

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.

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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.