally perceived positively after some early problems—such as the lack of clearly written policies and procedures, unclear or untimely communications to field units, and delayed payment processing—were corrected. Further, once it became clear to field-unit staff what tasks were not centralized, many of those duties were reassigned to budget or administrative staff in the field units. These tasks—such as overseeing the collection and tracking of

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<sup>10</sup>Assistance may be provided by multiple levels of staff, including agents who accept inbound calls from employees seeking help, as well as higher-level specialists trained to address specific issues. In this report we use the phrase “help desk” to refer to these staff collectively.

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campground fees—often required local presence or knowledge. A few field units also hired additional administrative staff: for example, one regional office established five new positions to carry out remaining budget and finance-related work, such as assisting individual field units within the region with tracking, managing, and overseeing various financial accounts. One of the crucial factors often cited for the success of the budget and finance centralization effort was the fact that the budget staff in the field units were not centralized and therefore continued to carry out budget and some finance-related responsibilities for the field units. They also often became liaisons with the budget and finance center in Albuquerque, providing critical information to the center and communicating information back to the employees who worked in their local field unit.

Nevertheless, we found continuing concern about several aspects of budget and finance centralization. For example, a few field-unit officials told us they have lost the flexibility to efficiently deal with unique circumstances, such as the need for telephone service in certain field units that are active during only part of the year or paying for shared utilities in a building jointly occupied with another agency. Before centralization, officials said they had the authority to easily make needed arrangements. Under centralization, in contrast, because these circumstances are atypical and therefore standard processes or procedures may not be applicable, working with centralized budget and finance staff to make appropriate arrangements has proven cumbersome and time-consuming, according to the officials. In addition, according to many field-unit employees, natural resource project managers who manage agreements with external partners, such as other federal agencies and nonprofit organizations, have also had to take on significant additional administrative tasks. These managers have always been responsible for managing and overseeing agreements, but project managers are now also directly responsible for the steps associated with tracking and confirming agreement payments in an automated system. Many project managers we spoke with said they find these tasks confusing and very time-consuming to carry out, in part because the managers use the system infrequently and in part because the system is not intuitive or easy to use.

In contrast to centralization of budget and finance, changes resulting from centralizing human resources management and information technology touched nearly all Forest Service employees and were often perceived as overwhelmingly negative, although the extent of the negative perception varied according to the task being performed and the employee



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## Employee Concerns over Increased Administrative Workload

performing it. Many employees we spoke with said that when these services were first centralized, significant and extreme breakdowns occurred, affecting a large number of employees, and while they have seen some improvements over time, significant concerns remain. Through our interviews and focus groups, as well as our reviews of recent internal agency assessments, including agency-led surveys and focus groups, we found that field-unit employees across all agency levels have continuing concerns with the increased administrative workload resulting from centralization of these two business services and with the tools available to carry out those tasks, including limitations with the automated systems and help-desk customer support or guidance available on service center Web sites.

Field-unit employees consistently expressed frustration through agency feedback mechanisms and through our interviews and focus groups about the increased number of largely self-service tasks they are now responsible for as a result of centralization of human resources management and information technology—tasks often requiring a significant amount of time or expertise to complete. Several field-unit staff told us that this self-service approach has in fact resulted in a form of decentralization, as now all employees are expected to have the knowledge or expertise to carry out those specific self-service tasks themselves. Even carrying out simple tasks can prove to be difficult and time-consuming, according to many field-unit employees whom we spoke with. Because staff might do such tasks infrequently, and because the processes or procedures for carrying them out may change often, field-unit employees told us they must spend time relearning how to perform certain tasks every time they carry them out. For example, field-unit staff told us that before centralization, to put a seasonal employee on nonpay status they would simply inform their local human resources specialist, and the specialist would then make the necessary change. After centralization, field-unit supervisors became responsible for directly entering information into an automated system to initiate the change or calling the help desk for assistance. Because a supervisor may carry out such an action only once a year—and the procedure for doing it might have changed in the meantime—completing this action or other apparently simple actions can be difficult and time-consuming, according to officials.

Further, many field-unit employees told us that many other tasks are not simple and in fact require detailed technical knowledge. As a result, they believe they have had to become specialists to complete work they were not hired or trained to do, putting them beyond their level of expertise and

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### Dependence on Automated Systems That Are Not User Friendly or Intuitive

making it difficult for them to efficiently or effectively complete some tasks. For example, many staff expressed frustration that they do not have the knowledge or skills to quickly complete specialized tasks, such as updating or repairing computers or other office equipment like telephones or printers. Yet under the self-service model, all agency staff are expected to do so—requiring them to read, understand, and implement technical instructions or contact the help desk, which can take hours or days, depending on the nature of the issue, whereas a specialized technician might be able to carry out the task in minutes. Moreover, many field-unit staff told us that their lack of familiarity with completing such tasks makes them prone to making errors, requiring rework, and adding to the time-consuming and frustrating nature of the process.

Centralization of human resources management and information technology entailed greater reliance on numerous automated systems, yet through our interviews, focus groups, and reviews of recent internal agency assessments, we found widespread agreement among field-unit staff that many of the agency's systems are not user-friendly and have not helped employees carry out their work. In the case of human resources management, for example, centralization was predicated on successful deployment of an automated system that was to process multiple human resources-related actions, such as pay, benefits, and personnel actions. When it became clear that this system—known as EmpowHR—did not work as intended, the agency implemented several separate systems to perform its functions, including one for tracking personnel actions, called 52 Tracker. However, we heard from staff across the field units who have to process these kinds of personnel actions, that the 52 Tracker system has been slow, cumbersome to use, and counterintuitive, often leading to mistakes and delays in processing important personnel actions like pay raises. We also found that the automated system used to carry out various steps in hiring—known as AVUE—has been difficult to use and navigate by both field-unit managers and external candidates trying to apply for a position within the agency. Although AVUE was in use by the agency before centralization, field-unit managers previously relied on human resources specialists who used the system frequently and were therefore familiar with it, according to managers we spoke with. In contrast, under centralization, field-unit managers are expected to undertake more hiring-related tasks in addition to their other duties, and managers repeatedly told us that creating appropriately targeted job postings within AVUE was an arduous process, frequently resulting in situations where highly qualified candidates were

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Dissatisfaction with Help Desk  
Customer Support and Web  
Sites

wrongly eliminated from consideration or unqualified candidates were listed along with qualified candidates.

We found consistent widespread dissatisfaction, through the interviews and focus groups we conducted, as well as documentation of reviews conducted by the agency, with the responsiveness and support provided by the help desks and Web sites operated by human resources management and information technology. Specifically, field-unit staff identified the lack of timely and quality assistance from the help desks, which has hindered their ability to complete tasks correctly or on time, although many field-unit employees said they recognized that help desk agents were courteous and were trying to be as helpful as possible. We repeatedly heard that interactions with the help desks were often time-consuming because staff were passed from one customer support agent to another, needed to make several calls before a knowledgeable agent could be reached, or had to wait hours or days for a return call. Many employees told us they often found themselves talking to two or three agents about a given problem, and with each new agent, they had to explain the problem and its context from the beginning. Even with significant explanation, many staff noted that a lack of understanding and context on the part of the help desk customer service agents has been a problem. For example, one employee told us that when he called the help desk for assistance with a failed radio component, the help desk agent had a difficult time understanding that the radio system did not have an actual address where the agent could send a replacement part but was instead located on a remote mountain, where a technician would be needed to install the new component. In contrast, when information technology-related computer problems were simple or routine, many employees we spoke with said the information technology help desk was responsive and generally able to resolve their problems. In fact, we spoke with several employees who said that it was very helpful when a help desk agent could remotely access and control their computers to fix certain software problems.

Conversely, field-unit staff seeking help may be unfamiliar with the concepts, language, or forms related to human resources management or information technology—such as knowing what form to submit to acquire hand-held radios or the various technical aspects of computers or radios—that help desk staff expect them to be familiar with. Thus, field-unit staff may not know what questions to ask or may be unable to frame their questions in a way that elicits the correct or most helpful response from the help desks. Many employees we spoke with indicated that because they have little confidence in the information help desk agents

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provide, they instead often seek help first from local co-workers or sometimes simply ignore problems such as nonfunctioning computer software or hardware components. Many told us they call the help desks only as a last resort. Many field-unit staff were also unhappy with the business services' Web sites because it was often difficult and time-consuming to find needed information, and in some cases the information on the Web site was outdated, conflicted with guidance acquired elsewhere, or was inaccessible because the Web links did not work.

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**The Effects of Centralization Have Varied by Individual Employee but, Cumulatively, Have Affected Employees' Ability to Carry Out Their Work**

Changes resulting from centralization of human resources management and information technology were consistently perceived negatively by field-unit staff across the Forest Service, according to our interviews, focus groups, and documented agency assessments, but we also found that employees' experience, skill levels, and responsibilities within the agency—such as whether their work was primarily field based or office based or the extent to which they supervised others—often factored into the severity of the problems they described. In general, we found that employees of different experience and skill sets frequently had different abilities or willingness to carry out self-service tasks, navigate automated systems, or communicate with help desks. For example, some field-unit employees told us they could easily and independently carry out some computer-related tasks, such as updating computer software with remote guidance, while others said they did not feel comfortable carrying out such tasks independently. We also found that field-unit staff whose work requires them to spend significant portions of their time outdoors rather than in the office (field-going staff)—appeared to be more severely affected by centralization than primarily office-based staff. For example, office-based employees may not have lost productivity waiting for a help-desk agent to call back, but a field-going employee may have had to choose between going into the field—potentially missing a help-desk return call—and forgoing fieldwork to wait, sometimes several days, for such a call. Also, because under centralization many tasks rely on the use of automated systems accessed through computers and some field-going staff are not issued computers by the agency, finding an available computer to carry out the task can present an added challenge. We also found that staff in supervisory positions were particularly affected by centralization. Under centralization, for example, supervisors are now responsible for completing multiple administrative actions for the staff they supervise, such as processing personnel actions; calling the help desk to resolve issues on behalf of their field-going staff (enabling field staff to go into the field); or ensuring that new staff have working computers, telephones, and access to agency systems and that they take

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key training upon their arrival. Before centralization, on the other hand, local human resources staff or other support staff would have provided direct assistance with these tasks, according to officials.

Taken individually, changes associated with centralization may seem no more than minor inconveniences or inefficiencies. Cumulatively, however, they have had widespread negative effects on employees and on the agency as a whole, including a reduced amount of time employees can devote to their mission work, increased reliance on workarounds to complete work, increased frustration and lowered morale, and increased safety concerns, as follows:

- *Less time for mission work.* The substantial time and effort needed to complete administrative tasks has in many cases limited the ability of field units to conduct mission work, in many instances fieldwork, according to many field-unit employees. For example, because some field-based activities, such as trail maintenance or river restoration activities can be done only during relatively short seasons dictated by biology and weather, delays may make it difficult to accomplish mission goals in any one year. Delays of a few weeks in hiring, for example, could result in much longer delays in getting the work done, and we heard numerous examples of work being delayed or scaled back because of hiring complications attributed to centralization. In one instance, a manager told us that after spending significant time and effort to hire a fuels specialist to carry out fuels management work (such as thinning potentially flammable vegetation that could feed a wildland fire), he was unable to hire anyone who qualified because of problems encountered working with human resources management staff—and, as a result, essentially a year’s worth of work was lost. Many senior field-unit managers, including regional foresters and forest supervisors, reported that because the help desks generally follow a first-come, first-served priority scheme, they often feel powerless to set a high priority for certain actions that may be critical to staff at the forest level. For example, before centralization, managers could influence which positions might be advertised or filled most quickly, but now hiring actions go through the centralized organization, generally without regard for how quickly a manager believes he or she needs to fill a position.
- *Increased reliance on workarounds.* Perceived or actual problems associated with completing administrative tasks and reluctance to rely on support from the help desks have resulted in employees’ increased reliance on the use of workarounds, which in some cases may not fully comply with agency policy or procedures, to accomplish their

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work. For example, we commonly heard that employees rely on local, knowledgeable co-workers to help them with their computer problems or provide advice on completing human resources-related actions. Although this practice may greatly benefit the employees in need of assistance, it could take time away from the other employees' regular work duties, and if accurate and up-to-date information is not given, it could also result in unintentional errors. We also often heard from field-unit employees that given repeated problems with accessing network drives or other databases, they may store agency data on their hard drives, rather than on central servers, or may share their computers or passwords with others who lack ready access, such as seasonal field staff or visiting research fellows. Such workarounds, however, may result in the loss of information if a hard drive fails, and they are in violation of the agency's computer security policies.

- *Increased frustration and lowered morale.* Field-unit employees' frustrations over their perceived loss in productivity, as well as problems that have directly affected employees' careers with the agency, have often lowered employees' morale. We commonly heard that spending more time on administrative tasks that are often confusing and complex, and spending less time on mission work, has resulted in significant employee frustration and has often directly lowered employee morale. We also heard numerous examples where employees' benefits, pay, position, or other personnel-related actions were negatively affected as a result of a mistake made by or a miscommunication with, a help-desk agent or other business service staff, which has often greatly affected employee morale, according to those we spoke with. For example, problems cited ranged from confusion over leave balances and appropriate pay levels to promotions that were initially approved by human resources management officials but then later rescinded. Several employees told us that such errors have become so frequent that an "expectation of failure" has generally taken root with many employees, which also contributes to their low morale.
- *Increased safety concerns.* In some cases, field-unit employees told us that problems or delays in getting business service tasks accomplished have increased safety risks for Forest Service employees or the public, for example by distracting employees from important safety work or by delaying needed equipment repair or replacement. We commonly heard concerns that centralization has caused employees to, as one senior official put it, "take their eye off the ball"—that is, reduce their focus on efficiently and safely carrying out their assigned tasks—because of the increased workload and

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distractions associated with centralization. We also frequently heard about delays or problems with technical assistance for radios—a key communication tool for firefighting and fieldwork. For example, before centralization, field units would have relied on local technicians to conduct needed repairs, but under centralization, the field-unit staff now first contact the help desk to make such a request. In one case a field-unit official told us that he needed a simple repair on a radio but had to wait for a technician to drive from a neighboring state to make the 10-minute repair. In a few other cases, field-unit staff told us they were without full use of their radio system for a significant amount of time while waiting for requests for repair to be addressed by the help desk. For example, one forest-unit official told us that, in place of their radios, the unit had to use cell phones with limited service to communicate for multiple days during the summer, when fire danger was particularly high, putting the staff at increased risk.

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## The Forest Service Assesses Its Delivery of Centralized Business Services in Multiple Ways, but It Is Unclear Whether Proposed Remedies Will Fully Address Identified Shortcomings

The Forest Service has undertaken a number of actions to assess its delivery of centralized business services, in part because of the significant change centralization brought to employees across the Forest Service. These actions, however, have focused largely on assessing the quality of service provided through the service delivery framework established by the agency and have not included a more fundamental assessment of the extent to which, and for which tasks, the self-service approach taken by the agency may be most effective and efficient. Recognizing the concerns raised by many employees of the negative consequences resulting from centralization, the agency has also made significant efforts to address identified shortcomings in the business services provided to field-unit employees. In particular, human resources management and information technology managers are undertaking initiatives to change their overall approach to delivering business services. As a part of these efforts, agency officials told us they are reviewing the experiences of other agencies that have undertaken similar organizational changes for lessons learned and best practices that might apply to the Forest Service. The impact of human resources management's and information technology's initiatives, however—including the extent to which these business services will modify their largely self-service-based delivery approach—is not yet clear because many of the changes are still in progress.

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## The Forest Service's Assessment Actions Have Included Multiple Ongoing Efforts, Focused Largely on Service Delivery by Each Centralized Business Service

Recognizing the significant change centralization brought to employees across the Forest Service, the agency has undertaken multiple actions to assess business service delivery. These actions include ongoing efforts such as the monitoring of service delivery by a customer service board, service level agreements outlining services to be delivered and specific performance measures to be tracked, and various mechanisms to capture feedback from customers and assess business service delivery. The agency has also conducted targeted reviews and established several short-term review teams to assess particular aspects of its centralized business services. These actions have mainly aimed to assess the quality of service provided by each of the centralized business services and have generally not included a more fundamental assessment of those aspects of business service delivery typically carried out in a self-service manner—including an assessment of how effectively and efficiently self-service tasks are completed by field-unit staff—and therefore the extent to which a self-service approach may be most appropriate.

### Customer Service Board

In 2006, the Forest Service established a 15-member Operations Customer Service Board—chaired by a regional forester and composed of employees representing varied levels and geographic locations within the agency—to monitor the efficiency and effectiveness of the three centralized business services. The board carries out a number of activities to assess business service delivery. For instance, it meets on a monthly basis to, among other things, discuss current issues and projects, hear from board members on detailed oversight activities they are doing, and interact with representatives of the business services to learn about the status of efforts aimed at improving service delivery. The board has also established specific teams to evaluate particular aspects of business service delivery. For example, a budget team annually reviews detailed budget information from the three business services to identify any concerns, questions, or issues, which the board may then discuss with the business service managers or agency leadership. Similarly, another team annually reviews service-level agreements—contracts established by each business service to define the services they are to deliver and performance measures associated with doing so—to ensure that the performance measures are meaningful and achievable within established budgets. In addition, in 2010 the board established a radio review team to, among other things, assess current and future customer needs regarding radios because of its concerns that the lack of an updated radio plan was seriously affecting employee safety and productivity. The customer service board also holds annual meetings with managers from the three business services to learn about improvements and challenges in business service delivery and to make



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recommendations for further improvements. During these meetings, the board assesses detailed information developed by the budget team and reviews the service-level agreements proposed by each business service for the coming year.

On the basis of its reviews, including the information presented and discussed throughout the year and during annual meetings with the three business services, the board develops recommendations for the managers of the business services and the Chief of the Forest Service, generally aimed at improving service delivery to field-unit employees. Specific recommendations from the board have often centered on improving or clarifying business service budget information and service-level agreements. The board's chair told us the board has not directly examined or recommended that the business services systematically examine or modify the extent to which they rely on a self-service delivery approach for completing tasks, but she did say the board recognizes that the approach has resulted in a significant shifting of responsibility for completing business service tasks to field-unit employees. The business services are not required to implement recommendations made by the board, but several board members we spoke with, including the current chair, told us the business services have generally been responsive to the board's recommendations; they also acknowledged that the business services have been slow to respond in some instances. For example, in 2007 the board recommended that each business service develop or update business plans to contain accurate budget information, including its linkage to program goals and priorities and performance measures, for board assessment. By 2009, budget and finance had prepared budget information that allowed the board to track costs and budget proposals from year to year. In contrast, according to the board, the business plan submitted by information technology in 2009 needed better linkages between budget requests and stated priorities and discussions of trade-offs under various budget alternatives; information technology submitted an updated business plan in June 2011. Human resources management submitted its first business plan to the board in March 2011.

## Service-Level Agreements

Each business service has developed service-level agreements, which are reviewed by, and often developed in collaboration with, customer service board members. These agreements outline services to be delivered and specific performance measures to be tracked, including defining acceptable levels of performance. In general, the business services' performance measures capture operational aspects of their service delivery, such as the length of time to process specific actions, and customer satisfaction with service delivery. Few of the measures

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capture the performance of actions completed by field-unit employees when those employees are responsible for completing a portion of certain tasks, such as initiating a payment to a partner. Monthly or quarterly scorecards indicate the extent to which each business service is achieving acceptable levels of performance across its performance measures. However, the three business services have varied considerably in their development of performance measures that fully and accurately capture their performance, as well as their ability to achieve acceptable levels of performance consistently, with budget and finance generally outperforming the other two services. Specifically:

- *Budget and finance.* Budget and finance has 17 performance measures to capture critical elements of its service delivery. Although small adjustments to the measures have been made over the past several years, the measures have largely remained the same since they were developed in 2006. Metrics have focused on the performance of business service operations, the budget and finance help desk, and actions taken in conjunction with field units. For example, one performance measure tracks the number of days to approve certain travel authorizations, one tracks how quickly customer service agents respond to and resolve customer calls, and another monitors customer satisfaction with the support provided by the help desk. Several performance measures track the timeliness of actions completed by field-unit staff, because some budget and finance processes depend upon actions that must be initiated in a field unit. For example, one performance measure tracks the percentage of certain invoices received from field units on a timely basis (so that these invoices can then be processed by budget and finance staff). Over the last few years, budget and finance has consistently achieved mostly acceptable levels of performance (as defined in the service-level agreements), with the exception of customer satisfaction with its internal Web site and the actions that must first be completed by field-unit staff. Budget and finance officials told us that several changes have been implemented recently to improve performance in these areas, such as increasing the training provided to field-unit managers and monitoring invoices to better identify trends and problems. Budget and finance officials further told us they will assess the effects of these changes in the future, as well as continue their collaborative efforts with the board to regularly assess the strength of their performance measures in capturing how well services are delivered.
- *Human resources management.* Human resources management officials, and board members we spoke with about human resources

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management, agreed that performance measures in place over the past several years have not fully or accurately captured all important aspects of service delivery performance. For fiscal year 2010, human resources management had 20 performance measures intended to capture various aspects of internal operational performance, including its responsiveness to requests for customer service, how quickly specific actions such as retirement applications were processed, and customer satisfaction when a service was completed. Monthly scorecards produced for fiscal year 2010 indicated that human resources management was not achieving acceptable levels of performance for most of its measures, but human resources management officials told us the measures did not accurately reflect the service being provided and that in some cases performance data could not be easily measured or validated. Because of such problems, during fiscal years 2010 and 2011, human resources management staff gradually stopped reporting results for almost half their performance measures. In fiscal year 2011, the staff began working with board members to re-examine and revise the human resources performance measures. In March 2011, human resources management submitted to the board eight draft performance measures, recognizing that several more may need to be developed in the future.

- *Information technology.* Information technology officials, and board members we spoke with about information technology, likewise told us they recognize the need to continue to revise and develop measures to better capture the quality of service delivery to customers. For fiscal year 2011, information technology had more than 30 performance measures, with almost half tracking internal processes, such as the percentage of internal plans or invoices completed and submitted in a timely manner, and the remainder tracking aspects of service delivery to customers or customer satisfaction. Service delivery measures include the time frames for resolving customer requests for assistance, such as computer software or hardware problems submitted to the help desk, and the number of days to create computer accounts for new hires. Customer satisfaction measures include some incorporating the results of an annual customer satisfaction survey sent to all agency employees and one capturing customer satisfaction upon completion of a service requested from the help desk. Across the performance measures, quarterly scorecards for fiscal year 2010 indicated mixed results: information technology consistently met its target for customer satisfaction upon completion of a service but was consistently unable to achieve acceptable levels of performance in several other areas,

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including resolving customer incidents within targeted time frames. Information technology officials said they plan to continue developing additional measures to better capture the value and quality of service they are providing to customers.

### Mechanisms for Capturing Customer Feedback

Officials from all three business services also told us they use customer feedback obtained through various mechanisms to assess their business service delivery. For example, each of the three business service help desks offers customers the opportunity to give direct feedback about their experience with each request for service. Each business service also provides opportunities for staff to send electronic comments through links on its Web site. In some instances, according to agency officials, focus groups have been put together to solicit feedback from employees. For example, in 2010, an internal team conducted 20 focus groups with small groups of field-unit employees to obtain their perspectives on ways the three business services could improve the support they provide to customers. Officials from each service said they closely monitor the feedback that comes in through these various mechanisms to identify issues and trends they may need to address. For instance, human resources management officials told us that feedback they received from field-unit employees has led them, among other actions, to hold specific, online training sessions before the general hiring period for seasonal staff, to improve the information they make available to field-unit employees.

### Reviews for Assessing the Business Services

The Forest Service has also conducted targeted reviews to help identify the causes of continuing problems with human resources management and delivery of information technology services and to help develop recommendations or potential approaches for improvement. In 2008, for example, Forest Service leadership commissioned a review by a private consultant to assess problems in delivering human resources management services, underlying causes of those problems, and potential solutions. The consultant identified a number of factors contributing to problems, including flawed assumptions about the types of human resources-related transactions that could easily be automated or made self-service; inadequate information systems that either did not work as designed or were not intuitive or user-friendly; and the significant loss of human resources expertise, resulting in skill gaps at the centralized business service center. The consultant concluded that efforts undertaken to date would not resolve all underlying problems and that, instead, a fundamental redesign of the service delivery model was needed to fully address deficiencies. The consultant recommended that the agency set up two project teams, one to identify ways to improve

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existing human resources management processes and one to examine longer-term service delivery options. On the basis of this recommendation, agency leadership developed two such teams to identify priority issues and options for action. The results of the teams' work were presented to Forest Service leadership in December 2009, and actions the Forest Service has taken in response are discussed in greater detail later in this section.

Similarly, in 2009, on the basis of a recommendation by the customer service board, an internal agency review team was developed to assess the effectiveness of information technology in managing the agency's information resources. The review team, led by a regional forester and composed mostly of senior managers, concluded that there were several fundamental problems with the service delivery model in place and that aggressive action to address these problems was warranted. The review team found widespread confusion about the information technology organization's relationship to the Forest Service's mission. For instance, the review team found that agency executives were not fully engaged in defining and managing the information technology function as a vital part of the agency's mission and that the connections among the organization, agency leadership, and the field units were limited. In response, the review team recommended that the agency develop a strategic framework to clearly identify and explain how the information technology organization is linked to the agency's mission. The review team also found confusion surrounding information technology's system for setting priorities and allocating funding, and it recommended improvements to clarify and provide more transparency to these areas. In addition, the review team recommended changes to the organizational structure of information technology to improve customer support, concluding that increased service in some areas may be needed. The recommendations of the review team are being considered by the Forest Service as part of the ongoing reorganization efforts discussed below.

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**Efforts to Address Shortcomings Include Initiatives to Improve Human Resources Management and Information Technology, but It Is Unclear to What Extent Problems Will Be Resolved**

In part following recommendations made in various assessments of its business services, the Forest Service has taken, and continues to take, steps to improve performance in each of these services. Budget and finance has efforts under way aimed at continuous improvement, but human resources management and information technology are making more-significant changes to their overall service delivery approach. It is unclear, however, to what extent additional changes will correct remaining shortcomings—or to what extent changes will alter the agency’s reliance on a self-service delivery approach for many tasks—in part because these changes are still in progress.

**Budget and Finance**

Although its centralization efforts have largely been considered successful by agency leadership, budget and finance continues to make efforts to improve its business service delivery. For instance, budget and finance recently implemented an automated tool to allow employees to electronically submit requests for miscellaneous obligations, which will eliminate manual data entry into the financial system—thereby reducing the potential for error, improving processing times, and allowing employees to check the status of their requests in real time. Officials reported they are also working to streamline processes and information sharing for tracking unspent monies and closing out some partner agreements. To improve communication and collaboration with field-unit staff, budget and finance officials reported they have begun placing their monthly conference notes—which contain information about such things as new systems, processes, or procedures being put in place—on their Web site for relevant staff to review. In addition, to be more responsive to customers, officials said they are currently working toward electronic tracking of help-desk requests, so that customers can easily see the status of these requests in real time as well.

**Human Resources Management**

Over time, human resources management has undertaken various efforts to improve specific aspects of its services in response to identified shortcomings—for example, by improving the operations of its help desk and payroll system. More broadly, recognizing that centralization has continued to pose serious and persistent problems, the Forest Service began a substantial effort to more comprehensively address performance shortcomings. This effort includes (1) an initiative to redesign human resources management’s structure, (2) replacement of several key automated systems, and (3) improvements to the customer service provided by the help desk.

Regarding structural redesign, Forest Service leadership in December 2009 decided, after examining several options, on an approach aimed at,

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among other things, restoring relationships between field-unit management and the human resources management program by establishing regional service teams to assist field-unit managers with certain functions. Under this approach, the Forest Service's regions would be assigned teams of 9 to 64 human resources management staff, depending on the size of the region. To this end, Forest Service leadership gave human resources management the authority to hire up to 208 additional full-time staff to make up the regional service teams; these staff members may be physically located in the regions or at the Albuquerque Service Center. During 2010 and early 2011, the agency established these teams, which are to assist managers in field units with four specific services: position classification, hiring, employee relations, and labor relations. The service teams remain within the human resources management organization, and, according to the agency, the goal is that the service teams will develop a relationship of shared accountability with regional leadership, so that regional leadership will have more influence on certain aspects of human resources management work. Human resources management officials explained that the redesign was being implemented using an "adaptive management approach," under which field-unit leadership will have the flexibility to influence the work carried out by the service team assigned to their region.

Many Forest Service field-unit staff we spoke with expressed optimism about changes being made under the human resources management redesign initiative, but it remains uncertain to what extent such changes will result in significant improvements. Because regional service teams were established only recently, and because some aspects of the service teams' roles and responsibilities have yet to be clearly defined, staff said it was too early to comment on resulting improvements. For example, while certain aspects of position classification will be the responsibility of regional service teams, it is not clear to what extent service teams will directly assist supervisors with completing technical and procedural tasks associated with position classification. According to human resources management officials, classification specialists have been assigned to the regional service teams to work more closely with regional managers on several tasks related to position classification, but initiating and completing a classification action request generally remain with field-unit supervisors. Several field-unit staff we spoke with expressed concern that if supervisors continue to be responsible for carrying out classification work requiring detailed technical and procedural knowledge, then redesign will do little to reduce the burden placed on supervisors for completing these tasks.

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Further, many field-unit staff we spoke with remained concerned that, even after the redesign initiative is fully implemented, they may not see a reduction in the time needed to complete human resources-related tasks, especially self-service tasks, because processes and responsibilities for those tasks have stayed unchanged under redesign. Human resources management officials told us that many of the field-unit staff's frustrations stem from increased responsibilities placed on supervisors. They explained that before centralization, local administrative staff sometimes assisted with certain supervisory-related tasks, such as helping track employee performance, but that under centralization, that support may no longer be there. Human resources management officials said that tasks that are supervisory in nature should be the responsibility of supervisors, although they also acknowledged that no clear agreement prevails across agency leadership on what types of administrative tasks supervisors should be responsible for, and they recognized the need to more clearly identify and define supervisory tasks. One agency official added that a 2010 presidential memorandum directs supervisors with responsibility for hiring to be more fully involved in the hiring process, including engaging actively in identifying the skills required for the job and participating in the interviewing process when applicable.<sup>11</sup> Human resources management officials told us they also recognize the need to re-examine which business service tasks best lend themselves to self-service and which tasks may need greater expertise or direct support by human resources specialists; they told us they plan to revisit this issue after the regional service teams are fully established. They could not, however, provide us with any concrete plans or target time frames for this effort. Without a systematic re-examination, the agency risks continuing to burden its field-unit staff with tasks they cannot perform efficiently.

In addition to the organizational redesign initiative, human resources management officials told us, they have efforts under way to replace and make more integrated, flexible, and user-friendly several key automated systems that both human resources management staff and field units rely on to carry out human resources-related tasks. In particular, human resources management is embarking on a long-term effort to develop an integrated workforce system that ultimately is to consolidate and streamline human resources processing for all Department of Agriculture

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<sup>11</sup>Improving the Federal Recruitment and Hiring Process: Memorandum for the Heads of Executive Departments and Agencies, 75 Fed. Reg. 27157 (May 14, 2010).



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agencies, including the Forest Service. The effort to develop this system, called OneUSDA, is currently being co-led by the Forest Service. Human resources management officials said initial efforts are focused on the development of a system for benefits and pay processing; eventually they expect the system to be expanded to other actions, such as hiring. By aligning efforts across the department, human resources management officials said, they will be better positioned to standardize and share information across agencies. This initiative is still in early stages of development, and agency officials said that, although they recently determined all necessary requirements across the department's agencies, it could take at least 5 years to establish basic system functionalities.

In the meantime, human resources management has had efforts in progress to improve several of its current systems—many of which were put in place after the EmpowHR system, deployed when the agency first centralized, proved inadequate—but these efforts have themselves been problematic. For instance, human resources management has been working to replace 52 Tracker, one of the personnel tracking systems it put in place of EmpowHR, which has been widely cited as slow and difficult to use. According to agency officials, the Forest Service hired a contractor to develop a replacement system for 52 Tracker, which was expected to provide improvements such as automatically populating certain fields. In January 2011, however, after 2 years of work, the agency discontinued the effort, concluding that what the contractor developed would not meet the agency's needs. Instead, human resources management officials said they are now building an in-house system, which they expect to be deployed in 2012. In addition, human resources management officials said they have taken steps to mitigate known weaknesses with their AVUE hiring system, such as manually going through some candidate lists to make sure candidates are not inadvertently put on an incorrect list; the officials told us they will be revisiting the use of AVUE altogether over the next year.

Human resources management has also undertaken several actions to improve customer service provided to employees through its help desk. For example, human resources management staff conduct monthly focus groups with 40 field-unit employees, representing a diverse range of positions, to seek input on help-desk initiatives and other performance issues or concerns raised by customers in field units. Also, during 2010, human resources management made enhancements to its help-desk ticketing system, which allowed employees to track the status of their requests in real time and identified help-desk staff assigned to

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employees' cases, so employees could call the help-desk person directly if needed. It is also developing a comprehensive training program to enhance the technical knowledge and skills of its service providers, has added specialists to handle certain issues and developed troubleshooting guides to assist help-desk staff in diagnosing issues brought to their attention, and has reported reducing telephone wait times significantly for employees calling the help desk. In addition, human resources management recently developed or updated its standard operating procedures for a number of human resources-related areas, including benefits, pay and leave, performance and awards, labor relations, hiring, and temporary employment. These operating procedures have been made available on human resources management's Web site, and managers are hopeful the procedures will improve the consistency of information provided to and used by field-unit employees. Because some of these initiatives are relatively new, their impact on field-unit employees has not yet been assessed.

## Information Technology

Information technology managers have recently undertaken several actions to improve service delivery to field-unit employees and, for some tasks, provide more direct assistance to those field-unit employees who might need it. For example, in 2010 information technology developed "strike teams" consisting of information technology specialists who traveled to sites across the agency giving employees hands-on help with transferring their electronic files to new servers. Information technology also recently provided customer service training to the majority of its staff and has been working to raise awareness among field-unit staff—through efforts such as posting additional information on its Web site—of the existence of customer relations specialists who serve as local liaisons and are available as local resources for field-unit employees. Nevertheless, it is unclear to what extent these efforts have been effective, because they were not mentioned by the employees we interviewed or those who participated in our focus groups.

In addition, after the Forest Service folded its technology support services back into a single organization when its competitive sourcing arrangement was terminated in 2008, the information technology service began a reorganization initiative to significantly modify to its service delivery approach. Forest Service leadership, however, put the reorganization initiative on hold in 2009 until the agency could develop a strategic framework establishing high-level goals and objectives for managing its information resources and clarifying information technology's role in decision making. Agency officials told us that, given the problems surrounding decision making and priority setting under the

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centralized model, the agency also needed to clarify its processes for making information technology resource decisions, including creating a system for setting priorities and allocating funding for new technology investments. With these efforts completed in 2010, a team led by senior Forest Service managers has been formed to assess the current organization and recommend changes by December 2011, according to agency officials. As part of these efforts, the agency has stated that improving customer service, and specifically addressing the level of self-service that will be expected of employees, will be a key focal area for the reorganization team. Information technology managers told us they recognize that under centralization they relied too extensively on a self-service approach and saw the need to seek alternatives to improve service delivery to employees, but they also recognize the need to be mindful of the higher costs that come with increased service. Given that the reorganization initiative is still in early stages, and specific plans and targets have yet to be documented, the extent to which the agency will alter its self-service approach—and whether the revisions will address identified shortcomings—remains unclear.

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## The Forest Service Could Not Reliably Demonstrate Cost Savings Resulting from Centralization but Estimated That Anticipated Savings May Have Been Achieved by One Business Service

Achieving significant cost savings was one of the key goals of the Forest Service's centralization effort, with the agency estimating it would save about \$100 million annually across the three business services—budget and finance, human resources management, and the ISO component within information technology. But because of limitations with the agency's documentation supporting the data, assumptions, and methods used in developing its cost information both before and after centralization, we were unable to fully ascertain the reliability of its cost estimates for (1) baseline costs of providing each of the business services before centralization, (2) projected costs for providing those same business services after centralization was complete, or (3) actual costs of providing the business services after centralization. Nevertheless, despite these limitations, the Forest Service estimated that projected annual savings through fiscal year 2010 may have been achieved in budget and finance but in for the other two business services.

**Savings Achieved from Centralization Could Not Be Conclusively Determined Because of Limited Supporting Documentation and Cost-Estimating Methods**

With its centralization efforts, the agency projected it would achieve significant cost savings—about \$100 million annually across the three business services—generally after a transition period, lasting around 3 years, in which it would incur one-time investment costs (see table 3).<sup>12</sup> Investment costs generally comprised those to acquire and establish business service offices at the Albuquerque Service Center, transfer business service employees located in various field units to the new center, train these employees, and pay management and project consulting fees. Overall, projected annual cost savings were largely based on anticipated staff reductions for all three business services. For example, for budget and finance, the agency projected it would be able to eliminate 830 of the 1,975 FTEs it estimated went toward budget and finance-related activities before centralization, accounting for a significant portion of the projected annual cost savings. In addition, for information technology, the agency’s cost-savings estimates were tied specifically to savings it estimated it would achieve by shifting the support services portion of its business service to ISO. Information technology officials told us they expected to achieve additional savings related to other centralization efforts outside ISO, but these savings were not included in the agency’s projections.

**Table 3: Forest Service Baseline Cost Estimates and Projected Annual Cost Savings from Centralization**

Dollars in millions

	Business service			Total
	Budget and finance	Human resources management	Information technology <sup>a</sup>	
Estimate of baseline annual costs	\$139.9	\$86.9	\$76.3	<b>\$303.1</b>
Projected ongoing annual costs after centralization	101.2	56.3	46.8	<b>204.3</b>
Projected annual cost savings	38.7	30.6	29.5	<b>98.8</b>
Projected one-time investment costs	45.2	60.5	12.0	<b>117.7</b>

Source: Forest Service estimates as of September 30, 2007.

<sup>a</sup>These amounts reflect only the portion of information technology services included in ISO.

We found several limitations with the Forest Service’s estimates of its baseline costs, which calls into question whether the agency had an accurate starting point from which to measure any savings achieved from

<sup>12</sup>All dollar values are as provided by the Forest Service and are not adjusted to constant dollars.

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centralization. For example, the agency's baseline costs for budget and finance and human resources management relied largely on estimates developed with the help of contractors during the centralization-planning process, because the agency otherwise did not have a means to readily distinguish and capture actual costs associated with the business service activities being done by staff located at hundreds of field units across the country. The Forest Service, however, did not maintain sufficient supporting documentation to indicate what data, assumptions, or methods were used to develop its baseline cost estimates, and therefore we were unable to determine what types of costs may have been included or excluded or to assess the reasonableness of the assumptions and methods behind the estimates. Without clear information on what baseline cost estimates consisted of, or on the reliability of such information, we are unable to assess whether the estimates serve as an accurate basis for comparing postcentralization costs to determine achieved savings.

Similarly, although the agency took steps to measure savings achieved from centralization for fiscal years 2005 through 2007, agency officials could not provide supporting documentation, which limited our ability to assess the agency's methods or determine the reliability of the underlying data. For example, according to its September 2007 estimate, the agency estimated that it achieved a savings of \$85 million for fiscal year 2007 across the three business services, attributing the savings largely to staffing reductions. Agency officials, however, were unable to provide documentation on the information or methods used to determine reported staff reductions or the associated impact on operational costs. In addition, although the agency's September 2007 estimate indicated that one-time investment costs for fiscal year 2006 totaled \$68.6 million for budget and finance and human resources management, we found that an earlier estimate developed for that same period showed one-time costs of \$34.3 million. After further review of the documentation, agency officials acknowledged that the September 2007 estimates appeared to reflect a double counting of costs contained in the earlier estimate. Potential errors such as this one raise questions about the accuracy of the data, but without supporting documentation detailing the agency's specific methods and estimates, we were unable to assess the data's reasonableness or reliability.

The Forest Service terminated its efforts to measure the cost savings associated with centralization at the end of fiscal year 2007, although at our request it developed updated estimates through fiscal year 2010—but with those estimates, too, we were limited in our ability to assess the

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reasonableness or reliability of much of the information. Specifically, since limited information was available to understand the assumptions and methods the agency used to develop both its baseline cost estimates and its estimates of savings achieved through 2007, agency officials acknowledged they were unsure whether the methods used to produce the updated estimates were consistent with those used previously. For example, Forest Service officials were unable to confirm whether or to what extent certain technology and associated implementation costs were accounted for consistently across the agency's various estimates of baseline costs, projected costs, or achieved savings. Similarly, it was unclear to what extent changes in the scope of work to be done by the centralized business services or unanticipated significant new requirements—such as new mandated information technology security requirements or an agencywide travel system—were incorporated into the agency's estimates of cost savings. In addition, several field-unit officials we spoke with said that some of the projected cost savings relying on a reduction in field-unit facility costs may not have materialized because the facility costs did not decrease (e.g., because of long-term lease agreements or because space could not easily be configured to accommodate reducing just a few positions). Given the lack of detailed information supporting the Forest Service's estimates, however, it is not possible to determine the extent to which the agency may have factored in updated information into its calculations of cost savings.

Further, the estimates of savings for the business services likely do not account for the time now spent by field-unit employees on the whole range of business service-related tasks that these employees did not perform before centralization. Given the substantial shifting of responsibility to field-unit employees for many business service tasks after centralization, even a small amount of time that the agency's more than 30,000 employees spend on such tasks could add up to significant associated costs that the agency's estimates likely do not account for. If the agency estimated cost savings by, in part, calculating the number of business service-related staff it reduced but did not factor in the time spent by employees who picked up portions of the business service-related work, then the agency's cost-savings estimates for the business services may be overstated.

Complete and accurate information for pre- and postcentralization costs is essential to accurately determine the extent of achieved cost savings and the reasonableness of key assumptions used to develop cost estimates. *Standards for Internal Control in the Federal Government* highlights the importance of comparing actual performance data with expected results

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to determine whether goals are met for accountability for effective and efficient use of resources. It also calls for agencies to clearly document significant events, such as those involving major organizational changes, and to maintain documentation so it is readily available for examination.<sup>13</sup> In addition, in March 2009, we issued a cost-estimating guide, which compiles cost-estimating best practices drawn from across industry and government.<sup>14</sup> This guide notes the importance of sound cost-estimating practices, including to develop in-depth cost-estimating models that actively address risks by estimating costs associated with potential delays, workarounds, or other key risks and to properly document cost estimates so they can be independently validated, updated, or re-created. Specifically, the guide explains that documentation describing the methods and data behind estimates not only allows others to understand how an estimate was developed and to replicate it, but also facilitates updating the estimate as key assumptions change or more information becomes available. In addition, the guide indicates that well-supported and well-documented cost estimates can serve as a reference to support future estimates. As the Forest Service moves forward with its initiatives to redesign and reorganize its human resources management and information technology services, neither it nor others will be able to fully assess the cost-effectiveness of these initiatives or track updates as assumptions or other information changes without complete and accurate cost-estimating information.

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### The Forest Service Estimated That Centralization Achieved Intended Cost Savings in One of the Three Business Services

Despite limitations in the information it provided, the Forest Service estimated that, through fiscal year 2010, it achieved intended annual savings in budget and finance but was not able to achieve intended savings for human resources management or the ISO component within information technology. Selected aspects of the agency's estimates of achieved savings for the three business services are described below, along with limitations that raise further questions about their reliability.

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<sup>13</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

<sup>14</sup>GAO, *GAO Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs*, [GAO-09-3SP](#) (Washington, D.C.: March 2009).

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## Budget and Finance

The Forest Service estimated that from fiscal year 2006 through fiscal year 2010, it reduced its annual budget and finance costs by about \$47 million per year, on average—exceeding its cost-savings goal by more than \$8 million annually. According to agency documents, it incurred one-time investment costs totaling \$54 million, about \$9 million more than the initially projected amount of \$45 million. According to agency estimates, a large portion of the cost savings was attributable to staff reductions. For example, agency data suggest that in 2010, 377 fewer FTEs than before centralization were assigned to positions most closely associated with budget and finance work.

We found, however, that the agency's estimate of postcentralization costs was based in large part on estimates of the costs of field-based budget and finance activity that agency officials told us had not been validated—raising questions about the reliability of these cost estimates and therefore about the agency's reported cost savings. Specifically, estimates of postcentralization costs included costs for both the centralized budget and finance organization and the budget and finance activities that largely remained in the field units. Over half these estimated annual costs, however, were for field-based activities, and they were derived from estimates stemming back to the agency's centralization planning documents. According to agency officials, cost estimates developed for the field-based activities were based on the number of field-based FTEs that the agency projected would continue to do budget and finance-related work after centralization. The officials said they have not taken steps to assess the accuracy of this portion of their cost estimates because they lack readily available data on these specific costs from the agency's accounting system and because the additional steps to validate actual FTEs and associated costs would take significant time and resources. Many field-unit staff we spoke with said they continue to devote significant resources to performing budget and finance activities, and in some cases field units have hired additional staff to carry out the work. Regardless, without sufficient data to compare the agency's initial projections of field-based budget and finance costs before centralization with actual postcentralization costs, the ability to assess the extent of achieved cost savings is limited.

## Human Resources Management

The Forest Service estimated that from fiscal years 2006 through 2010, it reduced its annual human resources management costs by about \$11 million per year, on average—falling far short of its projection of \$31 million in annual savings. In fact, by fiscal year 2010, the Forest Service estimated that annual human resources management costs were almost \$1 million more than the agency estimated they would have been



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without centralization. The agency estimated that one-time investment costs totaled \$76 million, \$15 million more than projected. According to agency officials, higher-than-expected annual costs were largely due to increases in staffing and technology costs for new automated systems. By 2010, for example, the agency reported that staffing exceeded 650 FTEs, compared with the fewer than 400 FTEs estimated in its initial projections. In addition, agency officials also stated that in fiscal year 2008, the Forest Service retained a contractor to assist in processing the extensive seasonal hiring the agency undertakes each year. They explained that the contractor was necessary to process personnel actions for the approximately 15,000 to 18,000 staff temporarily hired each year because human resources management does not have the staff to process these transactions in a timely fashion.

The agency's current redesign initiatives and other efforts are likely to further significantly affect the costs of providing human resources management services, but the nature and extent of those effects are unclear because the Forest Service has not evaluated the long-term financial impacts of its planned changes. In the short term, costs are likely to rise substantially, given the agency's planned increases in staffing in connection with redesign of human resources management. Specifically, during fiscal year 2011 human resources management planned to increase staff by up to 208 additional positions over fiscal year 2010, according to agency documents, which would bring the new total to 970 positions—more than twice the number of FTEs estimated in initial agency projections. Agency officials attributed some of the increases to additional unanticipated work requirements, such as activities related to time-and-attendance reporting and unemployment compensation, which human resources management continued to perform after centralization. In addition, although the agency is actively pursuing OneUSDA to serve as its comprehensive human resources management system, it has not yet projected the costs to develop and implement this system. The agency developed a business plan for fiscal years 2011 through 2013, which estimated some costs for its human resources management service for those years, but this plan did not specify costs, if any, related to its OneUSDA effort. The plan also did not clearly explain how future staffing would change to achieve a forecasted 10 percent reduction in salary costs by fiscal year 2013, especially in light of current redesign efforts and their associated increase in staffing levels. Furthermore, the plan did not contain any discussion of the potential long-term financial impact of these efforts on future human resources management costs.

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## Information Technology

The Forest Service's estimates of cost savings for centralization of information technology generally focused on its ISO, which, according to the agency, resulted in annual savings of about \$22 million from fiscal year 2005 through fiscal year 2008—falling short of the agency's goal of \$30 million in annual savings. The agency estimated that it also incurred about \$12 million in investment costs as part of these centralization efforts. As part of its savings estimate, the agency reported that it had reduced information technology-related staffing by 554 positions. Agency officials also stated that, anticipating significant savings resulting from centralization, the Forest Service in fiscal year 2005 dissolved the portion of its working capital fund related to computer hardware and software, allowing it to spend the approximately \$60 million balance elsewhere in the agency.<sup>15</sup> The agency, however, did not provide sufficient documentation for us to determine how this action specifically related to, or may have affected, the agency's estimates of the savings that resulted from ISO centralization. In addition, because the Forest Service's efforts to measure cost savings focused on ISO, any savings associated with centralizing information technology services outside of ISO (such as those related to replacing computing and telecommunications hardware, software, and radio systems) were not included in agency estimates.<sup>16</sup> During fiscal year 2008, the Forest Service terminated its competitive sourcing arrangement with ISO, folding these service activities back into one information technology organization, which limited the agency's

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<sup>15</sup>A working capital fund is a type of intragovernmental revolving fund that operates as a self-supporting entity that conducts a regular cycle of businesslike activities. These funds function entirely from the fees charged for the services they provide, consistent with the funds' statutory authority. The Forest Service's working capital fund provides services to national forests; research stations; other federal agencies; and, as provided by law, to state and private cooperators.

<sup>16</sup>To establish benchmarks for comparison with other entities, the Forest Service engaged a consulting firm to study its costs of providing selected information technology services in fiscal years 2001 and 2007. These studies showed substantial declines in the costs of delivering the information technology services that were measured, including a 45 percent decline in the "per user" cost of these services. Agency officials cited these studies, in addition to the ISO-specific information the agency provided, as useful to compare costs over time. We acknowledge the studies' potential usefulness for understanding the aspects of the agency's information technology efforts that were studied, but we focused our evaluation on cost savings specific to the agency's ISO-related centralization effort that began in 2004. These estimated savings were the focus of the agency's projections and related estimates of cost savings from centralization and the estimates that were reported to Congress. Further, the costs included in the study for fiscal year 2007 were almost \$100 million less than total information technology costs for that year, in part because the study did not include all functional information technology areas.

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ability to consistently measure cost savings because ISO-specific costs were no longer tracked separately.<sup>17</sup> Regardless, the cost of providing information technology services overall has grown steadily over the last several years: the agency estimated that total costs have increased about 8 percent per year, on average, from fiscal year 2006 through fiscal year 2010.

The agency's lack of supporting documentation for several of its information technology cost estimates raises questions about the reliability of this information. Specifically, a business case was not prepared for the information technology centralization effort, and, although agency officials indicated that projected annual cost savings were derived from competitive sourcing documentation (i.e., from the agency's bid under the competition for providing services using agency employees), they were unable to demonstrate how such documentation supported the estimate of baseline costs or projected yearly costs after centralization. Also, agency officials were unable to specify how their estimates of achieved savings, including those attributed to reported staffing reductions, were derived, noting, among other things, that they were unable to locate documentation supporting their estimates because many information technology employees who may have been familiar with these efforts had left the agency. These limitations echo concerns we raised in 2008 about the reliability of Forest Service efforts to measure information technology-related cost savings. Specifically, in January 2008 we reported that the agency was unable to provide sufficient information to substantiate the approximately \$35.2 million in savings it reported to Congress as part of its ISO competitive sourcing arrangement for fiscal years 2005 through 2006.<sup>18</sup> We noted that, in addition to the lack of complete and reliable cost data, the agency had failed to include in its report \$40 million in transition costs.

As with human resources management, the reorganization effort within information technology is likely to significantly affect the future costs of providing information technology services, but the nature and extent of those effects are unclear because the long-term financial impacts and

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<sup>17</sup>By March 2008, the Forest Service had terminated its competitive sourcing arrangement with ISO. According to agency officials, however, the agency continued to track ISO-related costs through the end of fiscal year 2008.

<sup>18</sup>[GAO-08-195](#).

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other aspects of this initiative have yet to be fully evaluated. Although the agency has taken steps to assess information technology costs, a March 2009 internal assessment of ISO performance and cost results highlighted the need for an in-depth, realistic cost model among its recommendations for additional analysis in connection with future information technology reorganization. For both human resources management and information technology, information on the future costs and intended benefits associated with efforts to reorganize and improve service delivery will be important in assessing the overall impact of these key initiatives, as well as trade-offs that may be necessary if resources are not available to fully implement the initiatives. Further, evaluating the initiatives' success will depend, in part, on the agency's ability to develop appropriate measures of cost-effectiveness and a methodologically sound approach for measuring and documenting results, which includes a realistic, in-depth cost-estimating model and appropriate, reliable cost data that takes into account the initiatives' potential long-term impact. Without such an approach, the Forest Service risks being unable to demonstrate, or even to determine, the cost-effectiveness of future efforts to deliver business services.

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## Conclusions

The need for effective and efficient government operations has grown more acute in light of the federal deficit and the long-term fiscal challenges facing the nation, prompting government agencies, including the Forest Service, to consider new models for accomplishing their missions. For the Forest Service, consolidating business services formerly located across the nation, and increasing the reliance on sophisticated automated technologies, offered the promise of providing key business services in a more coordinated and streamlined fashion and at a lower overall cost to the agency. Although centralization of budget and finance services had to overcome short-term obstacles typical of institutional changes of this magnitude, centralizing these services generally worked well to bring greater coordination and consistency to many financial activities. But poor implementation hampered human resources management and information technology services over a longer period. For these services in particular, overreliance on a self-service model for tasks requiring specialized knowledge, automated systems that did not work as intended or were not user-friendly, and inconsistent support from customer-service help desks had unintended consequences, particularly on field-unit employees—with resulting impacts on the efficiency and effectiveness with which they could perform their mission-related activities. As the agency moves forward with its initiatives to redesign and reorganize its approach to delivering human

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resources management and information technology services, it will be critical for the agency to re-examine the extent to which a self-service approach is most efficient and effective for providing needed services. In doing so, the agency will need to better understand both the benefits and the investment required under alternative approaches for delivering business services. For those tasks and services where a self-service approach is discontinued in favor of direct provision by specialists, higher levels of service are likely to mean higher costs; for those tasks and services where a self-service approach is continued, potential cost savings may be partially offset by investment in more-effective and more user-friendly automated systems, help-desk support, and other tools essential to carrying out self-service tasks.

In addition, although the Forest Service reported cost savings from centralization (albeit less than expected in the case of human resources management and ISO), the agency was unable to clearly demonstrate how its reported savings were determined and whether they were in fact fully realized. The agency is now devoting significant resources to its redesign and reorganization initiatives. The extent of additional resources needed to fully implement these initiatives remains unclear, however, in part because selected aspects of the initiatives—including their costs—have not been fully developed. Moreover, without complete and accurately prepared and maintained cost information to allow the agency to assess the cost-effectiveness of its efforts, including measures to be used to monitor actual results achieved, neither the Forest Service nor Congress can be assured that the initiatives' costs can be objectively monitored or that decisions about how to provide business services in the future will produce cost-effective solutions.

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## Recommendations for Executive Action

To maintain and strengthen the Forest Service's delivery of business services and help ensure customer satisfaction and cost-effectiveness, and in conjunction with its current initiatives to redesign and reorganize the agency's approach to delivering human resources management and information technology services, we recommend that the Secretary of Agriculture direct the Chief of the Forest Service to take the following three actions:

- Complete a systematic examination of the tasks associated with these two business services to determine (1) which tasks can be efficiently and effectively carried out under a self-service approach and (2) which tasks may require more direct support by specialists. In

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doing so, officials should assess the costs and benefits associated with each approach and consider the views of field-unit employees.

- On the basis of the results of this systematic examination, (1) document actions and implementation time frames for providing these business services in the most appropriate manner, and (2) ensure that the tools essential to carrying out any self-service tasks—including automated systems and help-desk support—are effective and user-friendly.
- Prepare and maintain complete and accurate cost-estimating information to (1) thoroughly assess the potential short- and long-term agencywide costs of implementing the current redesign and reorganization initiatives, and (2) develop and document methodologically sound measures to monitor the initiatives' cost-effectiveness, so that results can be conclusively determined and objectively evaluated.

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## Agency Comments

We provided the Secretary of Agriculture with a draft of this report for review and comment. In response, the Forest Service generally agreed with the report's findings and recommendations and stated that the agency is committed to the continual improvement of its business services delivery and recognizes that changes may be needed to improve performance. The Forest Service did not, however, specify the steps it will take to address our recommendations or the time frames for doing so. The Forest Service also provided technical comments, which we incorporated as appropriate. The agency's written comments are reproduced in appendix II.

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We are sending copies of this report to the appropriate congressional committees, the Secretary of Agriculture, the Chief of the Forest Service, and other interested parties. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

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If you or your staff members have any questions about this report, please contact me at (202) 512-3841 or [mittala@gao.gov](mailto:mittala@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix III.



Anu K. Mittal  
Director, Natural Resources and Environment

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# Appendix I: Objectives, Scope, and Methodology

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This report examines the (1) types of effects centralization has had on the Forest Service and its employees, particularly in field units; (2) actions the Forest Service has taken to assess its delivery of centralized business services and to address identified shortcomings; and (3) extent to which the Forest Service can demonstrate that it achieved centralization's intended cost savings.

To examine the effects of centralization on the Forest Service and its employees, we reviewed guidance and policy documents, including early planning documents prepared before centralization for each of the three centralized business services: (1) budget and finance, (2) human resources management, and (3) information technology. We also examined numerous formal and informal reviews and assessments of centralization prepared by Forest Service staff and contractors, as well as past GAO reports on Forest Service operations, including reports on Forest Service budget and finance operations. In addition, we reviewed the results of various surveys and focus groups of Forest Service employees, conducted by Forest Service teams during 2010, as well as all customer comments provided through each of the business service help desks during 2010. We interviewed officials from Forest Service headquarters and the three business services at the Albuquerque Service Center to determine how centralization changed business service delivery, as well as to obtain their perspectives on positive and negative outcomes resulting from centralization. To gain field-unit perspectives, we interviewed—through site visits and by telephone—more than 200 agency officials from all nine regional offices, 12 national forests, 11 ranger districts, four research stations, four science laboratories, and the State and Private Forestry program. Our interviews included employees in a wide range of positions within the Forest Service, including forest supervisors, district rangers, fire management officers, budget officers, staff scientists, administrative officers, biologists, and recreation specialists, among many others. During these interviews, we obtained both general views and perspectives on the effects of centralization and specific examples, for which, in some instances, we also obtained supporting documentation.

In addition, to systematically obtain information on the experiences of a geographically diverse and broad cross-section of Forest Service field-unit employees, we conducted 10 focus groups with a total of 68 randomly selected employees. These focus groups were structured small-group discussions, which were designed to gain in-depth information on the effects of centralization more systematically than is possible during traditional single interviews. The focus groups ranged



from 4 to 11 participants in size, and all were conducted by telephone. To select participants, we drew a random sample of individuals from a database of all full-time Forest Service employees. We excluded employees with less than 5 years of Forest Service experience to ensure that the focus groups were composed of employees with pre- and postcentralization experience. We then stratified this population into six groups according to supervisory status (nonsupervisory and supervisory) and general schedule (GS) levels (GS-2 through GS-15),<sup>1</sup> so that each focus group consisted of employees with broadly similar levels of experience; we drew a total of 10 random samples from these six groups. For representation in approximate proportion to the total number of full-time employees in the agency, our 10 focus groups consisted of the following categories:

- one focus group of supervisory GS-2 through GS-8 employees,
- two focus groups of supervisory GS-9 through GS-11 employees,
- two focus groups of supervisory GS-12 through GS-15 employees,
- two focus groups of nonsupervisory GS-2 through GS-8 employees,
- two focus groups of nonsupervisory GS-9 through GS-11 employees, and
- one focus group of nonsupervisory GS-12 through GS-15 employees.

Focus group discussions lasted 90 minutes to 2 hours and were guided by a trained moderator, who used a structured set of questions, generally asking participants to share their experiences regarding how centralization of each business service affected their work. In addition to the moderator, two GAO analysts recorded the information provided during the discussions. Ground rules were established so that participants limited their comments to experiences they had had personally, and we asked them to limit their discussion to experiences with business service delivery over the previous 12 months (the focus groups took place during

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<sup>1</sup>GS levels refer to the “general schedule” pay grades used for many federal employees, including most full-time Forest Service employees. General schedule pay grade levels correspond roughly to the level of difficulty, responsibility, and qualifications required of the person who fills a given job.

February and March 2011). The moderator used a set of consistent, probing questions designed to ensure that all participants had an opportunity to share their views and to react to the views of the others. These questions also helped ensure that topics were covered comprehensively; for instance, separate questions were asked about both positive and negative aspects of centralization for each business service. We also asked for specific examples and details to increase our confidence that the participants' broader assessments of the effects were well founded.

Our focus groups generated in-depth information that was consistent with the information we obtained through our reviews of formal and informal assessments of centralization and our interviews with field-unit employees. Although participants were randomly selected and represented a broad cross-section of employees, the results are not statistically generalizable. To systematically assess the information we obtained during the focus groups, we analyzed its content using content-analysis software, which allowed us to categorize the information into various categories and themes. From this content analysis, we developed a model of employee experiences with centralized business services based on categories of participant responses. All information was initially coded by one GAO analyst and then reviewed separately by a second GAO analyst. We coded participants' responses by splitting them into a series of categories, including categories corresponding to current conditions, perceived causes, and effects on day-to-day work. We established these categories by identifying natural clusters of employee responses. Our model of the employees' experiences with centralization thus highlights the most common elements identified by employees in our focus groups, with each element in the model distinct from the other elements. The specific elements resulting from our content analysis of participants' responses included the following:

- *Characteristics of systems and processes* included comments regarding the ease or difficulty of using automated systems, the clarity of forms, and the complexity of processes under centralization.
- *Quality of customer support* included comments regarding help-desk support, online guidance, or other support.
- *Characteristics of individuals* included comments regarding the nature of individual employees, including their prior experience, training, and job responsibilities.

- *Characteristics of tasks* included comments regarding the nature of the tasks being carried out, including the complexity and technical nature of the tasks.
- *Quality of solutions* included comments regarding the accuracy or completeness of the service provided by customer service help desks.
- *Timeliness of solutions* included comments regarding the speed with which tasks are completed.
- *Effect on mission work* included comments regarding what the changes have meant for on-the-ground work, such as firefighting, stream restoration, and research activities.
- *Morale* included comments regarding what the changes have meant for employees' job satisfaction.
- *Policies and procedures* included comments regarding what the changes have meant for how well policies and procedures are being followed for carrying out business service tasks under centralization.

To determine what actions the Forest Service has taken to assess its delivery of centralized services and address identified shortcomings, we interviewed senior agency officials responsible for managing and overseeing the business services, including the Deputy Chief and Associate Deputy Chief of Business Operations, and senior officials from each of the three business services. We reviewed documentation prepared by Forest Service staff and contractors assessing various aspects of business service delivery, including one-time program reviews, surveys of field-unit employees, and results of employee focus groups. We also reviewed a variety of ongoing assessment mechanisms developed by the business services, including service-level agreements and performance measures established for each business service and methods to solicit feedback from field-unit employees, such as customer help desks and business service Web sites. In addition, we interviewed several members of the agency's Operations Customer Service Board, which monitors the performance of the Albuquerque Service Center, including the board's chair and several members serving on specific board review teams, such as those tasked with overseeing service-level agreements and business service budgets. We reviewed documentation developed by the board, including its monthly meeting notes for 2010, annual meeting notes and related documentation for 2010 and 2011, and

recommendation letters provided to the Chief of the Forest Service and the business service directors from 2006 through May 2011.

To further assess steps the Forest Service is taking to address identified shortcomings, we reviewed documentation prepared by each business service, such as annual accomplishment reports and information developed and submitted to the Operations Customer Service Board. We also interviewed officials on the human resources management redesign and information technology reorganization teams and reviewed documentation related to those efforts, such as implementation plans. In addition, during our interviews with field-unit staff, we learned about agency efforts to address identified shortcomings and the results of steps taken to date.

To examine the extent to which the Forest Service could demonstrate that it achieved centralization's intended cost savings, we reviewed available documentation on the baseline costs of providing each of the business services before centralization, the projected costs for providing those same business services after centralization was complete, the actual costs of providing the business services after centralization, and estimates of cost savings contained in financial analyses comparing these data; we also reviewed internal and external assessments of the financial impact of centralization. Specifically, we reviewed the following:

- Available Forest Service documentation on the underlying data, assumptions, and methodologies for developing estimates of baseline costs and projected annual cost savings. For budget and finance and human resources management, these estimates generally came from business cases prepared as a part of early centralization-planning efforts; for information technology, from documentation developed through its competitive sourcing effort.<sup>2</sup>

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<sup>2</sup>Information technology centralization efforts extended beyond those specifically attributable to competitive sourcing and related transition of certain information technology activities to the Information Services Organization (ISO). Although centralization efforts not specifically related to ISO may have resulted in additional information technology savings, we focused our evaluation on ISO-related cost savings, which were the focus of the agency's projections and related estimates of cost savings from centralization, and the estimates reported to Congress.

- Agency estimates of cost savings contained in congressional and agency leadership briefings on the status and results of centralization efforts from fiscal year 2005 through fiscal year 2007.
- Updated estimates of cost savings from fiscal year 2006 through fiscal year 2010, prepared by the agency at our request.
- Available documentation on actual costs, staffing changes, and other factors used by the agency to support its estimates of cost savings.
- Budget reviews by the agency's Operations Customer Service Board.
- Status reports, business plans, strategy documents, and other related information prepared by each of the three business services.
- Assessments performed by Forest Service staff and external organizations, such as the National Academy of Public Administration, assessing human resources management and information technology centralization efforts.
- Prior GAO reports.

In addition, to gain further information on the Forest Service's efforts to measure cost savings associated with business service centralization and to assess their reliability, we interviewed senior officials responsible for managing and overseeing the business services, including the Deputy Chief and Associate Deputy Chief of Business Operations, the Chief Financial Officer, and the directors of each of the three business services, as well as others from Forest Service headquarters, the three business services, and select field-unit offices. Agency officials, however, could not always provide sufficient documentation supporting the estimates contained in the information they made available to us, re-create or substantiate the methods used to calculate cost savings, or resolve inconsistencies in reported results. Because of these limitations, we were unable to verify the reliability of all cost estimates the agency provided to us. Moreover, given these limitations, we were unable to determine what steps, if any, the agency took to adjust its estimates for inflation. As a result, we were unable to consistently adjust all dollar values to constant dollars, and we therefore report all dollar amounts as provided to us by the agency.

We conducted this performance audit from June 2010 to August 2011, in accordance with generally accepted government auditing standards.

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These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

# Appendix II: Comments from the Forest Service



Forest Service  
Washington Office

1400 Independence Avenue, SW  
Washington, DC 20250

File Code: 1420

Date: JUL 29 2011

Ms. Anu K. Mittal  
Director, Natural Resources and Environment  
U.S. Government Accountability Office  
441 G. Street, N. W.  
Washington, DC 20548

Dear Ms. Mittal:

Thank you for the opportunity to review and comment on the draft Government Accountability Office (GAO) draft report, GAO-11-769, "Forest Service Business Services: Further Actions Needed to Reexamine Approach and Better Document Costs Associated with Centralization." The Forest Service has reviewed the report in great detail and generally agrees with the report's observations and recommendations. The agency's comments, regarding the Human Resources Management (HRM) and Chief Information Office (CIO) business services, are enclosed.

The Forest Service is committed to the continual improvement of HRM and CIO organizational performance and effectiveness. Like any process, models periodically need to be tweaked to ensure maximum efficiency while taking into account the needs of Forest Service managers and employees. Thank you for identifying potential process improvements that can help bring success to our evolving Human Resources and Information Resources enterprises. Cost accountability and effectiveness is a key to Forest Service mission success.

If you have any questions, please contact Donna M. Carmical, Chief Financial Officer, at 202-205-1321 or [dcarmical@fs.fed.us](mailto:dcarmical@fs.fed.us).

Sincerely,

THOMAS L. TIDWELL  
Chief

Enclosures

cc: Donna M Carmical, Lenise Lago, Kathleen Atkinson, Robin Bailey, Douglas Nash, Jennifer McGuire, Shirley Bridges, Elizabeth Donnelly, Samantha C Weinhold, Sam Graham, Elizabeth K Caban



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# Appendix III: GAO Contact and Staff Acknowledgments

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## GAO Contact

Anu K. Mittal, (202) 512-3841 or [mittala@gao.gov](mailto:mittala@gao.gov).

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## Staff Acknowledgments

In addition to the individual name above, Steve Gaty (Assistant Director), Mark A. Braza, Ellen W. Chu, Elizabeth Curda, Kay Daly, Sandra Davis, Alyssa M. Hundrup, James Kernen, Michael Krafve, Michael LaForge, Mehrzad Nadji, Jackie Nowicki, David Powner, Jeanette Soares, and William Woods made key contributions to this report.



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