

MCFE PERSPECTIVES

Want Greater Government Accountability? Reform the Human Capital System

Calls for resignations and splitting up big agencies are unlikely to solve the recent spate of Minnesota government's accountability problems. A recent hearing highlighted why we need to make what most likely consider a policy pipe dream, a reality.

It's been a rough few weeks for state government's reputation. The Feeding Our Future scandal has consumed the headlines, triggering a frenzy of claims and counterclaims, calls for resignations, and a lot of headshaking as to how something like this on this scale could have happened. Those criminal indictments came on the heels of a different black eye release making news and editorial pages -- an OLA financial audit report on the Department of Human Services' Homelessness and Housing Support Grants program.

That report flagged a lack of compliance with state grant requirements and deficiencies in agency internal controls that ensure grantees are equipped to receive state funding, the money is spent on allowable costs, and the spending fulfills program outcomes. The House and Senate held a joint hearing to have the OLA present its findings and hear DHS leadership's response to them. In the back and forth, the hearing provided insights into accountability problems and realities of change management in large bureaucracies.

Lawmakers conveyed considerable admiration and appreciation for the mindset and many initiatives DHS Commissioner Harpstead has taken to improve departmental processes and accountability. However, committee members also communicated continued frustration with the seeming inability for this culture change to penetrate the agency. Noting the agency's lengthy history of accountability problems dating back many years, one long time Senate Health and Human Service Finance committee member argued the Commissioner's efforts to marry excellence in service delivery with excellence in accountability have hit a "compaction layer" inside the agency that gets in the way of having such initiatives and culture take root.

Public testimony offered by a retired DHS agency ombudsman echoed this perspective. Based on her 28 years of experience she testified problems often lie in execution through the organization chart. Initiatives are developed and delegated down through the organization where they run into individuals "who have their own ideas." They will move in a different direction "based on their own thoughts and their own biases." If they don't like the proposed changes they will "drag their feet" knowing a new commissioner will eventually arrive on the scene. The testimony brought to mind the scene in *The Natural* in which reporter Max Mercy tells the superstar who really wields the power and influence: "They come and they go, Hobbs. They come and they go. I'll be around here a lot longer than you or anybody else here."

The growing consensus appears to be that a solution lies in breaking up the agency. There might be some value in reorganizing agency operations to improve accountability and efficiency in delivering services. At the same time breaking an agency up into smaller, more manageable pieces – regardless how carefully and thoughtfully it may be done – won't address potent barriers like

“I’ve been successful at my job for 25 years doing what I do, and I have no interest in changing.” Or, “I don’t have the skills in the organizational reform being proposed.” Or “I don’t believe the proposed changes will improve performance.” Or, “The proposed changes endanger my job or threaten my turf.” Or, “I just don’t have the motivation to cope with change.” Change leadership is hamstrung if processes, people, and performance management are not integrated and aligned.

Focus on the Human Capital System

“Government organizations and the people in them can be entirely devoted to serving the public. They can also put the convenience of the organization and its employees ahead of the interest and needs of the citizens... Private economic interests sometimes conflict with the public interest on matters of pay, accountability, assignment of personnel, on whether to introduce innovations that could accomplish more work at lower expense.”

An Agenda for Reform
Brandl / Weber Report to the Carlson Administration, 1995

In retrospect, this quotation from the nearly thirty years ago probably should have been engraved somewhere into the State Capitol during its renovation. Minnesota's generally deferential attitude toward public sector actions is based on the considerable professionalism, hard work, and talent that exists in abundance in state government and recognition of the important contributions it has made to the health and welfare of citizens. But citizens need to be reminded of the fact that, as in any organization, the private interests of those working within the organization may be out of alignment with the needs of the organization in delivering on its public mission in the an efficient, effective, and accountable way.

Ensuring such alignment is the critical role of human capital management. The reluctance of governments generally to tackle this issue has hindered the ability to recruit, develop, and retain needed talent while holding administrators and employees accountable for results. The National Academy of Public Administration has declared government human capital systems “fundamentally broken...forcing agency missions to fit personnel processes instead of the other way around.” The National Association of State Chief Administrators says, “its time to rethink how states categorize and describe the work they do around talents and characteristics rather than focusing on titles, government scales and jargon that will soon become obsolete.” The Brookings Institute has made repairing the federal government’s outdated personnel system one of its six government reform essentials observing that “it has been forty years since Congress and President Carter inked the last major civil service reform, and the ossification is taking its toll on productivity and retention.” In Minnesota, it’s been half a century.

There are many models to study. For example, the federal Government Accountability Office testified many years ago in a Congressional committee to “lead by example” in human capital transformation. It had been a place where almost all employees received pay increases largely on the traditional basis of time on the job and job classification or grade, regardless of performance. Now, compensation is structured on market-based salary ranges, and employees are rewarded for expertise, leadership, increased responsibility, and other contributions to performance.

Can Unions be a Partner?

It's easy to point to public sector unions as being the primary obstacle to such reforms. Such changes are a head-on collision with existing workforce rules and compensation constructs arising out of collective bargaining based on industrial unionism. But public sector unions have an important role in government human capital transformation. For starters, unions help ensure protection of a politically neutral civil service – an issue taking on ever greater relevance today.

No less importantly, unions and their members have the ability to make significant contributions to support government productivity and innovation. Several years ago, Marty Manley, an Assistant Secretary of Labor in the Clinton Administration responsible for workforce innovation (and former labor union organizer himself) spoke to the MCFE on the need for public sector union reform and the many opportunities -- and challenges -- it entails. The primary barrier, he argued, is ideological. Unions are spiritually and historically attached to a legacy of labor solidarity that is ill-suited to government and increasingly makes little sense in an information age. It is very difficult for any organization to rethink its purpose and redefine its mission. Nevertheless, he observed, power in public sector unions should not come from collective action but from the talent, commitment and professionalism of individual members.

In light of recent developments, the conditions are certainly ripe for yet more virulent forms of anti-government activism resulting in more energy and effort spent on defending government rather than fixing it. Political realities and interests in the current context make the prospect of embarking on human capital reform even more of a pipe dream than it already is. At the same time, we wait on the OLA's Special Review of the Feeding our Future debacle. And it will not surprise us if, here too, we find examples of individuals "who had their own ideas" on how a program should be run "based on their own thoughts and their own biases" along with examples of "foot dragging" all perhaps exacerbated by needed skill sets and capabilities unavailable or inadequate to the tasks at hand.